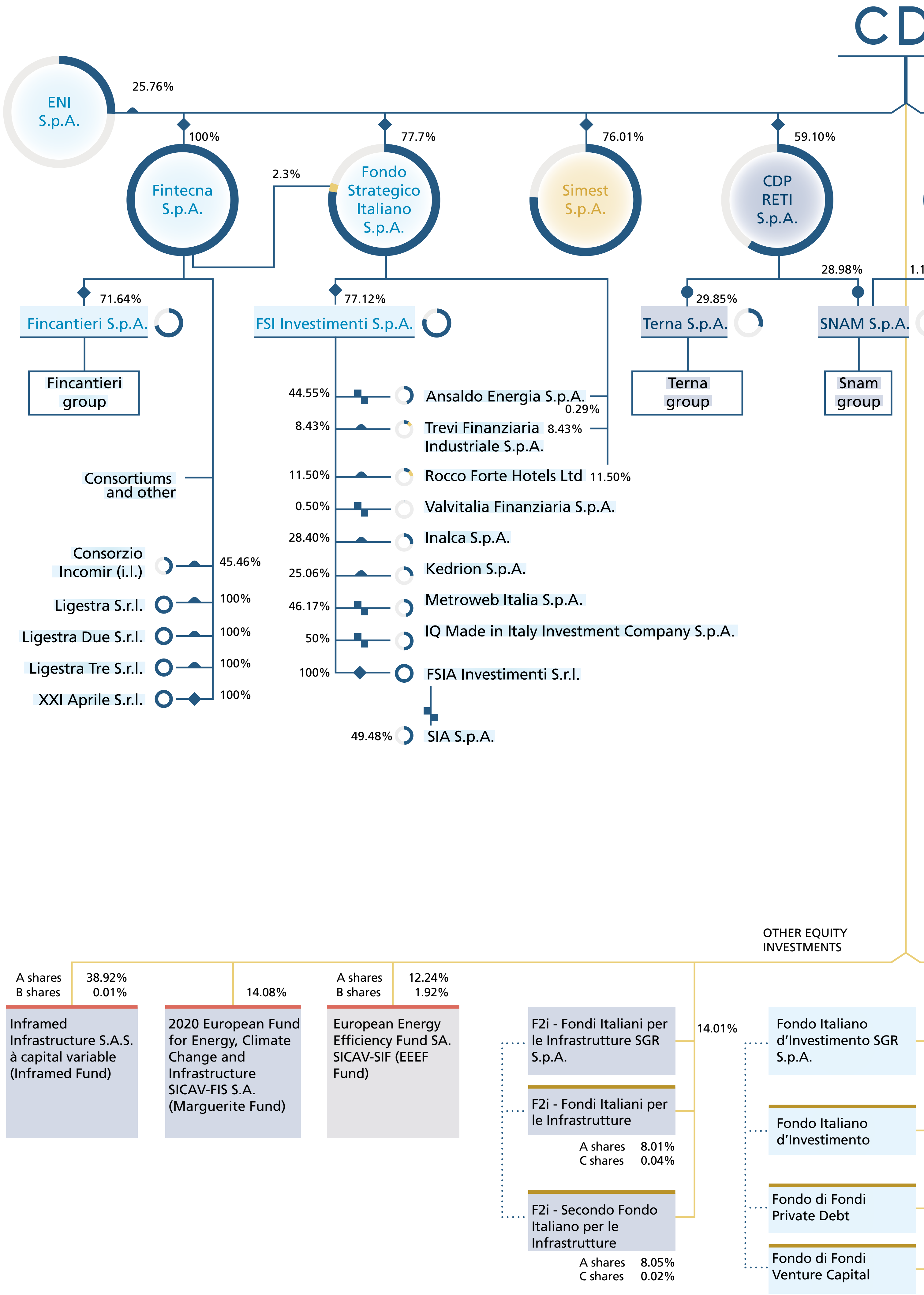
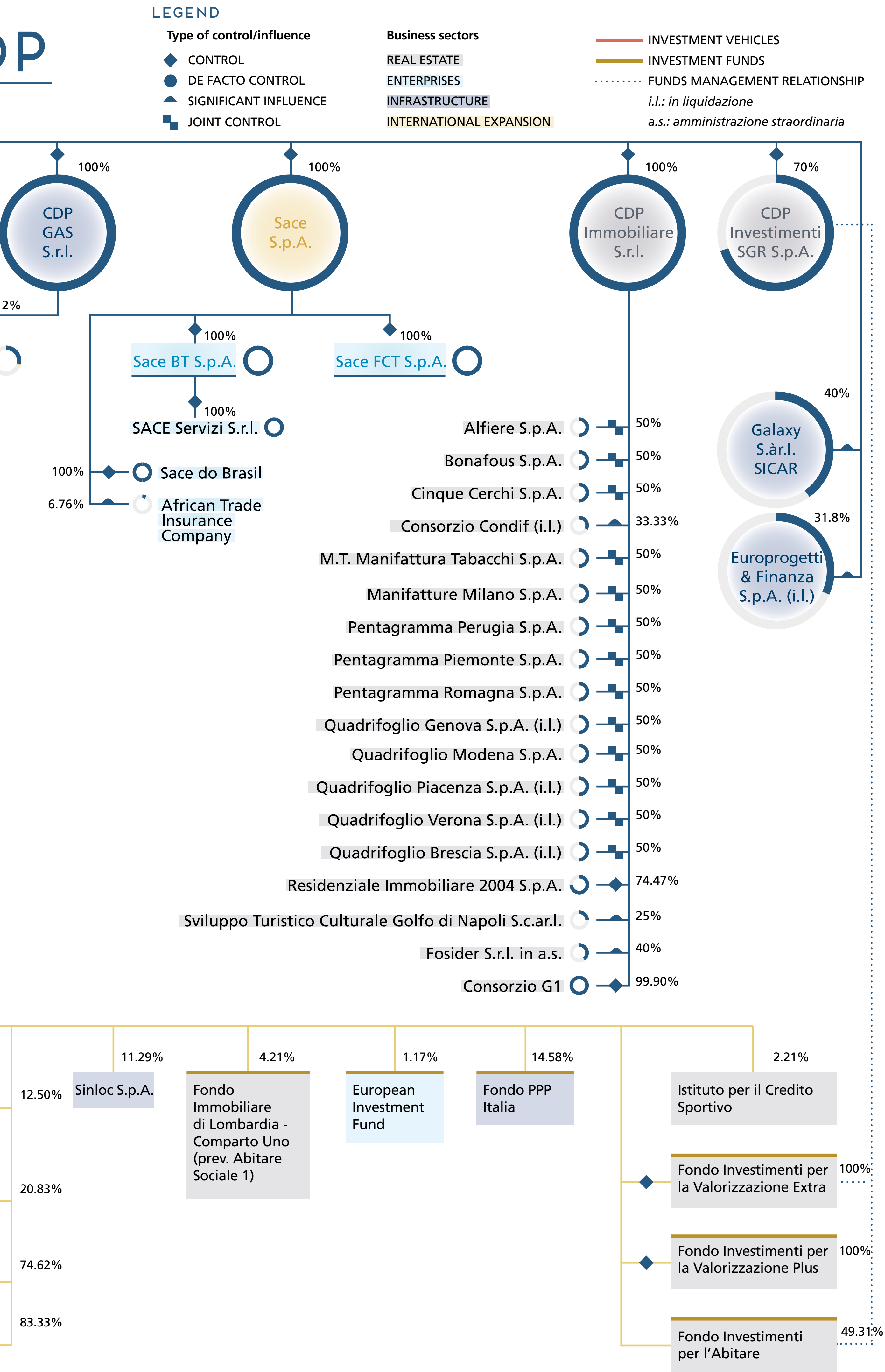
2015

ANNUAL REPORT

Cassa depositi e prestiti


CD
ENI S.p.A.
25.76%
100%
Fintecna S.p.A.
2.3%
77.7%
Fondo Strategico Italiano S.p.A.
76.01%
Simest S.p.A.
59.10%
CDP RETI S.p.A.
28.98%
1.1
71.64%
Fincantieri S.p.A.
Fincantieri group
77.12%
FSI Investimenti S.p.A.
29.85%
Terna S.p.A.
Terna group
SNAM S.p.A.
Snam group
44.55%
Ansaldo Energia S.p.A.
0.29%
8.43%
Trevi Finanziaria Industriale S.p.A.
8.43%
11.50%
Rocco Forte Hotels Ltd
11.50%
0.50%
Valvitalia Finanziaria S.p.A.
28.40%
Inalca S.p.A.
25.06%
Kedrion S.p.A.
46.17%
Metroweb Italia S.p.A.
50%
IQ Made in Italy Investment Company S.p.A.
100%
FSIA Investimenti S.r.l.
49.48%
SIA S.p.A.
Consortiums and other
Consorzio Incomir (i.l.)
45.46%
Ligestra S.r.l.
100%
Ligestra Due S.r.l.
100%
Ligestra Tre S.r.l.
100%
XXI Aprile S.r.l.
100%
OTHER EQUITY INVESTMENTS
A shares
B shares
38.92%
0.01%
Inframed Infrastructure S.A.S. à capital variable (Inframed Fund)
14.08%
2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS S.A. (Marguerite Fund)
A shares
B shares
12.24%
1.92%
European Energy Efficiency Fund SA. SICAV-SIF (EEEF Fund)
F2i - Fondi Italiani per le Infrastrutture SGR S.p.A.
14.01%
F2i - Fondi Italiani per le Infrastrutture
A shares 8.01%
C shares 0.04%
F2i - Secondo Fondo Italiano per le Infrastrutture
A shares 8.05%
C shares 0.02%
Fondo Italiano d'Investimento SGR S.p.A.
Fondo Italiano d'Investimento
Fondo di Fondi Private Debt
Fondo di Fondi Venture Capital



LEGEND
Type of control/influence
CONTROL
DE FACTO CONTROL
SIGNIFICANT INFLUENCE
JOINT CONTROL
Business sectors
REAL ESTATE
ENTERPRISES
INFRASTRUCTURE
INTERNATIONAL EXPANSION
INVESTMENT VEHICLES
INVESTMENT FUNDS
FUNDS MANAGEMENT RELATIONSHIP
i.l.: in liquidazione
a.s.: amministrazione straordinaria
100%
CDP GAS S.r.l.
100%
Sace S.p.A.
100%
CDP Immobiliare S.r.l.
70%
CDP Investimenti SGR S.p.A.
2%
100%
Sace BT S.p.A.
100%
Sace FCT S.p.A.
100%
SACE Servizi S.r.l.
100%
Sace do Brasil
6.76%
African Trade Insurance Company
Alfiere S.p.A. 50%
Bonafous S.p.A. 50%
Cinque Cerchi S.p.A. 50%
Consorzio Condif (i.l.) 33.33%
M.T. Manifattura Tabacchi S.p.A. 50%
Manifatture Milano S.p.A. 50%
Pentagramma Perugia S.p.A. 50%
Pentagramma Piemonte S.p.A. 50%
Pentagramma Romagna S.p.A. 50%
Quadrifoglio Genova S.p.A. (i.l.) 50%
Quadrifoglio Modena S.p.A. 50%
Quadrifoglio Piacenza S.p.A. (i.l.) 50%
Quadrifoglio Verona S.p.A. (i.l.) 50%
Quadrifoglio Brescia S.p.A. (i.l.) 50%
Residenziale Immobiliare 2004 S.p.A. 74.47%
Sviluppo Turistico Culturale Golfo di Napoli S.c.ar.l. 25%
Fosider S.r.l. in a.s. 40%
Consorzio G1 99.90%
40%
Galaxy S.àr.l. SICAR
31.8%
Europrogetti & Finanza S.p.A. (i.l.)
12.50%
20.83%
74.62%
83.33%
11.29%
Sinloc S.p.A.
4.21%
Fondo Immobiliare di Lombardia - Comparto Uno (prev. Abitare Sociale 1)
1.17%
European Investment Fund
14.58%
Fondo PPP Italia
2.21%
Istituto per il Credito Sportivo
Fondo Investimenti per la Valorizzazione Extra 100%
Fondo Investimenti per la Valorizzazione Plus 100%
Fondo Investimenti per l'Abitare 49.31%

CDP: THE ITALY THAT INVESTS IN ITALY

(Translation from the Italian original which remains the definitive version)

SUMMARY

LETTER TO SHAREHOLDERS

Shareholders,

2015 was an important year for the Italian economy. Gross Domestic Product returned to growth in real terms for the first time after three consecutive years of recession. Internal demand was driven by the increase in consumer spending and the positive trend in the investment cycle, emerging from a period of severe contraction. Exports continued to increase at a robust pace, confirming their role as one of the engines of the Italian economy. Industrial production increased again, thanks to the dynamism of a number of manufacturing sectors. At the same time, we saw the first positive signs in the labour market with a fall in unemployment, also due to the reforms introduced by the Government.

Overall, Italy benefited from a favourable economic climate characterised by the recovery in the Eurozone, the continuation of accommodative monetary policies by the European Central Bank, the depreciation of the exchange rate, and sustained low oil prices. The attractiveness of the Italian economy to foreign investors was confirmed, as shown by purchases of government debt instruments. These positive signs influenced confidence among households and businesses, with indicators reaching their highest levels in recent years.

However, the recovery remains weak due to the persistence of a number of critical issues, which have made the national economy more fragile and even threatened the continuation of the recovery. In particular, the trend in bank loans to the private sector, though improving, was disappointing. The accumulation of bad debts and non-performing loans has continued to weigh on banks' balance sheets, while businesses – especially SMEs – have faced problems with competitiveness, growth, capitalisation and liquidity requirements. In addition, as the year drew to a close, a number of signs emerging from the international scenario also contributed to rising uncertainty, such as the slowdown in global trade, the difficulties of emerging countries, especially China, and increased geopolitical risks.

Against this context, the role of Cassa depositi e prestiti in supporting the country has become even more necessary, not only in short-term, anti-cyclical terms, but also and above all in terms of consolidating growth in the medium and long term. In fact, as with the Italian economy, 2015 was an extremely important year for the CDP Group. Now established for 165 years, CDP retains its traditional commitment to supporting Italy, putting all its resources at the country's disposal.

Firstly, the year saw the end of the 2013-2015 Business Plan, with the overall mobilisation by the CDP Group of around euro 87 billion. In 2015 alone, around euro 30 billion in new lending was mobilised and managed, of which euro 22 billion went to the business sector, euro 6 billion to public and local entities, and euro 2 billion to the infrastructure sector. In funding terms, postal funding – which now has more than 26 million customers – continues to represent a "safe port" for Italian households, for example during periods of highly turbulent financial markets. At the same time, with a view to diversification of funding sources, channels and instruments, CDP launched its first "retail" bond for euro 1.5 billion, the success of which was demonstrated by demand far exceeding the maximum amount available.

The profitability of the Parent Company remained satisfactory, despite persistent near-zero interest rates that have resulted in a drop in net interest income. At a consolidated level, the Group's results were affected by the consolidated net loss made by ENI due to the structural weakness in the oil market, which eroded operating profitability and the value of the assets recorded in the financial statements. Both these factors are expected to remain in play during 2016, so the CDP Group has already brought in a series of initiatives to deal with this challenging scenario in the best possible way.

The initiatives form part of a much broader five-year Business Plan, which the new Board of Directors approved at the end of the year, having taken office in July. The new Plan focuses on the medium-long term and sets ambitious targets in terms of lending, as well as sectors and intervention mechanisms that are broader than those currently in use.

The Plan aims to mobilise euro 160 billion in direct new lending, and to activate a further euro 105 billion from Italian and foreign private and public-private institutional investors. The total resources involved both directly and directly will reach in excess of euro 260 billion, to be deployed across four areas of priority intervention: Government and General Government Entities, Infrastructure; International Expansion; Enterprises; and Real Estate. Overall the Group will deploy resources equal to 16% of Italy's entire GDP in 2015, which will be used to support investments for the growth of the country.

This change of pace has become necessary in order to support the changing requirements of the national economy, in light of the evolving economic and financial scenario in Italy and abroad since the crisis years. Indeed, the CDP Group is moving on from solely financial support for public and private entities, to working alongside operators for the long-term promotion of economic initiatives in areas where, in addition to credit, an injection of both physical and human capital is needed to drive innovation and development.

This new and explicitly promotional role has been endorsed first by the European Commission and then by the Italian Government, which have awarded CDP the status of National Promotion Institution. CDP has therefore become the main entity responsible for co-financing investment projects under the "Juncker Plan" in Italy. As such it has an increasingly important role in supporting SMEs and infrastructure, and as a financial advisor to general government, in order to improve the use of EU funds. In addition, in its role as the new Italian Financial Institution for Development Cooperation, CDP has begun to participate in the management of public resources earmarked for international development, in collaboration with other Italian cooperation institutions.

What has not changed under the new Business Plan is the CDP Group's "modus operandi". Indeed, as a private entity with a public role, the Group continues to operate in the intersections between the State and the market, working alongside private entities and without distorting competition, to act as a driver and catalyst of capital over the long term in risk areas that are unlikely to be fully served by the markets alone.

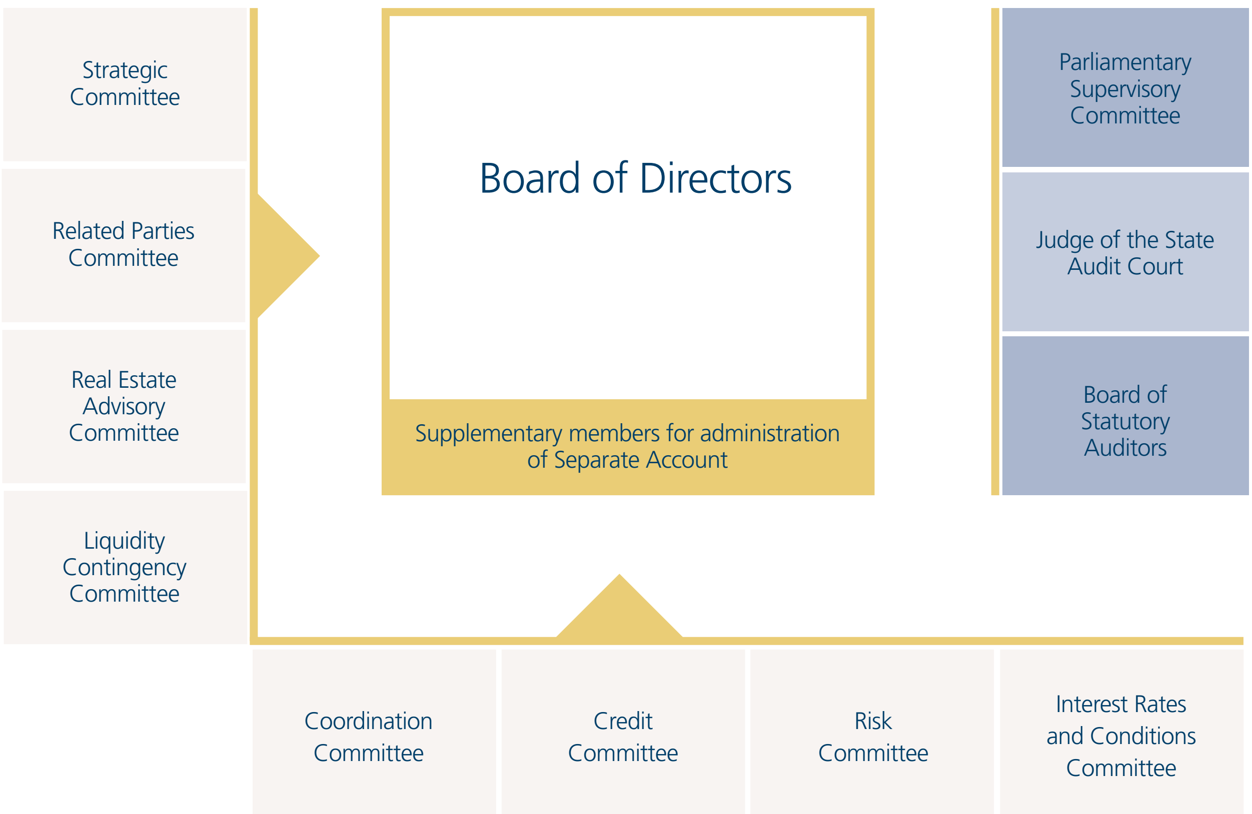
CDP also retains its role as a historic partner of local authorities and its vocation to support communities, acting not only as a lender but as a developer of real-estate and cultural assets, as a promoter of social housing initiatives, and as an advisor to general government, all with a special focus on protecting the environment and energy efficiency.

In conclusion, the CDP Group has set itself a significant challenge, which is to intervene even more effectively to support the growth of the Italian economy. Our success with this challenge will only be possible thanks to our people, whom we thank for their hard work, enthusiasm and passion, and all those who have placed their faith in our organisation. We have set ourselves ambitious targets and we have an important mission in the coming years, which as a Group we will achieve through strength, courage and hard work.

Claudio Costamagna
Chairman

Fabio Gallia
Chief Executive Officer

COMPANY BODIES, OFFICERS AND GOVERNANCE



COMPANY BODIES

BOARD OF DIRECTORS	Chairman Vice Chairman CEO and General Manager Directors	Claudio Costamagna Mario Nuzzo Fabio Gallia Maria Cannata Carla Patrizia Ferrari Stefano Micossi Alessandro Rivera Alessandra Ruzzu Giuseppe Sala (1)
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 (2) State Accountant General (3) Piero Fassino Massimo Garavaglia
BOARD OF STATUTORY AUDITORS	Chairman Auditors Alternate Auditors	Angelo Provasoli Ines Russo Luciano Barsotti Andrea Landi Giuseppe Vincenzo Suppa Giandomenico Genta Angela Salvini
FINANCIAL REPORTING MANAGER		Fabrizio Palermo
NON-CONTROLLING SHAREHOLDERS SUPPORT COMMITTEE	Chairman Members	Matteo Melley Ezio Falco Paolo Giopp Anna Chiara Invernizzi Michele Iori Luca Iozzelli (4) Arturo Lattanzi Roberto Pinza Umberto Tombari
PARLIAMENTARY SUPERVISORY COMMITTEE	Chairman Vice Chairmen Members	Cinzia Bonfrisco (Senator) Paolo Naccarato (Senator) Raffaella Mariani (Member of Parliament) Ferdinando Aiello (Member of Parliament) Dore Misuraca (Member of Parliament) Davide Zoggia (Member of Parliament) Bruno Astorre (Senator) Luigi Marino (Senator) Stefano Fantini (Council of State) Pancrazio Savasta (Council of State) Claudio Gorelli (State Audit Court)
JUDGE OF THE STATE AUDIT COURT (5) (art. 5, c. 17, D.L. 269/2003)	Ordinary Alternate	Mauro Orefice Marco Boncompagni
INDEPENDENT AUDITORS		PricewaterhouseCoopers S.p.A.

(1) On 29 October 2015 the Board of Directors appointed Mr Sala, pursuant to article 2386 of the Italian Civil Code, to replace the resigning Ms Isabella Seragnoli.
(2) Vincenzo La Via.
(3) Roberto Ferranti, delegate of the State Accountant General.
(4) On 26 January 2016, the Non-Controlling Shareholders Support Committee appointed Mr Luca Iozzelli to replace the resigning Prof. Ivano Paci.
(5) Article 5, paragraph 17, of Decree Law 269/03 – attends meetings of the Board of Directors and the Board of Statutory Auditors.


cdp

1. Executive Summary

THE CDP GROUP, ROLE AND MISSION

Created in 1850 as a deposit-receipt institution in its capacity as a "place of public trust", CDP has seen its role change over time, in the last decade assuming a central position in Italy's industrial policies.

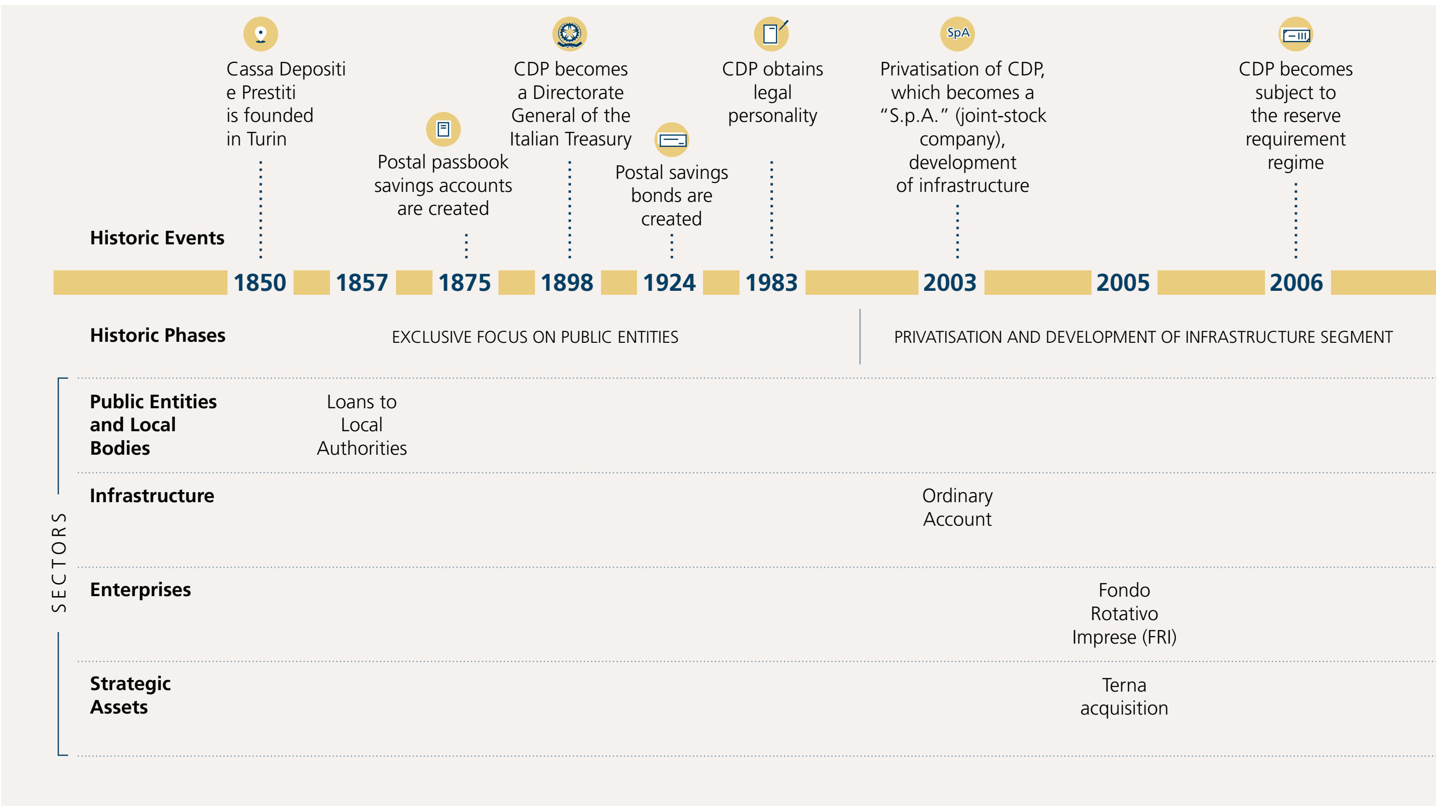
From an institution created to support the Italian public economy, primarily funded by public entities, CDP has expanded its scope to include the private sector, always operating with a view to medium/long-term growth.

CDP can play many different roles, from lender to anchor investor, using increasingly innovative and flexible instruments to adapt to investment requirements.

The instruments it uses range from granting credit for public investment, infrastructure and business support, always with a counter-cyclical focus and over the medium/long term, to investments in venture capital and real estate.

In 2012, following the acquisition by the Italian Ministry for the Economy and Finance (MEF) of Sace, Simest and Fintechna, the CDP Group was born with renewed ambitions to support the internationalisation of Italian enterprises, operating in synergy with the banking system and in support of international cooperation.

However, CDP has not forgotten its public and social role, working with public entities and Italian society. Some of the activities that CDP performs for the public sector include: enhancing its real estate assets through the resources and expertise of CDP Immobiliare, investing in social housing with the Fondo investimenti per l'Abitare ("FIA"), developing the real estate of Public entities



through the FIV, acquiring residential housing and renovating it to improve energy efficiency, and managing cash advances on general government payables.

In 2015, the Italian Government and the European Union assigned CDP the role of National Promotion Institution, making it:

- the entry point in Italy for the Juncker Plan funds;
- the financial advisor to the Government for better use of national and European funds.

This changed the role of CDP, which as well as a patient long-term investor also became a promoter of initiatives to support growth.

CDP's role has changed and evolved significantly over the years. It has changed what it does and how it does it, and the number of its partners has increased. However, one thing has not changed: its public role, for the country, for Italy

2007	2009	2010	2011	2012	2013	2014	2015
	Expansion of mission to include SMEs, Export and Social Housing	CDP adopts a new operating approach		The CDP Group is created		CDP becomes the new Italian financial institution for development cooperation	CDP becomes National Promotion Institution
	EXPANSION OF MISSION TO INCLUDE ENTERPRISES		TRANSFORMATION AND DEVELOPMENT IN GLOBALISATION AND VENTURE CAPITAL				
	Fondo Investimento per l'Abitare (FIA)		European Energy Efficiency Fund (EEEF)	Fondo Investimenti per la Valorizzazione (FIV)	Advances on General Government trade payables		
Fondo F2i	Marguerite Fund	Inframed Infrastructure Fund					
	Plafond PMI Export Bank Agreement	Fondo Italiano d'Investimento (FII)	Fondo Strategico Italiano Fondo Kyoto	Fintecna, SACE, Simest acquisitions	FSI Investimenti JV Qatar/FSI for Made in Italy	Funds to support the economy FII - Private Debt FII - Venture Capital	
		Equity investment in ENI		Fincantieri, Snam acquisitions			

PERFORMANCE AND KPIs 2015

Euro 30 billion in CDP Group new lending, investment and managed resources, with a particular focus on exports, international expansion and infrastructure, without forgetting the historic business of supporting local bodies

GROUP ASSETS
EURO 398 BN

OVER 30,000 EMPLOYEES
IN THE GROUP

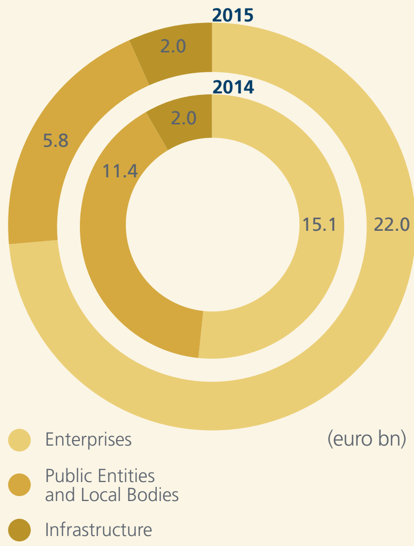
CDP RATINGS

S&P'S	MOODY'S	FITCH
BBB-	Baa2	BBB+

GROSS BAD DEBTS AND UNLIKELY TO PAY/GROSS EXPOSURE: 0.3%

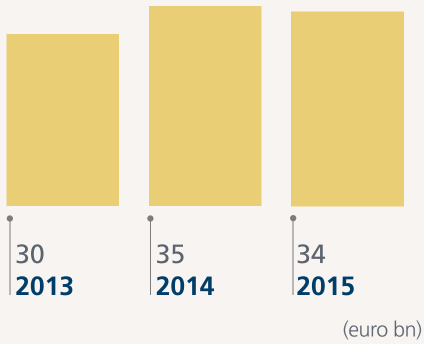
Group new lendings

2015 NEW LENDINGS
EURO 29.8 BN



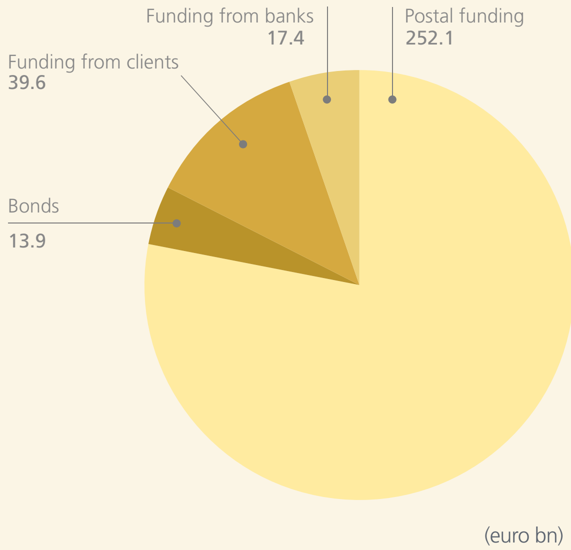
Group equity

34
EURO BN



CDP S.p.A. funding

323
EURO BN



OVER 26 MILLION
POSTAL SAVINGS CLIENTS

MAIN EVENTS IN 2015

MARCH

SUCCESS OF THE FIRST CDP "RETAIL" BOND

Demand was far in excess of the maximum amount offered, equal to euro 1.5 billion. The operation is part of the plan to diversify CDP's funding sources, channels and instruments.

MAY

AT THE EXPO TO PROMOTE ITALY

The CDP Group – "Official Partners for Italy's International Growth" at EXPO, together with FSI and Sace – provided its name, resources, commitment and expertise to show the world the great opportunities available in Italy.
Numerous meetings were also held with local Italian administrations on enhancing real-estate assets and public entities.

JULY

CDP BECOMES THE NEW ITALIAN FINANCIAL INSTITUTION FOR DEVELOPMENT COOPERATION

CDP, in its new capacity as Development Finance Institution (DFI), participates in the management of public resources earmarked for international development, in collaboration with other Italian cooperation institutions.

JULY

A NEW BOARD OF DIRECTORS

The new Board of Directors for the years 2015, 2016 and 2017 was appointed, with Claudio Costamagna (Chairman), Mario Nuzzo (Vice Chairman) and Fabio Gallia (Chief Executive Officer).

AUGUST

CDP GROUP COMPLETES FIRST REAL-ESTATE DISPOSAL DEAL

Contract signed for the sale of six properties in the municipality of Milan, acquired by public entities for euro 125.5 million. The transaction is one of the most significant for assets of this type realised in Italy in recent years.

SEPTEMBER

NEW STUDENT ACCOMMODATION STRUCTURES IN BOLOGNA, MILAN AND TURIN

CDP Investimenti SGR, through the Fondo Investimenti per l'Abitare, has launched various social housing initiatives. In Bologna, Milan and Turin, residences have been opened providing accommodation for nearly 900 students. Morover the construction of 294 rent-controlled apartments began in Bari and Lecce.

NOVEMBER

RENEGOTIATION OF MORTGAGES FOR MUNICIPALITIES

This CDP initiative has enabled many municipalities to reconfigure their debts. The renegotiation meets the requests of many local authorities.

DECEMBER

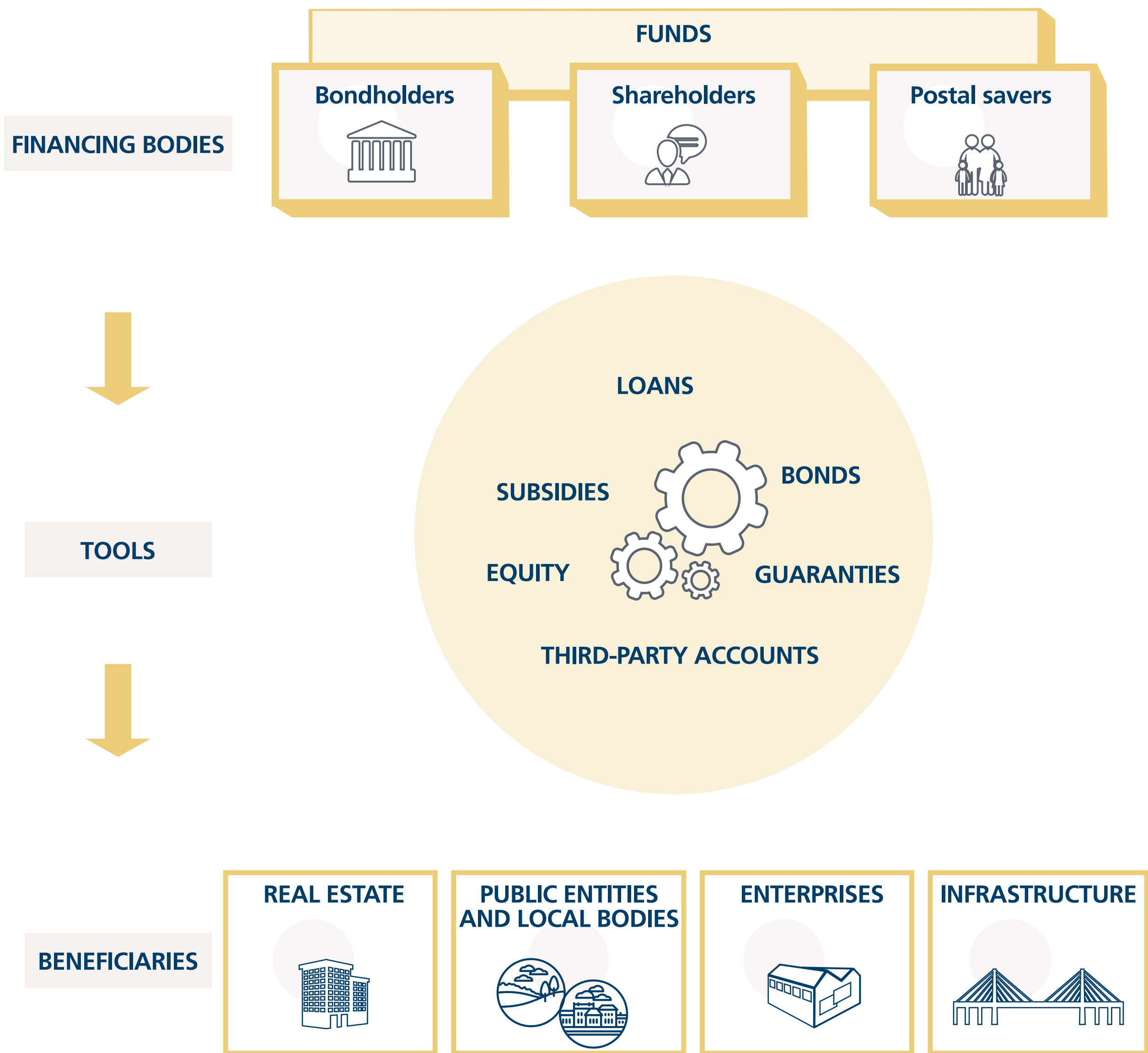
BOD APPROVES THE NEW 2016-2020 BUSINESS PLAN

Unanimous approval of the Group's new business plan, which provides euro 160 billion in resources to support the country and a programme to attract a further euro 105 billion from private international and Italian institutional investors.

CDP'S BUSINESS MODEL

The CDP Group works to support Italy's growth. It deploys its resources – mainly funded through postal savings – for local development throughout the country, for strategic infrastructure for the country and for domestic companies to promote 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 methods. In particular, in addition to traditional debt instruments such as loans and guarantees, CDP has also adopted equity instruments. Its main investments are in energy, transport networks and real estate, and to support the growth and international development of SMEs and enterprises of strategic importance. These instruments are in addition to third-party fund management and subsidised instruments to promote research and the international expansion of companies.



Group simplified structure

CDP

INTERNATIONAL EXPANSION

- SACE
- SIMEST

ENTERPRISES

- ENI
- Fintecna
- Fincantieri
- FSI
- FSI Investimenti

REAL ESTATE

- CDP Immobiliare
- CDP Investimenti SGR

INFRASTRUCTURE

- CDP RETI
- Snam
- Terna
- CDP GAS

Other investments

- Fondo Italiano d'Investimento SGR
- Fondo Italiano d'Investimento
- Fondo di Fondi Private Debt
- Fondo di Fondi Venture Capital
- Fondo Europeo per gli Investimenti

- Istituto per il Credito Sportivo
- Fondo Immobiliare di Lombardia - Comparto Uno
- Fondo Investimenti per l'Abitare
- Fondo Investimenti per la Valorizzazione
- European Energy Efficiency Fund

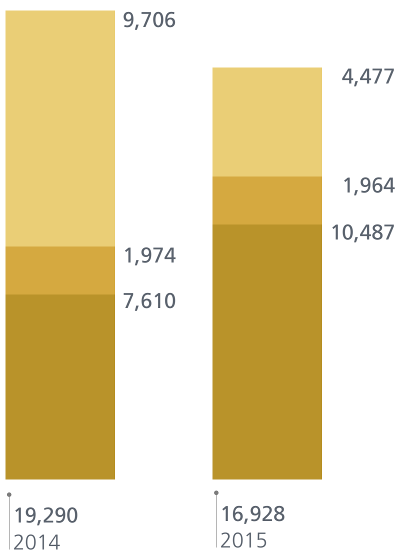
- F2i - Fondi Italiani per le Infrastrutture SGR
- Sistema Iniziative Locali
- F2i - Fondo Italiano per le Infrastrutture
- Fondo PPP Italia
- Inframed Infrastructure
- 2020 European Fund for Energy Climate Change and Infrastructure

THE PARENT COMPANY

Despite the challenging economic scenario, CDP S.p.A. has mobilised euro 17 billion in new lending, maintaining satisfactory productivity and excellent credit quality

New lending

(euro million)	31/12/2015	31/12/2014	Var.	Var. %
Public Entities and Local Bodies	4,477	9,706	(5,229)	-53.9%
Infrastructure	1,964	1,974	(10)	-0.5%
Enterprises	10,487	7,610	2,877	37.8%
Total new lending and managed resources	**16,928**	**19,290**	**(2,362)**	**-12.2%**



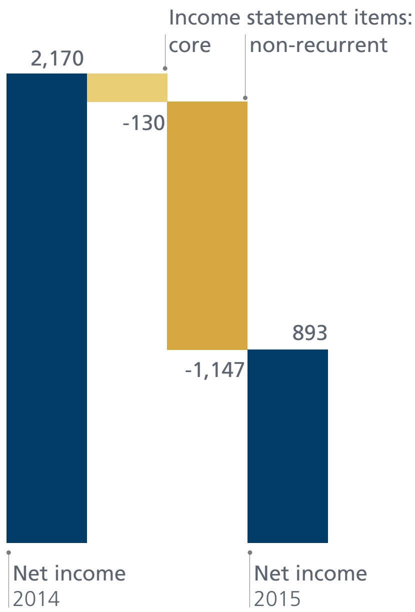
In 2015, the new lending, investment and resources managed by CDP totalled almost euro 17 billion. These went primarily to support for enterprises, the fund in the residential sector, he funding of the investment programmes of the Regions and investments in research and development and innovation for Italian enterprises.
Specifically, the volume of new lending, investment and managed resources in 2015 mainly related to:

i) lending to public entities mainly for investments by the regions for local development and with repayment costs charged to the government budget for school building programmes (euro 4.2 billion);
ii) transactions in favour of enterprises aimed at supporting the economy and investment in research, development and innovation (euro 10.5 billion);
iii) financing for infrastructure development mainly in the road and transport sector (euro 2 billion).

Income statement

Reclassified income statement

(euro million)	2015	2014	Var.	Var. %
Net interest income	905	1,161	(256)	-22.1%
Gross income	1,155	2,664	(1,508)	-56.6%
Net income (loss)	**893**	**2,170**	**(1,277)**	**-58.9%**
Normalised net income	**1,102**	**1,432**	**(330)**	**-23.0%**



During the year CDP was affected by the difficult and uneven performance of the economy and the markets, and in particular the negative performance of some sectors. In this environment, CDP still managed to achieve positive operating earnings and maintain a high level of capital strength, while continuing to support its portfolio of investments, with a significant improvement in its risk profile.

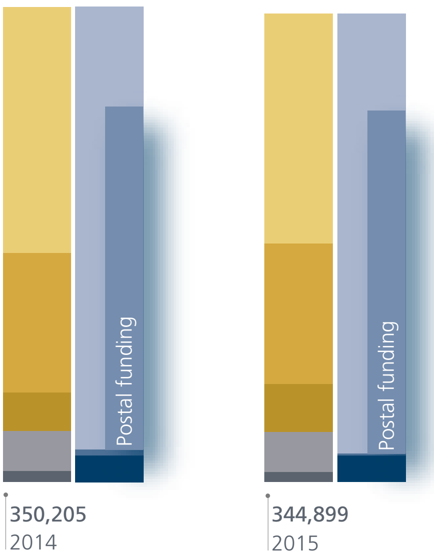
The net income for the year of euro 893 million, which was down on the previous year, reflected a decline in net interest income mainly due to interest rates at historic lows, in addition to the negative contribution from some subsidiaries for which impairment losses had to be recognised for a total of euro 209 million.

Net of non-recurring items[1], net income was euro 1,102 million for 2015, only slightly down on net income of euro 1,432 million for 2014.

Balance sheet

Reclassified balance sheet (euro million)	31/12/2015	31/12/2014	Var.	Var. %
Assets				
Cash and cash equivalents	168,644	180,890	(12,246)	-6.8%
Loans	103,736	103,115	621	0.6%
Debt securities	35,500	27,764	7,736	27.9%
Equity investments	29,570	30,346	(776)	-2.6%
Other assets	7,449	8,090	(641)	-7.9%
Liabilities and equity				
Funding	323,046	325,286	(2,240)	-0.7%
of which postal funding	*252,097*	*252,038*	*59*	*0.0%*
Other liabilities	2,392	5,365	(2,973)	-55.4%
Equity	19,461	19,553	(92)	-0.5%
Total assets and liabilities	**344,899**	**350,205**	**(5,306)**	**-1.5%**

Assets and liabilities breakdown



Total assets stood at approximately euro 345 billion, slightly lower than at 31 December 2014. This change was mainly driven by the improvement in the mix of income against a reduction in very short-term investments which yield low returns.
The core business, however, shows a rising stock of loans and securities and a slight decline in the value of equity investments. 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.
Total funding at 31 December 2015 was around euro 323 billion, slightly down on the end of 2014, with substantially stable postal funding, which represents a substantial component (over 14%) of household savings. In terms of net funding, Passbook Accounts in 2015 posted a net inflow (euro 4.1 billion), while savings bonds saw an outflow of euro 8.3 billion.
Equity at 31 December 2015 amounted to approximately euro 19.5 billion, essentially stable compared to the end of 2014.

Main indicators

Main indicators (reclassified figures)	2015	2014
Spread on interest-bearing assets and liabilities	0.4%	0.5%
Cost/income ratio	12.9%	5.3%
Gross bad debts and unlikely to pay/gross exposure	0.289%	0.305%

The indicators show that there was a reduction in the spread between lending and funding rates, which went from about 50 basis points in 2014 to about 40 basis points in 2015, mainly due to the reduction in the performance of the treasury current account, only partially offset by the reduction in yields offered by postal savings. Despite the decline in financial income and the increase in overheads due to the planned expansion of the workforce, the cost/income ratio remained low (12.9%) and well within the targets set.

(1) Non-recurring items of income are represented, in 2015, by impairment losses on the equity investments in CDP Immobiliare and Fintecna and, in 2014, by the gain realised on the sale of a non-controlling interest of CDP RETI and the impairment loss on the investment in CDP Immobiliare.

THE CDP GROUP

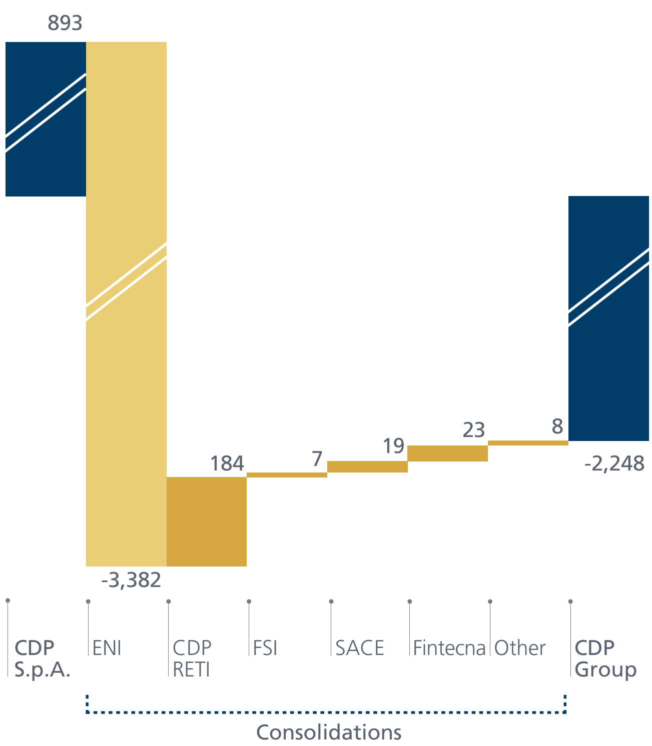
In 2015 the global economic situation affected income results, without impacting the Group's stability and strength

Consolidated income statement

Reclassified consolidated income statement

(euro million)	2015	2014	Var.	Var. %
Net interest income	551	925	(374)	-40.5%
Gross income	(2,120)	481	(2,600)	n.s.
Net income (loss) for the year	**(859)**	**2,659**	**(3,518)**	**n.s.**
Net income (loss) for the year pertaining to non-controlling interests	1,389	1,501	(111)	-7.4%
Net income pertaining to shareholders of the Parent Company	**(2,248)**	**1,158**	**(3,406)**	**n.s.**

Reconciliation of CDP S.p.A. net result and net result pertaining to shareholders of the Parent Company (euro million)



The net loss in 2015 of the CDP Group, posting a loss of euro 859 million, derives mainly from the loss made by ENI (euro -2,843 million). However there were positive contributions from other Group companies, including SACE, due in particular to its financial income, FSI with reference to the gains on the sale of Generali and the value of the bond loan relative to Valvitalia, and Snam and Terna with regard to other net income from their respective core businesses.

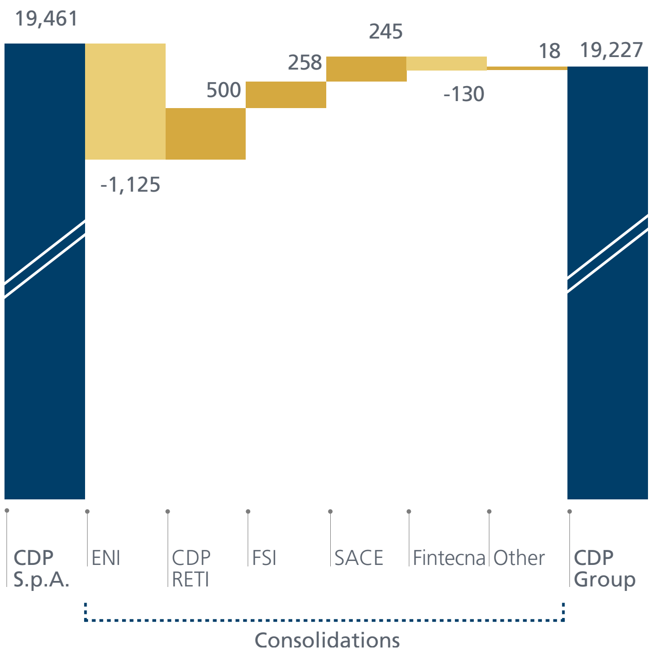
Consolidated balance sheet

Reclassified consolidated balance sheet

(euro million)	31/12/2015	31/12/2014	Var.	Var. %
Assets				
Cash and cash equivalents	172,982	183,749	(10,767)	-5.9%
Loans	106,959	105,828	1,132	1.1%
Debt securities	37,613	30,374	7,239	23.8%
Equity investments	17,925	20,821	(2,896)	-13.9%
Property, plant and equipment and intangible assets	42,561	41,330	1,231	3.0%
Other assets	19,858	19,578	280	1.4%
Liabilities and equity				
Funding	344,729	344,046	683	0.2%
of which postal funding	*252,097*	*252,036*	*61*	*0.0%*
Other liabilities	19,588	22,477	(2,889)	-12.9%
Equity	33,581	35,157	(1,576)	-4.5%
of which pertaining to the shareholders of the Parent Company	*19,227*	*21,371*	*(2,144)*	*-10.0%*
Total assets and liabilities	**397,898**	**401,680**	**(3,782)**	**-0.9%**

Total assets stood at approximately euro 398 billion, slightly lower than at 31 December 2014. The Parent Company made a substantial contribution to equity, with other major contributions from SACE as regards loans, securities and technical provisions, and SNAM, Terna and Fincantieri for property, plant and equipment and intangible assets.
Among assets, the significant reduction in the value of equity investments is mainly attributable to the above mentioned negative results of ENI.
Consolidated equity at the end of the year was about euro 34 billion, with euro 19 billion pertaining to shareholders of the Parent Company. The Group's financial solidity was reconfirmed at the end of 2015, with equity essentially stable both in terms of its amount and its composition.

Reconciliation of CDP S.p.A. net equity and net equity pertaining to shareholders of the Parent Company (euro million)



Types of risks of the CDP Group

Risks at the Parent Company

Credit risk
Interest rate risk
Price risk
Exchange rate risk
Funding liquidity risk
Operational and legal risk

Other risks at the Group

Real estate risk
Commodity risk
Rating risk
Default risk
Debt covenant risk
Insurance risk (underwriting and credit risk)
Compliance risk
Gas distribution concession risks
Country risk
Regulatory risk

MAIN EQUITY INVESTMENTS

SACE (100%)

SACE is an insurance and finance group operating in the areas of export credit, credit insurance, investment protection, financial guarantees, sureties and factoring to protect Italian companies, their subsidiaries and associates (including foreign companies) from risks relating to political events and natural catastrophes, economic, trade and exchange-rate risk, as well as associated risks, in their dealings with foreign countries and in relation to internationalisation.
It operates in 189 countries, ensuring more stable cashflows and transforming the insolvency risks of 25,000 client enterprises into development opportunities.

(euro million)	2014[1]	2015[1]
Net income	471	310
Net equity	5,539	4,770
New lending	8,609	13,484
Employees	715	723

SACE in 2015

- approx. euro 13.5 Bn in new lending mobilised and managed;
- increased number of global offices to 23, plus 40 agencies and brokers in Italy;
- greater commercial coverage for a more effective service;
- new products: BT Facile PMI for SMEs, a new receivables collection service, 2i for companies to finance internationalisation projects and SME innovation, enhanced advisory service;
- analysis of "new" countries starting to open up: Cuba and Iran;
- placement with institutional investors of a subordinate bond issue worth euro 500 Mn.

(1) Consolidated figures.

Simest (76%)

Simest was founded in 1991 to help Italian enterprises with their internationalisation process.
Simest can invest directly in up to 49% of the capital of companies abroad or through the venture capital fund established by the Ministry for Economic Development (for the promotion of foreign investments in non-EU countries). It can hold up to 49% of the capital of Italian companies or subsidiaries in the EU that make productive investments and investments in research and innovation.
In addition, it can finance the activities of Italian companies abroad, with export credits for capital goods produced in Italy and can provide technical assistance and consultancy for Italian companies in the internationalisation process.

(euro million)	2014	2015
Net income	8	4
Net equity	314	316
New lending	2,620	5,388
Employees	155	163

Simest in 2015

- approx. euro 5.4 Bn in new lending mobilised and managed (mainly through the contributions fund established by Law 295/73).
- export credits worth euro 5.1 Bn.
- line of credit of $800 Mn for the construction of Metro Line 2, the expansion of Line 4 in Lima, Peru (value: $5.5 Bn);
- acquired 34% of the share capital of Marais Technologies Sas (Tesmec Group, value: euro 4 Mn);
- agreements signed with Confindustria Firenze, Confimi Impresa for enhancing the internationalisation of businesses.

CDP Immobiliare (100%)

CDP Immobiliare operates in urban regeneration and the sale of real-estate assets, including through partnerships with private investors.
Its role begins when the industrial sector leaves spaces suitable to be converted, renovated, transformed and/or privatised.
CDP Immobiliare has extensive experience in urban transformation and development, including of property portfolios owned by the State and national and local authorities, expanding this throughout the entire supply chain by developing its management, construction and sale activities.
The company is now one of the main players in Italian real estate, capable of developing and managing the entire chain of real-estate activities and services both for individual assets and complex portfolios.

(euro million)	2014	2015
Net income	(164)	(60)
Net equity	421	524
Real estate assets	1,586	1,663
Employees	132	129

CDP Immobiliare in 2015

- together with CDP Investimenti SGR, CDP Immobiliare launched a process for the sale of a portfolio of real estate assets owned by the two companies, comprising 6 buildings in Milan for a total of euro 57.2 Mn;
- individual buildings and property units were also sold for a total of euro 39.1 Mn;
- important urban redevelopment initiatives were launched.

Fondo Strategico Italiano (80%)

An equity investment holding company, FSI acquires mainly minority stakes in companies of "major national interest" with stable finances and adequate profit prospects and significant growth opportunities that invest in "strategic sectors", such as tourism and accommodation, agrifood, distribution and management of cultural and artistic assets. The aim is to create value for shareholders through growth, improvement of operating efficiency, consolidation, and strengthening competitive positions.
FSI has a 50-50 joint venture with Qatar Holding for investments in "Made in Italy" sectors, and two collaboration agreements with the Russian Direct Investment Fund and the China Investment Corporation. FSI Investimenti was founded in 2014 (77% FSI, 23% KIA).

(euro million)	2014	2015
Net income	249	110
Net equity	4,834	4,572
New lending	329	90
Employees	33	41

FSI in 2015

- agreement with Korea Investment Corporation for shared investments of a maximum of euro 500 Mn per deal;
- new strategic positioning of FSI. Two investment areas: 1) "stable" investments in companies of "systemic" relevance for Italy, over the long term, 2) investments "for growth" of medium-sized enterprises.

CDP Investimenti SGR (70%)

CDP Investimenti SGR operates in the real estate investment sector, in the promotion, establishment and management of closed funds reserved to qualified investors, dedicated to private social housing (PSH) and developing the property assets of central government and public entities.
CDPI manages two funds: the FIA (Fondo Investimenti per l'Abitare) and the FIV (Fondo Investimenti per la Valorizzazione). The FIA aims to increase the supply of social housing in Italy. It primarily invests in real estate investment funds and local PSH initiatives. The FIV is a real-estate umbrella investment fund (with the Plus Sub-fund and Extra Sub-fund), which promotes and facilitates the privatisation of real estate owned by the state and public entities through direct investments. The aim of the asset management activities is to increase the value of the real estate through their active management and subsequent sale.
In 2014, the FIT (Fondo Investimenti per il Turismo) was established to acquire real estate for use as hotels, accommodation, for 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.

(euro million)	2014	2015
Net income	4	(1)
Net equity	15	13
New lending	446	116
Employees	38	40

CDP Investimenti SGR in 2015

- in August 2015 a real estate sale was concluded for a value of euro 125.5 Mn.

Fintecna (100%)

Fintecna was formed in 1993 for the specific purpose of restructuring the businesses connected with the liquidation of Iritecna. With effect from 1 December 2002, Fintecna and its residual assets were merged into IRI, which was in liquidation. In November 2012, CDP acquired the entire share capital of Fintecna from MEF. Currently, Fintecna's main equity investment consists of the controlling stake (71.64%) in Fincantieri. Following Fincantieri's stock market listing, Fintecna no longer exercises management and coordination of the company.
Fintecna's activities are geared towards: the management of equity investments through policy-setting, coordination and control activities, the management of liquidation processes and management of disputes of companies subject to control.

(euro million)	2014	2015
Net income	98	92
Net equity	1,764	1,771
Employees	155	141

Fintecna in 2015

- liquidation activities and the monitoring and management of various types of proceedings (civil, administrative, tax and labour) continued.

ENI (25.76%)

ENI is Italy's biggest energy group – and the sixth-largest in the world – operating in the exploration, development and extraction of oil and natural gas in 40 countries. It is listed on the Milan stock exchange. Through refineries and chemical plants, it processes crude oil and other oil-based feedstock to produce fuels, lubricants and chemical products that are supplied to wholesalers. ENI is active in the production, sale and distribution (through retail networks and distributors) and trading in oil, natural gas, LNG and electricity.

(euro million)	2014[1]	2015[1]
Revenues	94,226	68,945
EBITDA	7,585	(2,781)
Net profit (loss)	850	(9,378)
EPS (euro)	0.36	(2.44)
DPS (euro)	1.12	0.80
Net fin. pos.	13,685	16,863
Employees[2]	29,403	29,053

ENI in 2015

- ENI ended the year with a net consolidated loss of euro 9.3 Bn due to the structural weakness of the oil market, which has eroded operating profitability and asset values;
- Exploration & Production segment: production came to 1.8 Mboe/day, up 10% on 2014. There was significant growth in both exploration reserves and proven reserves;
- Gas & Power and Refining & Marketing business: consolidation measures continued.
- approved Saipem deal, with the sale of 12.5% to FSI.

(1) Consolidated figures publicly available.
(2) Figures related to continuing operations.

Terna (29.85%)

The Terna group is a major operator of energy transmission grids, listed on the Milan SE. Through Terna Rete Italia, it manages in safety the National Transmission Grid, which comprises more than 72,000 km of high-voltage power lines.
It manages its domestic and foreign new business opportunities and non-traditional activities through Terna Plus.

(euro million)	2014[1]	2015[1]
Revenues	1,996	2,082
EBITDA	1,491	1,539
Net profit	544	596
EPS (euro)	0.27	0.30
DPS (euro)	0.20	0.20
Net fin. pos.	6,966	8,003
Employees	3,797	3,767

Terna in 2015

- presentation of the new 2015-2019 strategic plan;
- acquisition from Ferrovie dello Stato and Rete Ferroviaria Italiana of 8,379 km of high- and ultra-high-voltage power lines;
- cooperation Memorandum of Understanding (MoU) signed with Enel to identify and develop integrated initiatives and greenfield and/or brownfield initiatives for transmission networks abroad, where Enel and Terna have common strategic or commercial interests;
- new 8.4 km underground power line between Acerra and Casalnuovo inaugurated;
- MoU signed with France's RTE for the development of electricity transmission infrastructure in Central-Southern Europe and the future model of the European electricity system. Cooperation will increase on data sharing and coordinating the operation of the electricity system.

SNAM (30.10%)

SNAM is an integrated group that oversees regulated activities in the gas sector. With more than 6,000 employees it follows a sustainable growth model designed to create value for all stakeholders. Snam has the strategic aim of increasing the security and flexibility of the system and to satisfy requirements linked to the development of gas demand.

(euro million)	2014[1]	2015[1]
Revenues	3,566	3,649
EBITDA	2,776	2,799
Net profit	1,198	1,238
EPS (euro)	0.35	0.35
DPS (euro)	0.25	0.25
Net fin. pos.	13,652	13,779
Employees	6,072	6,303

SNAM in 2015

- 2015-2018 strategic plan presented;
- EMTN programme renewed;
- Fitch Ratings assigns Snam a BBB+ rating with stable outlook;
- SOCAR and Snam sign a Memorandum of Understanding for the joint assessment of initiatives to develop the Southern Gas Corridor;
- complete success of the euro 750 Mn fixed-rate bond issue, maturing in November 2023, reserved to institutional investors and geared towards a potential bond swap;
- acquisition from Statoil of 20% of Trans Adriatic Pipeline AG (TAP) for euro 208 Mn;
- EIB grants loan of euro 573 Mn for the development of Snam Rete Gas projects.

Fincantieri (71.64%)

Fincantieri is one of the world's largest shipbuilding groups and number one by diversification and innovation. It is leader in cruise ship design and construction and a reference player in all high-tech shipbuilding industry's sectors, from naval to offshore vessels, from high-complexity special vessels and ferries to mega-yachts, ship repairs and conversions, systems and components production and after-sales services. Headquartered in Trieste (Italy), the Group has built more than 7,000 vessels in over 230 years of maritime history. With almost 20,000 employees, of whom approximately 7,700 in Italy, 21 shipyards in 4 continents, today Fincantieri is the leading Western shipbuilder. It has among its clients the major cruise operators, the Italian and the U.S. Navy, in addition to several foreign navies, and it is partner of some of the main European defense companies within supranational programmes.

(euro million)	2014[1]	2015[1]
Revenues	4,399	4,183
EBITDA	297	(26)
Net profit (loss)	55	(289)
Net fin. pos.	44	(438)
Employees	21,689	20,019

Fincantieri in 2015

- strategic agreement with Carnival Corp. for five innovative cruise ships (to be built 2019-2022) with options for additional ships;
- acquisition of a minority stake in Camper & Nicholsons International, a world leader in all activities connected to yachts and luxury boats.

2016-2020 BUSINESS PLAN

One clear objective: to play a key role in the growth of the country by providing resources, expertise and long-term vision, preserving the economic and financial stability of CDP

In recent months, the seriousness of the credit crunch of the past years seems to have lessened, with some signs of recovery that appear to be consolidated even in Italy. In this framework, intervention must focus on growth and reforms.
CDP will act to support state interventions, with a systemic and counter-cyclical approach, working with a long-term and sustainable vision, as a private operator would act. With its proactive and promotional approach, CDP aims to overcome the limits of the market and act to complement existing market operators.
The CDP Group aims to play a key role for Italy's growth, by taking action on all the key vectors of economic development. Over the 2016-2020 time period, the CDP Group can provide Italy and the Italian people additional resources of around euro 160 billion, with a strategy structured around four key business areas: (1) Government and General Government Entities, Infrastructure; (2) International Expansion; (3) Enterprises; and (4) Real Estate.

Government & General Government Entities and Infrastructure (euro 39 billion)
For the Government and General Government Entities segment, the Group's aim is to intervene with around euro 15 billion of new lending by: strengthening Public Finance activities, growing the value of public assets, a new role in international cooperation and taking action to optimise the management of European structural funds and to accelerate access by Entities to those funds, also in light of CDP's recognition as a National Promotion Institution.

Within the area of infrastructure, the objective is to support a "change of pace" in the implementation of infrastructure works both by favouring the relaunch of major infrastructure projects and by identifying new strategies for the development of smaller infrastructure initiatives (around euro 24 billion of resources deployed).

International Expansion (euro 63 billion)
Support for exports and international expansion will be given a significant boost by creating a single function and a single point of access to the Group's services and revising the offering with a view to optimising support.

Enterprises (euro 54 billion)
The CDP Group will support Italian enterprises throughout their life cycle, taking action to favour the creation, innovation, and development of companies and business areas, and facilitating access to credit. The Group will continue its role of maximising the value of assets of national importance by managing equity investments of systemic importance over the long term and supporting enterprises through growth capital.

Real Estate (euro 4 billion)
The aim is to contribute to developing Italy's real estate assets through: targeted initiatives to increase the value of capital properties owned by general government, the development of a new affordable housing building model and creation of spaces for social integration, the pursuit of renovation and urban development projects in strategic areas of the country, and the improvement of tourist accommodation, potentially including ancillary assets to support the tourism sector.

The resources deployed by CDP will act as a driver for resources from the private sector, regional/supranational institutions and international investors, bringing in an additional euro 105 billion (approximately). The about euro 265 billion activated in total will go towards supporting a significant part of the Italian economy.

2020 Plan strategic guidelines

Plan period 2016-2020 (euro billion)

Aspiration

Euro 160 Bn of CDP resources to support the country and around euro 105 Bn of additional resources activated through the economy

265 BN EURO

1. Government & General Government Entities and Infrastructure

Supporting General Government investments, international cooperation and a "change of pace" in the construction of infrastructure

2. International Expansion

Creating a single dedicated hub to support the export sector and the international expansion

3. Enterprises

Supporting Italian companies throughout their life-cycle

4. Real Estate

Enhancing publicly owned real estate, social housing and tourism

International Investors, Europe and territory	Attract resources from institutional investors and the EU and strengthen connections with the country
Governance, competencies and culture	Improve group governance, increase expertise and foster a "proactive culture"
Economic and financial balance	Optimise capital structure to guarantee economic sustainability

	Government & General Government Entities and Infrastructure	International Expansion	Enterprises	Real Estate	**Total**
CDP resources	39	63	54	4	160
Other resources from system	48	8	38	11	105
Total resources	**87**	**71**	**92**	**15**	**265**
Multiplier	2.3x	1.1x	1.7x	3.8x	1.7x


cdp

2. Report on operations

1. COMPOSITION OF THE CDP GROUP

1.1 PARENT COMPANY

Cassa depositi e prestiti ("CDP") was established over 165 years ago (Law 1097 of 18/11/1850) as an agency for the protection and management of Postal Savings, investment in public utility works and the funding of the State and public entities.

CDP has always had a vital institutional role in supporting household savings and the Italian economy based on criteria of sustainability and public interest.

Over the course of its history, CDP has significantly increased its scope of action from a focus on local authorities/Postal Savings (1850–2003), to infrastructure development (2003–2009), to development of enterprises, exports, international expansion, and equity instruments (2009-2015).

From 2003 (when it was privatised), CDP underwent its most intensive period of transformation which led to its current configuration as a Group that can take action - in the form of debt capital and equity - in favour of infrastructure, development and international expansion of enterprises and by acquiring equity investments in Italian enterprises of national and international importance.

- In 2003, with its transformation into a joint-stock company, the banking foundations became shareholders of CDP. The Ministry for the Economy and Finance ("MEF") continues to be CDP's main shareholder, with an 80.1% of share capital.
- Since 2006, CDP has been subject to the Bank of Italy and the reserve requirement regime.
- Since 2009, CDP has been able to finance initiatives that are in the public interest, also alongside private entities, without having an effect on the public finances, and can also take action to support SMEs, by providing funding to the banking industry restricted to that purpose.
- In 2011, CDP expanded its operations further by establishing the Fondo Strategico Italiano ("FSI"), of which CDP is the majority shareholder.
- The CDP Group was born in 2012, consisting of Cassa depositi e prestiti S.p.A. and the companies subject to management and coordination.
- In 2014, CDP's operations were further extended to international cooperation and financing infrastructural projects and investments in research, through funding guaranteed by the State, as well as non-guaranteed funding (Decree Law 133/2014 - the "Unblock Italy" decree - and Law 125/2014). In particular, since 2014 CDP can:
  - finance international development cooperation initiatives, directed to public and private organisations;
  - use State-guaranteed funding (funds from Postal Savings) to finance transactions for private entities in "general interest" sectors identified by decree of the Minister for the Economy and Finance;
  - use non-State-guaranteed funding to finance works, plant, infrastructure, networks and other facilities intended no longer solely for the provision of public services and for the reclaiming of land, but in a broader manner for initiatives of public interest;

– use non State-guaranteed funding to finance investments in research, development, innovation, the protection and enhancement of cultural heritage, the promotion of tourism, the environment, energy efficiency and the green economy.

The steady expansion of CDP's scope of action has resulted in a significant increase in resources deployed to support Italy's economic growth. In the three-year period that ended in 2015, the resources deployed by the CDP Group totalled around €87 billion. During that period, CDP supported investments in public entities (almost the only funder in a contracting market), promoted the bankability of infrastructure projects (a key role for the construction of Italy's major infrastructure, with funding of over €8 billion), facilitated access to credit (SME fund of around €18 billion) and the international expansion of companies, and maximised the value of Italy's strategic assets (Fincantieri listing, support for the development of SNAM, scale-up of Fondo Strategico Italiano).

In the new macroeconomic environment a refocus on growth and reforms is now required, with concentrated actions on priority areas of development. The CDP Group can contribute significantly to supporting Italy's growth, by leveraging the unique characteristics of its DNA and its new role of National Promotion Institution, assigned by Article 41 of the 2016 Stability Law (Italian Law 28/12/2015, no. 208).
CDP's designation as a National Promotion Institution pursuant to the European legislation on strategic investments and as a possible executing agent for financial instruments receiving structural funds, allows it to also use the funds from the Separate Account to carry out the activities envisaged in that legislation. As a result of this status, CDP will be able to become:
- the entry point in Italy for the Juncker Plan funds;
- the financial advisor to the General Government for a more efficient and effective use of national and European funds.

CDP is consequently expanding its scope, by becoming an active promoter of initiatives to support growth, alongside its traditional role of medium/long-term investor.

All of these activities are 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 (see Annex 2).

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.

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

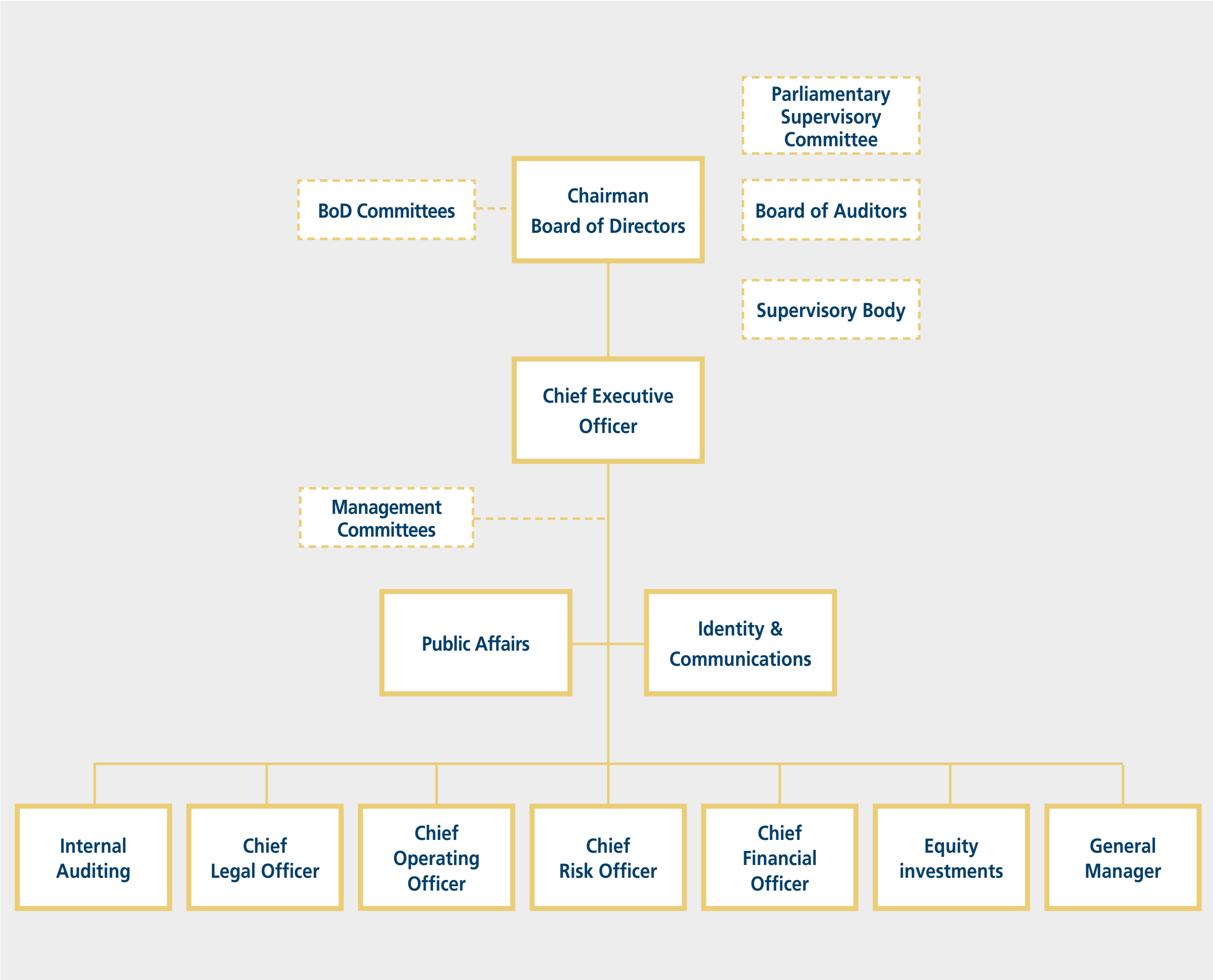
At the date of this report, CDP is structured as follows.

The following report to the Chief Executive Officer: the Public Affairs Area; the Identity & Communications Area; the Internal Auditing Area; the Chief Legal Officer; the Chief Operating Officer; the Chief Risk Officer; the Chief Financial Officer; the Equity investments Area; and the General Manager.

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

The General Manager coordinates the following organisational units: Business Development; Financing Management; Legal Officer Affairs Areas; Relationship Management; Research and Studies; Public Entities; Financing; Public Interest Lending; Economic Support; Real Estate.

Accordingly, CDP's organisational chart, at 31 December 2015, was as follows:



At 31 December 2015, CDP had 637 employees, of whom: 48 senior managers, 283 middle managers, 293 office staff, 11 people in other types of contractual relationship (ongoing collaboration arrangements and interns) and 2 employees seconded from another entity.

During 2015 the workforce continued to grow both quantitatively and qualitatively: with 68 new hires joining the company while 28 employees left.

Compared to last year, the average age of employees remained unchanged at 45 years, whereas the percentage of employees with higher education qualifications (bachelor's or master's degrees, PhDs, postgraduate specialisation courses) increased from 60% to 65%.

The workforce of the CDP Group at 31 December 2015 consisted of 1,877 people; compared with 31 December 2014, the workforce grew by 3% with an increase of 50 staff.

1.2 COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

Companies subject to management and coordination by CDP S.p.A.

CDP INVESTIMENTI SGR S.p.A.

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%.

CDPI SGR is a CDP Group's company active in the real estate sector and in particular in promoting, establishing and managing closed 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 SGR manages two real estate funds: the Fondo Investimenti per l'Abitare (FIA) and the Fondo Investimenti per la Valorizzazione (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 changes 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 the previous year, 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 mission 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. At 31 December 2015, the operations of this fund had not yet commenced.

At 31 December 2015, CDPI SGR's workforce consisted of 40 people, of whom 7 senior managers, 21 middle managers, 10 office staff and two interns. During the year, CDPI SGR's workforce increased by 2 people.

CDP IMMOBILIARE S.r.l.

CDP Immobiliare (former Fintecna Immobiliare) is a company incorporated in 2007 within the Fintecna Group to support the reorganisation of the construction, civil and systems engineering sectors belonging to the former IRI Group. In this context, it has dealt with the real estate operations by taking over its portfolio and managing the related leveraging and sales operations.

On 1 November 2013, following the demerger of the real estate operations of Fintecna Group, CDP took over the entire equity investment of Fintecna in CDP Immobiliare and in Quadrante.

CDP Immobiliare manages all phases of real estate activities, either directly or in partnership. This mission has been expanded to become part of a broader range of services geared toward leveraging public-owned real estate holdings, through the creation of synergies with other Group entities operating in the same area. As part of this process, the Company 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.

At 31 December 2015, CDP Immobiliare has a workforce of 128 people, of whom 20 were senior managers, 43 middle managers and 65 office staff; compared with 31 December 2014, the workforce decreased by 4 employees, due the combined effect of the hiring of 5 new office staff and 9 employment terminations.

FONDO STRATEGICO ITALIANO S.p.A. (FSI)

FSI is a 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.
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.

The Group's new business plan also includes a project for the overall streamlining of its equity portfolio.
In particular, the plan provides for two different investment streams: (i) investments defined as "stable", namely in companies of "systemic" interest for the Italian economy and with a long-term investment horizon, which will be pursued by FSI in closer collaboration with CDP and (ii) investments "for the growth" of medium-sized companies, aimed at supporting company development plans (with accompaniment towards listing), through a reserved closed-end fund, which will be managed by a newly-established asset management company, initially established by CDP and open to outside investors.

At 31 December 2015, the company had 41 members of staff (plus the CEO), comprising 11 senior managers, 15 middle managers and 15 employees. Compared with 31 December 2014, the workforce grew by 8 employees.

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 liquidazione.
On 9 November 2012, CDP acquired the entire share capital of Fintecna from MEF.

Currently, Fintecna's main equity investment consists of the controlling stake (71.64%) in Fincantieri. Following Fincantieri's stock market listing, Fintecna no longer exercises management and coordination of the company.

The Fintecna Group's main activities are currently:

- management of the equity investments through policy-setting, coordination and control activities;
- management of liquidation processes;
- management of litigation mainly arising from acquired companies;
- other activities, including providing support 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.

At the parent company Fintecna S.p.A., the workforce numbered 141 employees at 31 December 2015, including 17 senior managers, 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, wholly owned by the MEF. On 9 November 2012, CDP acquired the entire share capital of SACE from MEF.

SACE group 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 international expansion 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 international expansion of the Italian economy and for the economic security of Italy.

At 31 December 2015 the employees of the SACE Group numbered 723, comprising 46 senior managers, 293 middle managers and 384 office staff. The workforce increased by 8 compared with 31 December 2014.

SIMEST S.p.A.

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 S.p.A. (1.3%).

Its main activities are:
- investment in the equity of companies outside the EU by: (i) directly acquiring up to 49% of the share capital; and (ii) managing the venture capital fund established by the MISE;
- investment in the capital of companies in Italy and within the EU that invest in production and in innovation and research on market terms without subsidies (and without bailouts), by directly acquiring stakes of up to 49% of the share capital;
- 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.

At the end of the year, the company had 163 employees, of which 10 senior managers, 79 middle managers and 74 office employees. The increase of 8 employees compared with 31 December 2014 was due to the exit of 8 employees and the hiring of 16 employee during the year.

OTHER COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

CDP GAS S.r.l.

CDP GAS is the company, formed in November 2011 and wholly owned by CDP, through which at the end of 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 early 2015, CDP GAS implemented a dribble-out programme for the sale on the stock exchange of 79,799,362 SNAM shares, corresponding to 2.3% of the share capital. As a result of the programme, at 31 December 2015, CDP GAS now holds an equity investment in SNAM of 1.1%.

At 31 December 2015, CDP GAS did not have any employees in its workforce and used the parent company CDP for administration support through an service agreement entered into under market conditions.

CDP RETI S.p.A.

CDP RETI is a company, formed in October 2012, through which CDP purchased a stake in SNAM from ENI on 15 October 2012. At 31 December 2015, CDP RETI held 28.98% 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.

This stake was unchanged at 31 December 2015. 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 owned 59.1% by CDP, 35.0% by State Grid Europe Limited, 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 and monitor the equity investments held in SNAM and Terna.

At 31 December 2015, CDP RETI had a workforce of 4 employees and it performs its activities with the aid of operational support from the parent company CDP through contractual arrangements entered into under market conditions.

2. FINANCIAL AGGREGATES AND PERFORMANCE INDICATORS

CDP S.p.A. - Financial aggregates and performance indicators (millions of euros; %)

	31/12/2015	31/12/2014	Changes Overall	Changes %
Total assets	344,899	350,205	- 5,306	-1.5%
Cash and cash equivalents	168,644	180,890	12,246	-6.8%
Loans	103,736	103,115	621	0.6%
Equity investments	29,570	30,346	- 776	-2.6%
Funding	323,046	325,286	2,240	-0.7%
Equity	19,461	19,553	- 92	-0.5%
Net interest income	905	1,161	-256	-22.1%
Gross income	1,155	2,664	-1,508	-56.6%
Operating income	910	2,409	-1,498	-62.2%
Net income	893	2,170	-1,277	-58.9%
Net normalised income (1)	1,102	1,432	-330	-23.0%
Net interest income spread	0.4%	0.5%		
Cost/income ratio	12.9%	5.3%		
ROE	4.6%	12.0%		
Gross bad debts loans and unlikely to pay/Gross exposure	0.3%	0.3%		

1 The net normalised income of €1,102 million for 2015 was essentially a line with the net normalised income of €1,432 million for 2014. The normalised net income is the net of the non-recurring items relating (i) for the year 2015, to the impairment loss on the equity investments in CDP Immobiliare and Fintecna (totalling €209 million) and (ii) for the year 2014, to the gain realised on the sale of a non-controlling interest of CDP RETI and the impairment loss on the investment in CDP Immobiliare.

CDP Group - Financial aggregates and performance indicators (millions of euros; %)

	31/12/2015	31/12/2014	Changes Overall	Changes %
Total assets	397,898	401,680	- 3,782	-0.9%
Cash and cash equivalents	172,982	183,749	- 10,767	- 5.9%
Loans	106,959	105,828	1,132	1.1%
Equity investments	17,925	20,821	- 2,896	- 13.9%
Funding	344,729	344,046	683	0.2%
Equity	33,581	35,157	- 1,576	- 4.5%
of which pertaining to shareholders of the Parent Company	19,227	21,371	- 2,144	- 10.0%
Net interest income	551	925	- 374	- 40.5%
Gross income	(2,120)	481	- 2,600	n.s.
Profit (loss) on banking and insurance operations	(2,191)	984	- 3,174	n.s.
Operating income	1,622	5,005	- 3,384	- 67.6%
Net income/(expense)	(859)	2,659	- 3,518	n.s.
of which pertaining to shareholders of the Parent Company	(2,248)	1,158	- 3,406	n.s.

3. MACROECONOMIC SCENARIO AND THE MARKET

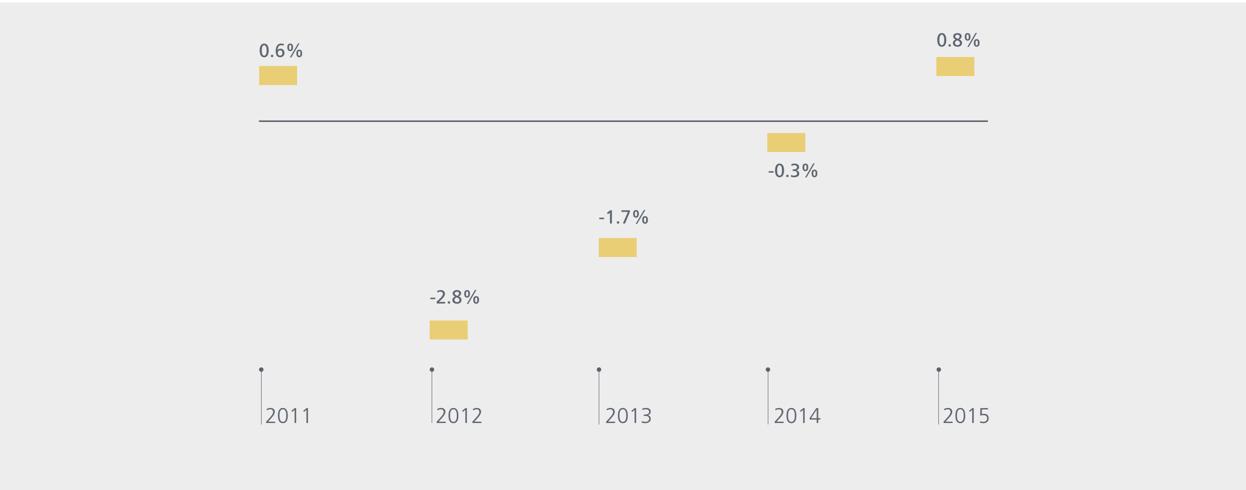
3.1 MACROECONOMIC SCENARIO

In 2015, world GDP growth slowed down compared to the previous year, from 3.4% to 3.1%, mainly due to the reduction in the growth of the emerging economies, from 4.6% to 4.0%. In contrast, the group of advanced economies experienced an, albeit modest, increase in the growth rate, up from 1.8% to 1.9%[2].

The Eurozone strengthened its recovery, from 0.9% for 2014 to 1.7% for 2015. The beneficial effects of a number of positive factors, which had already began in the second half of 2014, were felt during the year. These included the depreciation in the Euro-Dollar exchange rate and the lowering of oil prices, combined with the stimulus provided by the ECB quantitative easing, initiated at the beginning of 2015. However, towards the end of the year, the recovery began to be affected by uncertainties linked to turbulence in the financial markets, the deterioration of the growth prospects for the Chinese economy, the slowdown in global trade, and the recession in some major emerging economies, such as Brazil and Russia.

In 2015, the Italian economy returned to growth for the first time, after three consecutive years of recession, albeit at a very slow rate. The change in GDP in real terms was positive and amounted to 0.8%, against the negative figure of -0.3% recorded for the previous year. Internal demand provided a positive contribution of 0.5% to GDP performance, whereas the contribution from net foreign demand was negative at -0.3%. Household consumption increased by 0.9% (0.6% in 2014), and gross fixed capital formation rose by 0.8% (-3.4% in 2014). As a result of more neutral tax policies, there was a slowdown in the reduction in public expenditure seen in previous years, with an estimated decrease of -0.7% (-1.0% in 2014)[3].

Growth rate and real GDP (% change year-on-year)



Data source: Istat.

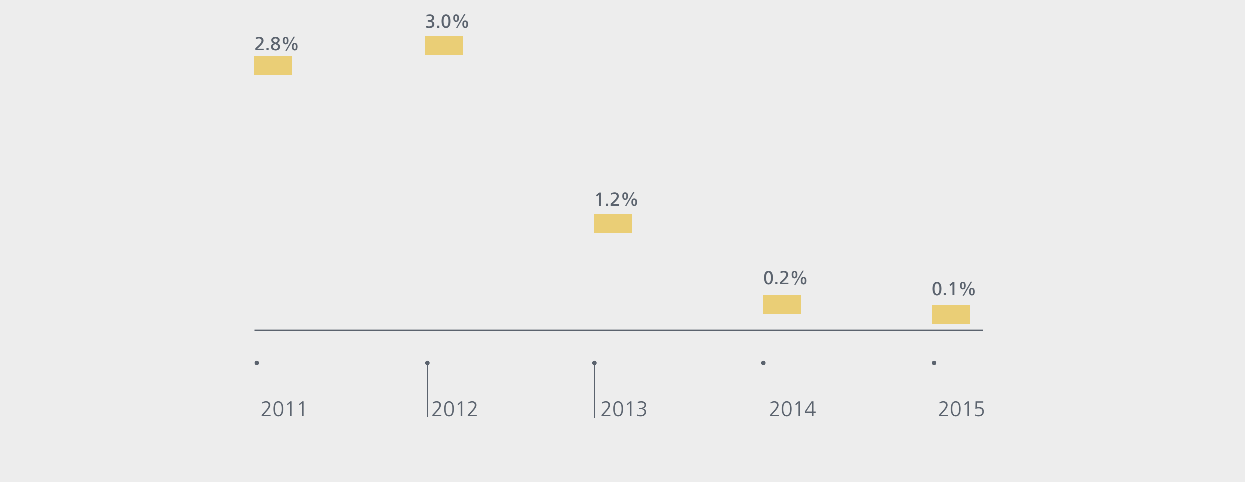
2 International Monetary Fund, *World Economic Outlook Update*, January 2016.
3 Istat, *PIL e indebitamento AP. Anni 2013-2015*, 1 March 2016.

During 2015, industrial output rose by an average of 1.0%, a significant figure, considering that it was still showing a decline of 0.5% in 2014. Looking at the main industrial groupings, the segments that experienced higher growth in the year were capital goods, with an increase of 3.5%, and the energy sector, with growth of 2.3%. The consumer goods segment remained stable, whereas intermediate goods declined with a decrease of -1.1%[4].

In the labour market, 2015 showed significant progress, thanks to the reforms introduced by the Government. The unemployment rate fell on average from 12.7% for 2014 to 11.9%, a reduction of around 0.8 percentage points. The improvement in the unemployment figures was mainly due to the increase in the employment rate from 55.7% to 56.2% (+0.5 percentage points) and a slight decrease in the inactivity rate, down from 36.1% to 36.0% (-0.1 percentage points). Despite continued signs of critical issues, there was also significant progress for the youth unemployment rate, which fell from an average of 42.7% to 40.3% (-2.4 percentage points)[5].

Inflation remained steady, on average, and was very low. During the year, the national general consumer price index (NIC), gross of tobacco, fell only slightly, from 0.2% for 2014 to 0.1% for 2015. In particular, in 2015 the very low inflation rate was again essentially due to the very negative performance of prices for energy goods, which fell on average by 6.8%, in contrast to the prices for other types of goods and services, which all increased[6].

Inflation rate (% annual change NIC index)



Data source: Istat.

The figures for the third quarter of 2015 show that household disposable income, valued at current prices, increased by 1.5% compared to the same quarter of the previous year. Taking into account price changes, household purchasing power increased by 1.3% over the same period, and household final monetary consumption expenditure, at current prices, rose by 1.2% compared to the third quarter of 2014. At the same time, household propensity to save increased by 0.3% percentage points to 9.5%[7].

4 Istat, *Produzione industriale. Dicembre 2015*, 10 February 2016. Figures corrected for calendar effects.
5 Istat, *Occupati e disoccupati. Dicembre 2015*, 2 February 2016.
6 Istat, *Prezzi al consumo. Dicembre 2015*, 15 January 2016.
7 Istat, *Reddito e risparmio delle famiglie e profitti delle società. III trimestre 2015*, 8 January 2016.

3.2 THE CREDIT SECTOR

3.2.1 MONETARY POLICY AND INTEREST RATES

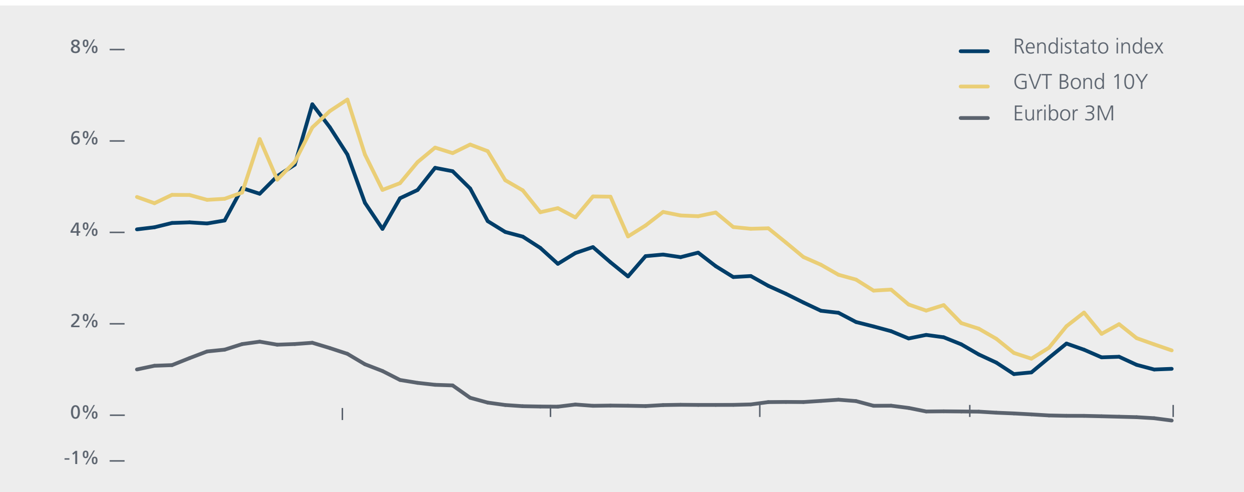
During 2015, in view of the uncertainties regarding the recovery of inflation in the medium term, the ECB continued its monetary easing policy. In its meeting of 3 December, the Governing Council decided to cut the interest rate on deposits, bringing it to -0.3% and to extend the duration of the asset purchase programme (APP), leaving the monthly amount unchanged at €60 billion, but expanding the range of eligible securities to include those issued by local authorities. The main refinancing rate remained stable at 0.05% (since September 2014), while the overnight deposit rate was negative at -0.3%.

During 2015, the liquidity situation of banking institutions gradually improved, with a significant reduction in funds requested from the ECB. At the end of the year, the total amounts came to €151 billion, down around €36 billion on December 2014. The use of LTROs fell by around €30 billion during the year (to €135 billion at year end), and funds drawn from MROs amounted to €18.7 billion, down €7 billion compared to December 2014.

The ECB monetary easing policy favoured a steady reduction in market interest rates in 2015. The 3-month Euribor fell from 0.08% at the start of the year to -0.13% in December, while the Eonia rate fell from 0.14% to -0.13% over the same period [8].

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. After the low reached in mid-March, the spread on 10-year Italian government bonds compared to their German equivalent started to widen again due to the worsening of the Greek crisis, to then return to below 100 bps at the year end[9]. At the same time, the Rendistato general index fell steadily, due to the reduction in yields on Italian government debt securities, which reached their lowest levels in December (1%), with a fall of around 31 basis points compared to the figures at the beginning of January[10].

Principal interest rates



Despite the improvement in the liquidity situation of Italian banks, lending to the private sector continue to fall (-0.2% year-on-year at December). However, the first signs of recovery started to emerge from the second half of the year, due in particular to the positive performance of loans to households (+3.9% year-on-year at the

8 Based on Thomson Reuters - Datastream figures.
9 Based on Thomson Reuters - Datastream figures.
10 Based on Thomson Reuters - Datastream figures.

end of 2015). In contrast, the performance of loans to enterprises was still negative (-1.8%), with improvement in the Eurozone, particularly in France (+3.9%) and in Germany (+1.5%).

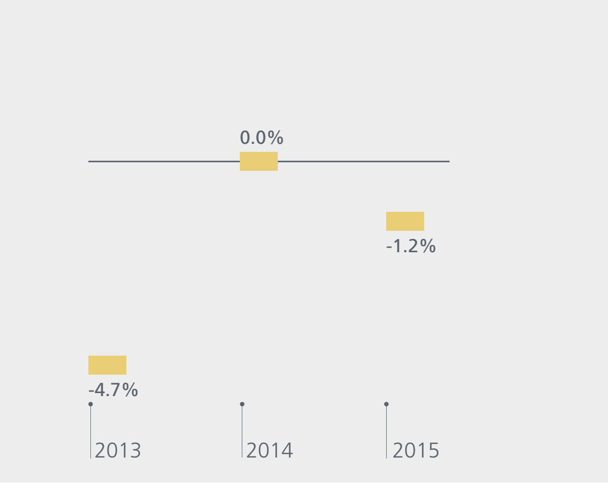
With regard to the main bank interest rates, the average rate on funding from customers resident in Italy continue to fall steadily during the year, down to 1.2% in December (1.4% at the beginning of 2015). In this environment, the average rates fell both on deposits (0.5% at year end, -20 basis points year-on-year) and on bank bonds (2.9%, -22 basis points). This was accompanied by an even greater fall in interest rates on loans to households and to non-financial companies, down to 3.3% in December (-36 basis points compared to the same month the previous year)[11].

3.2.2 LENDING AND FUNDING IN CDP'S REFERENCE MARKET

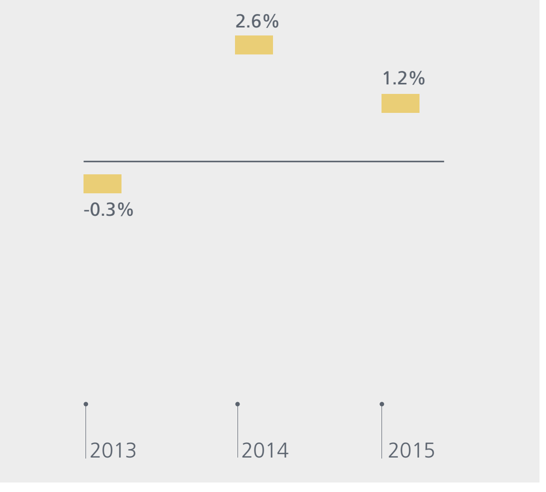
In 2015, CDP's reference market continued to contract, in terms of its lending operations. The volume of loans to General Government Entities, non-financial corporations and Italian producer households fell by 1.2%. This result was driven significantly by the reduction in volumes of credit to non-financial companies (-1.8%), which was not sufficiently offset by the positive performance of loans to General Government Entities (+0.4%). The performance of loans to General Government Entities varied between loans to Central Government Entities and to local authorities. Loans to Central Government Entities increased by 1.9%, whereas loans to local authorities fell by a further 3.6% year-on-year, down to around €69.8 billion[12].

Bad debts of banks increased during the year due to the continued weak economic recovery. At the end of the year, gross bad debts had increased year-on-year by 9.4%, up to around €201 billion. The ratio of bad debts to total loans reached the highest value for more than a decade, at 12.2%[13].

Banks loans to General Government Entities and enterprises (% chg. in stock)



Household financial assets (% chg. in stock)



Data source: Bank of Italy.

With regard to the reference market for CDP's funding, the growth in the stock of household financial assets[14], which had already begun in 2014, continued in 2015. At year end, the stock had increased by 1.2%, although the increase was lower than in the previous year. This increase was mainly attributable to the positive performance of the more liquid components of the household portfolio and in particular of deposits.

11 See ABI Monthly Outlook, January 2016.
12 Based on Bank of Italy figures.
13 Based on Bank of Italy figures.
14 Household financial assets comprise bank income (current accounts, deposits and bonds), investments in mutual funds (asset management), government securities and life insurance.

In an environment of low yields offered and relative uncertainty over future income growth prospects, households have continued to prefer more liquid instruments against those with longer maturities. The asset management and the life insurance segment posted significant changes year-on-year, partly due to the strong performance of share prices in the first half of the year. At the same time, the amount of government securities in household portfolios fell significantly, as a result of the reduction in yields offered by the Treasury.

The stock of bank bonds also continued to fall in relation to the lower offering of these instruments on the market, partly due to the increased perception of riskiness of these instruments among the customers, particularly in the retail segment.

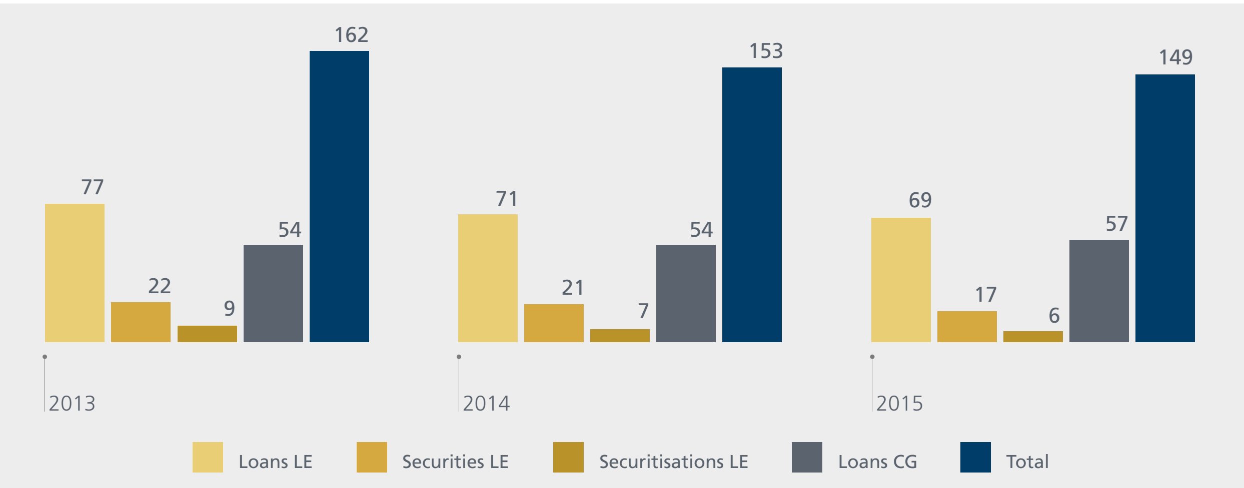
3.3 PUBLIC FINANCE CONTEXT

The public finance worsened slightly in 2015 compared with 2014, paving the way for more neutral tax policies. General Government net borrowing was equal to -2.3% of GDP, compared to -3.0% in the previous year, while the primary balance fell 0.1% percentage points, from 1.6% to 1.5% [15].

The improvement in net debt was due to the reduction in total General Government outgoings (50.4% of GDP, down 0.1% on the previous year) accompanied by an increase in total revenues (47.8% of GDP, up 0.6% on 2014). Lastly, public sector debt increased slightly in 2015 by 0.1% percentage points of GDP compared with 2014, up from 132.5% to 132.6% of GDP.

Looking at CDP's target market, consisting of the debt of Local Entities (Municipalities, Provinces, Regions and Other Local Authorities) and loans to Central Government, in December 2015 the amount of outstanding loans to Local Entities stood at €69 billion, down about €3 billion compared with the same period of the previous year. On the same date, the volume of bonds issued by Local Entities was €17 billion, down about €4 billion compared with the end of 2014. Securitisations and other forms of borrowing stood at €6 billion, showing a contraction of about €1 billion over the period in question.

Stock of debt held by Local Entities and loans to Central Government (billions of euros)



Data source: Bank of Italy.

15 Istat, *PIL e indebitamento AP. Anni 2013-2015*, 1 March 2016.

Overall, by December 2015, the debt of Local Entities had fallen to €92 billion, down more than €7 billion compared with the same month of the previous year. The largest share of the debt is held by local authorities (municipalities and provinces), which have a stock of debt amounting to about €50 billion (54% of the total debt of the Local Entities), while the debt held by the Regions came to about €31 billion (34% of the total) and that of Other Local Authorities was about €11 billion (12% of the total).

Interest-bearing loans owed by Central Government had increased by about €3 billion year-on-year by the end of 2015, rising from €54 billion to €57 billion, in the opposite direction to loans owed by the Local Entities. Overall, CDP's market contracted over the period by approximately €4 billion, falling from €153 billion to €149 billion, continuing the strong decline also seen in prior years, although at a slower pace.

3.4 THE REAL ESTATE SECTOR

In the first nine months of 2015, there was a strengthening of the signs of recovery in the real estate market, already seen at the end of 2014. The macroeconomic environment appears to be much more favourable with confidence indicators for enterprises and consumers having returned to pre-crisis levels and steady recovery in the production, consumption and employment figures. In this scenario, real estate sales have returned to a path of growth, which should strengthen over the next three years.

Specifically, in the third quarter 2015 real estate sales exceeded 225 thousand units, representing an increase of 8.8% year-on-year. The segments with the strongest performance were residential (+10.8%) and commercial (+7.4%).

However, the market is still fragile. While the improvement in economic prospects has favoured an increase in household purchasing demand, the continued crisis has produced a highly fragile society, which needs support from the banking industry to realise its investment decisions.

Around 75% of households can only realise their intentions with financial aid, and the rise in sales in 2015 was driven by the component of demand supported by mortgages. In the first half of 2015, mortgages granted for home loans, totalling €17.3 billion, showed a significant return to growth, with an increase of around 50% on the same period the previous year.

In this situation, the possibilities for recovery in the sector depend on the decisions of the banking industry. However, the non-performing loans accumulated during the crisis period may slow down the process of recovery. The management of non-performing loans may also result in additional risks associated with mass disposals of real estate assets that could accentuate the downward pressure on prices.

In fact, in recent years prices have been very rigid and have shown a considerable time lag (in the period 2008-2013, for example, prices dropped by 16%, in response to a fall in transactions of 41%). In 2015, in response to the recovery in sales, prices continue to decline, falling of 2.3% year-on-year, in the third quarter. According to the most recent estimates, the economic recession could continue for the whole of 2016, with a return to recovery in 2017, but at a very slow pace.

3.5 THE PRIVATE EQUITY SECTOR

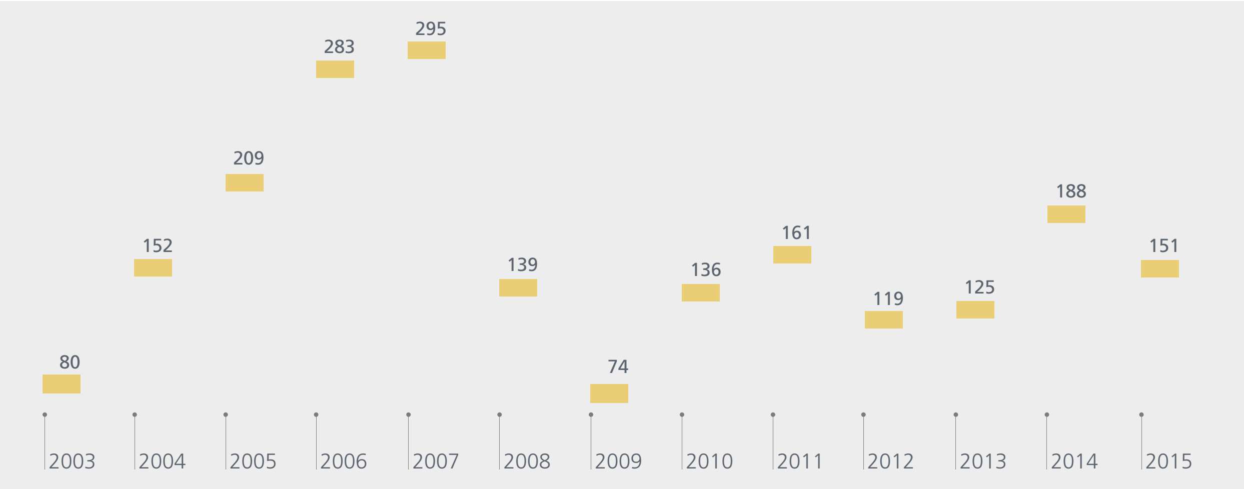
In accordance with the Ministerial Decrees of 3 May 2011 and 2 July 2014, and the articles of association, FSI has identified the possible reference market for its investments: the detailed analysis conducted covered the entire perimeter of FSI of around 780 enterprises, as represented below.

In terms of FSI's European operations, it made 248 transactions in 2015 for a value of USD 151 billion. This is higher than the 204 transactions in 2014, but slightly down in value (USD 188 billion in 2014) and below the peaks seen in 2006 and 2007 (nearly USD 300 billion in each year).

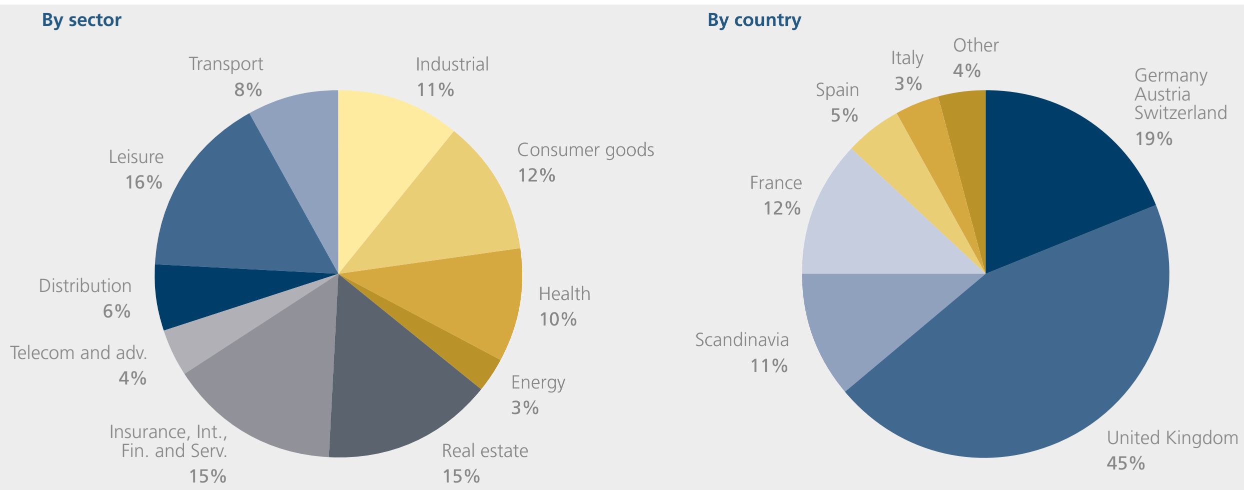
Its investments in 2015 have mainly been in the leisure sector (16%), insurance, financial intermediation and services (15%), and real estate (15%). In geographical terms, the transactions were mostly carried out in the United Kingdom (45%) and Germany/Austria/Switzerland (19%). Transactions completed in Italy accounted for only 4% of the European total.

2013-2015 value of private equity investments in EMEA

(billions of USD)



2015 value of private equity investments in EMEA by sector and by country



Note: includes investments worth more than USD 100 million, also outside of FSI's scope of operations.

Source: Dealogic.

The limited volumes in Italy are not coherent with the country's economy, which is Europe's second-biggest manufacturer with established companies operating in premium niche areas and a high percentage of family businesses with debt and succession issues, and a private equity market still at the development stage.

In terms of FSI's market segment in Italy, there were 9 deals involving investment funds in 2015, the same number as in 2014.

Equity capital investments completed in 2015 in Italy in FSI's "fund buyer" segment (Deal value > €50 million)

Target	Buyer	Revenues (millions of euro)	Equity (millions of euro) (1)	Stake acquired	FSI scope of investment Min. Dec. 02/07/2014
F2i Aeroporti	Ardian, Crédit Agricole Assurance	900	**400**	49.0%	Industry/Size
Giochi Preziosi	Oceanic Gold Global	800	**62**	49.0%	Size
Petrolvalves	TBG Holding	259	**600** (2)	60.0%	Size
ICBPI	Advent, Clessidra, Bain Capital	670	**1,845**	85.8%	Industry/Size
Savino Del Bene	Paolo Nocentini, Gianluigi Aponte	1,067	**140**	50.0% (6)	Industry/Size
Azimut Benetti	Tamburi Investment Partners, Azimut Benetti	670	**50** (3)	12.0%	Size
Saipem	Fondo Strategico Italiano	12,873	**903** (4)	12.5%	Industry/Size
Ferroli (5)	Oxy Capital, Attestor Capital, creditor banks	423	**60**	>50.0%	Size
Hydro Dolomiti	Macquarie Infrastructure and Real Assets	365	**335**	49.0%	Industry/Size

(1) Equity investment made.
(2) Pro rata Enterprise Value.
(3) Including €10 million invested by the company for the buyback of part of the stake held by Mittel.
(4) Including the purchase of shares from ENI for €463 million and the €439 million increase in share capital.
(5) Operation carried out as a procedure for an arrangement with creditors aimed at continuing operations.
(6) a 35% stake was taken over by Paolo Nocentini (already a 50% shareholder) and a 15% stake by Gianluigi Aponte.

Source: Factset, Mergermarket, press reports.

In 2015, a total of 7 deals were concluded with industrial firms, against a total of 12 in 2014.

Equity capital investments completed in 2015 in Italy in FSI's Industrial buyer segment (Deal value > €50 million)

Target	Buyer	Revenues (millions of euro)	Equity (millions of euro) (1)	Stake acquired	FSI scope of investment Min. Dec. 02/07/2014
Salov	Bright Food	330	**117** (2)	90.0%	Industry/Size
Ansaldo STS/Ansaldo Breda	Hitachi	2,005	**1,970** (3)	100.0% (3)	Industry/Size
Sorin	Cyberonics	747	**1,201**	100.0%	Industry/Size
Pirelli	ChemChina	6,018	**7,130** (4)	100.0% (4)	Size
Italcementi	HeidelbergCement	4,156	**~1,000** (5)	45.0% (5)	Size
DelClima	Mitsubishi Electric Corporation	347	**664** (6)	100.0% (6)	Size
Riello	United Technologies	465	**n.a.**	70.0%	Size

(1) Equity investment made.
(2) FSI estimate, figure not publicly available.
(3) Following the completion of the purchase of 40% of Ansaldo STS by Finmeccanica, Hitachi made a tender offer for the remaining 60%, whose completion is expected in 2016.
(4) Following the purchase of 26.2% of Pirelli by ChemChina, a consortium made up of Camfin, Rosneft and ChemChina and controlled by the latter, made a tender offer for the remaining 73.8%, completed in October 2015.
(5) 45% of Italcementi has been valued at €1,670 million, of which €560-€760 million to be paid in shares and the rest (about €1,000 million) in cash. Following the completion of the acquisition of the 45% stake, Heidelberg will make a tender offer for the remaining share capital, which, in case of full acceptance, will bring the amount invested to approximately €3,700 million (shares and cash).
(6) Following the completion of the purchase of the 75% stake, Mitsubishi made a tender offer for the remaining 25%, whose completion expected in 2016.

Source: Factset, Mergermarket, press reports.

3.6 THE EXPORT SUPPORT AND CREDIT INSURANCE SECTORS

The volumes of international trade in goods and services in 2015 increased by an estimated 2.6%, down significantly on the figure for 2014 (3.4%) and still a long way from the pre-crisis levels. The disappointing performance of the emerging economies was, however, offset by the recovery in the Eurozone and the United States. At December 2015, the Italian trade surplus exceeded €45 billion, up over €3 billion on the figure for the previous year. Exports grew by 3.7% on average, driven more or less equally by demand from the EU (3.8%) and from outside the EU (3.6%). The most active markets for Italian exports were the United States (20.9%), Belgium (10.6%), India (10.3%) and Spain (10.1%). In contrast, there was a decline in sales to Russia, Mercosur, and, to a lesser extent, China. With regard to the principal sectors, the increase in exports was mainly attributable to the growth in sales of motor vehicles (30.8%), agricultural, forestry and fishing products (11.2%), and computer, electronic and optical equipment (10.9%). In contrast, there was a sharp decline in exports of refined petroleum products and metal products.

4. GROUP PERFORMANCE

The CDP Group works to support the Italy's growth and deploys its resources, mainly funded through Postal Savings, for local development throughout the country, for strategic infrastructure for the country and for domestic companies to promote 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 through which it has made both direct and indirect investments (via investment funds and investment vehicles) mainly in energy, transport networks and real estate, also with a view to supporting the growth and international development of SMEs and enterprises 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 account, subsidies)
Public entities and territory ***Real Estate***	• Special-purpose loans • SACE (factoring)	• EEEF - European Energy Efficiency Fund • *CDP Immobiliare* • *FIA - Fondo Investimenti per l'Abitare* • *FIV - Fondo Investimenti per la Valorizzazione* • *Fondo Immobiliare di Lombardia*	• 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, Capital Goods, MIDCAP) • Residential sector fund • Funds for areas affected by naturals disasters • Export Bank Fund • SACE (export. guarantees, investment policies, strategic transactions) • SACE (factoring)	• FSI - Fondo Strategico Italiano • FII - Fondo Italiano d'Investimento • FEI - Fondo Europeo per gli Investimenti • SIMEST (direct equity investment 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 2015, new lending, investment and resources managed by the Group totalled around €30 billion, an increase compared to 2014 (+6%). The assets were allocated to the following business lines: 74% of the total to "Enterprises", 20% to "Public Entities and Local Bodies" and 6% to "Infrastructure".

New lending, investment and managed resources sorted by business line - CDP Group

Business lines (millions of euros; %)	Total 2015	Total 2014	Change (+ / -)	% change
Public Entities and Local Bodies	**5,826**	**11,445**	**(5,619)**	**-49.1%**
CDP S.p.A.	4,477	9,706	(5,229)	-53.9%
SACE group	1,350	1,644	(293)	-17.8%
CDPI SGR	116	446	(331)	-74.1%
Intercompany transactions	(117)	(351)	234	-66.6%
Infrastructure	**1,979**	**1,998**	**(19)**	**-0.9%**
CDP S.p.A.	1,964	1,974	(10)	-0.5%
SACE Group	15	23	(8)	-35.1%
Enterprises	**21,999**	**15,120**	**6,879**	**45.5%**
CDP S.p.A.	10,486	7,610	2,877	37.8%
SACE Group	12,119	6,942	5,176	74.6%
SIMEST	5,388	2,620	2,768	n.s.
FSI	90	329	(239)	-72.7%
Intercompany transactions	(6,084)	(2,381)	(3,702)	n.s.
Total new lending, investment and managed resources	**29,804**	**28,562**	**1,242**	**4.3%**
Non-recurring transactions		**(377)**	**377**	**n.s.**
FSI		(377)	377	n.s.
Grand total	**29,804**	**28,185**	**1,619**	**5.7%**

4.1 PARENT COMPANY PERFORMANCE

4.1.1 LENDING

In 2015, the new lending, investment and resources managed by CDP totalled almost €17 billion. These went primarily to support for enterprises, also with newdebt instruments that came into operation during the year (MIDCAP enterprises fund and fund in the residential sector), and the funding of the investment programmes of the Regions and investments in research and development and innovation for Italian enterprises (an activity that was initiated during 2015).

Of particular note were the resources deployed for the liquidity guarantee of the National Resolution Fund in 2015, totalling €1.7 billion.

New lending, investment and managed resources - CDP

Business lines (millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Public Entities and Local Bodies	**4,477**	**9,706**	**(5,229)**	**-53.9%**
Public Entities	4,249	9,123	(4,874)	-53.4%
Equity investments and funds	228	583	(355)	-60.9%
Infrastructure	**1,964**	**1,974**	**(10)**	**-0.5%**
Public Interest Lending	930	828	102	12.3%
Loans	1,058	1,113	(55)	-5.0%
Equity investments and funds	(24)	33	(57)	n.s.
Enterprises	**10,487**	**7,610**	**2,877**	**37.8%**
Economic Support	9,620	7,589	2,030	26.8%
Loans	859		859	n.s.
Equity investments and funds	8	20	(12)	-61.6%
Total new lending, investment and managed resources	**16,928**	**19,290**	**(2,362)**	**-12.2%**

Specifically, the volume of new lending, investment and managed resources in 2015 mainly related to:

i) lending to public entities mainly for investments by the regions for local development and with repayment costs charged to the government budget for school building programmes (totalling €4.2 billion, 25% of the total);
ii) transactions in favour of enterprises aimed at supporting the economy and investment in research, development and innovation (€10.5 billion, 62% of the total);
iii) financing for infrastructure development mainly in the road and transport sector (amounting to €2 billion, 11% of the total).

The overall volume of new lending, investment and managed resources consisted of significant transactions including a loan of €4.8 billion to the City of Rome special commissioner in 2014 and advances for the payment of General Government trade payables totalling €2.8 billion in 2014 and €0.8 billion in 2015; net of these transaction, new lending, investment and managed resources in 2015 increased by 24%.

Public Entities and Local Bodies

The parent company's support for public entities and public-law bodies is primarily offered through the "Public Entities" Business Area, which is responsible for lending to these entities using products offered in accordance with the principles of accessibility, equality of treatment, pre-specification of terms and non-discrimination.

The following table reports the main financial figures (which included both the balance figures and lending) and the income statement figures, reclassified on an operational basis, together with a number of key indicators.

Public Entities - Highlights

(millions of euros)	31/12/2015	31/12/2014
Balance sheet		
Loans	79,389	82,093
Amounts to disburse	5,408	5,952
Commitments	10,693	9,566
Reclassified income statement		
Net interest income	299	319
Gross income	302	323
Operating income	287	317
Indicators		
Credit risk ratios		
Gross bad debts and unlikely to pay/Gross exposure (*)	0.1%	0.1%
Net writedowns of loans/Net exposure (*)	0.011%	0.001%
Performance ratios		
Spread on interest-bearing assets and liabilities	0.4%	0.4%
Cost/income ratio	1.9%	1.7%
Market share (figures as at 31 December)	**48.2%**	**48.2%**

(*) Exposure includes Loans to banks and customers and disbursement commitments.

Initiatives promoted during 2015 included:

- providing aid to the local authorities of the Emilia-Romagna, Lombardy and Veneto regions, affected by the May 2012 earthquake, for the deferred payment of some instalments on the loans granted to them, without additional interest charges;
- loan renegotiation programmes, in the first and second half of the year, targeted at regions, provinces and metropolitan areas and municipalities, with the offer taken up by over 1,000 Local Entities for a total of approximately €18.4 billion in loans renegotiated, of which €0.2 billion within the MEF portfolio;

- providing loans to the regions for a total of €0.9 billion, with repayment costs charged to the government budget and use of the EIB funding, allocated to financing school building project pursuant to Article 10 of decree law 104/2013;
- continuing the efforts in favour of the payment of General Government trade payables, by providing cash advances to Local Government Entities drawn on national funds, pursuant to Article 8 of decree law 78/2015, for a total of €0.8 billion, fully disbursed in 2015;
- initiating the work related to the Kyoto Fund 3, which has a fund base of €0.35 billion, for the granting of subsidised loans primarily to local authorities, for energy efficiency improvement work on publicly owned properties used for school education. In this regard, an addendum was signed with the Ministry of Environment, Land and Sea and loan applications were processed from around 150 authorities relating to some 630 projects, for an amount of €0.1 billion.

At 31 December 2015, the stock of loans totalled €79.4 billion,down compared with the end of 2014[16] (€82.1 billion). 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.

The total stock of amounts disbursed or being repaid and of disbursement commitments came to €88.8 billion, a 2% decrease from 2014 (€90.3 billion). The change was attributable to lower volumes of new lending compared to the principal repayments due in 2015.

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

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Local authorities	30,348	31,581	(1,234)	-3.9%
Regions and autonomous provinces	13,037	12,764	273	2.1%
Other public entities and public law bodies	2,283	2,585	(301)	-11.7%
State	32,477	33,841	(1,364)	-4.0%
Total amounts disbursed or in repayment	**78,145**	**80,771**	**(2,626)**	**-3.3%**
IAS/IFRS adjustments	1,245	1,322	(77)	-5.9%
Total loans	**79,389**	**82,093**	**(2,704)**	**-3.3%**
Total amounts disbursed or in repayment	**78,145**	**80,771**	**(2,626)**	**-3.3%**
Commitments	10,693	9,566	1,127	11.8%
Total loans (including commitments)	**88,838**	**90,337**	**(1,500)**	**-1.7%**

CDP's market share came to 48.2% in 2015 and was stable with respect to the figure at the end of 2014. The core segment continues to be the overall stock of debt of local entities and loans with repayment charged to Central Government[17]. 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 be disbursed on loans being repaid.

The 4% in the stock of loan amounts to be disbursed, including commitments, was mainly attributable to the volume of new loans granted, which exceeded disbursements, and adjustments to commitments (excluding advances, out of government funds, on government trade payables).

16 The figure for 2014 differs from the figure published in the 2014 financial statements due to an operational reclassification between the Public Interest Lending and the Public Entities Business Areas.
17 Bank of Italy, "*Supplemento al Bollettino Statistico (Indicatori monetari e finanziari): Finanza pubblica, fabbisogno e debito, Tavole TCCE0225 e TCCE0250*".

Public Entities - Stock of amounts to disburse

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Amounts to disburse	5,408	5,952	(544)	-9.1%
Commitments	10,693	9,566	1,127	11.8%
Total amounts to disburse (including commitments)	**16,101**	**15,518**	**583**	**3.8%**

In 2015, a total of €4.2 billion in new loans was granted. The decrease in volumes was essentially due to the disbursement, in 2014, of an extraordinary loan, charged to the government budget, to the City of Rome Special Commissioner amounting to €4.8 billion, as well as lower volumes of cash advances to local authorities for the payment of General Government trade payables (€2.8 billion in 2014 compared to €0.8 billion in 2015). These lower volumes were partially offset by the significant increase in loans granted to the Regions.

Public Entities - Flow of new loan agreements

Kind of entity (millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Local authorities	691	771	(80)	-10.4%
Regions	1,604	222	1,382	n.s.
Non-local public entities	114	162	(48)	-29.8%
Loans with repayment charged to State	939	4,888	(3,949)	-80.8%
Advances on General Government payables	838	2,798	(1,960)	-70.1%
Public Interest Lending	64	282	(218)	-77.3%
Total	**4,249**	**9,123**	**(4,874)**	**-53.4%**

Note: advances on General Government payables are drawn on MEF funds.

The volume of new lending involved various types of works, as detailed below:

Public Entities - Flow of new loans by purpose

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Public and social building	61	117	(56)	-47.9%
School and university building	1,020	181	839	n.s.
Sports, recreational and lodging facilities	34	25	9	34.4%
Healthcare building	0.5	1	(0)	-19.1%
Natural disaster restoration works		9	(9)	-100.0%
Road and transport	272	323	(51)	-15.7%
Water projects	40	46	(6)	-12.2%
Sanitation projects	11	18	(7)	-40.0%
Energy projects	16	22	(6)	-27.3%
Loans for sundry projects (*)	1,921	5,561	(3,640)	-65.5%
Total investments	**3,376**	**6,302**	**(2,927)**	**-46.4%**
Recognised off-balance-sheet liabilities and other liabilities	36	23	13	55.6%
Advances on General Government payables	838	2,798	(1,960)	-70.1%
Total	**4,249**	**9,123**	**(4,874)**	**-53.4%**

(*) Also includes loans for major public works and diversified investment programmes not included in the other categories.

The breakdown by product of new loans shows that, net of the loan to the City of Rome special commissioner which characterised the loans without grace period for 2014, there was a significant increase in the volumes of those loans and of loans with grace period taken out by the Regions. There was also an increase in demand, from local authorities, for ordinary loans and a reduction for flexible loans, whereas the contribution from unsecured loans intended solely for non-local public entities was very limited.

Public Entities - Flow of new loans by product

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Ordinary loans	557	429	127	29.7%
Flexible loans	134	343	(209)	-61.0%
Unsecured loans and real estate loans	64	121	(57)	-47.2%
Loans with repayment charged to State and Regions	2,607	5,432	(2,825)	-52.0%
of which:				
- *without pre-repayment grace period*	*2,397*	*5,432*	*(3,035)*	*-55.9%*
- *with pre-repayment grace period*	*210*		*210*	*n.s.*
Securities	50		50	n.s.
Total	**3,411**	**6,325**	**(2,914)**	**-46.1%**
Advances on General Government payables	838	2,798	(1,960)	-70.1%
Total	**4,249**	**9,123**	**(4,874)**	**-53.4%**

Disbursements totalled €3.3 billion, showing a sharp drop (-46%) on the figure for 2014 (€6.1 billion). If disbursements to the City of Rome Special Commissioner in 2014 are excluded (€0.5 billion), the decrease occurred in the segment of cash advances for the payment of General Government trade payables (-72%), loans with costs borne by Central Government (-49%) and local authorities (-11%), due to the drop in new lending in recent years, partially offset by the increase in disbursements to the Regions.

Public Entities - Flow of new disbursements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Local authorities	955	1,070	(114)	-10.7%
Regions	802	380	423	n.s.
Non-local public entities	140	115	25	21.7%
Loans with repayment charged to State	518	1,520	(1,002)	-65.9%
Advances on General Government payables	838	2,999	(2,161)	-72.1%
Public Interest Lending	64	56	8	14.9%
Total	**3,318**	**6,139**	**(2,821)**	**-46.0%**

Note: Advances on General Government payables are drawn on MEF funds.

With regard to, the contribution of the Public Entities Area to CDP's earnings, in 2015 there was a fall in the net interest income from the Area, from €319 million in 2014 to €299 million in 2015, mainly due to the decline in the stock of loans. This performance was also seen in gross income (€302 million, down -7% from 2014), due to a similar amount of commissions accrued in the two periods. With overhead costs taken into account, operating income for the Area came to €287 million, contributing 32% to CDP's overall operating income.

The spread between interest-bearing assets and liabilities in 2015 amounted to approximately 0.4%, basically in line with last year.

Finally, the cost-to-income ratio was about 1.9%, up slightly on 2014.

The credit quality of the Public Entities Area's loan portfolio showed virtually no problem positions, fully in line with the situation last year.

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 Public Interest Lending Area operates in the Separate Account through 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 Financing Area operates in the ordinary account through corporate financing and project finance, investments in all works 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.

Public Interest Lending Area

The following table reports the main financial figures (which include both the balance sheet figures and lending) and the income statement figures, reclassified on an operational basis, together with a number of key indicators.

Public Interest Lending - Highlights

(millions of euros)	31/12/2015	31/12/2014
Balance sheet		
Loans	2,325	1,710
Commitments	2,847	3,009
Reclassified income statement		
Net interest income	39	23
Gross income	65	42
Operating income	1	(30)
Normalised operating income (*)	64	41
Indicators		
Credit risk ratios		
Gross bad debts and unlikely to pay/Gross exposure (**)	0.0%	0.0%
Net writedowns of loans/Net exposure (**)	1.244%	1.229%
Performance ratios		
Spread on interest-bearing assets and liabilities	2.0%	1.7%
Cost/income ratio (*)	1.8%	3.0%

(*) Figures net of the effect of the collective impairment of the portfolio of performing loans.
(**) Exposure includes Loans to banks and customers and disbursement commitments.

The stock of loans at 31 December 2015, including IAS/IFRS adjustments, came to €2.3 billion, up sharply from the end of 2014 thanks to new disbursements made during the year. As of the same date, loans, including disbursement commitments, totalled €5.3 billion, up by approximately 11% from the end of 2014[18].

18 The figure for 2014 differs from the figure published in the 2014 financial statements due to an operational reclassification between the Public Interest Lending and the Public Entities Business Areas

Public Interest Lending - Stock of loans to customers and banks

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	2,469	1,785	684	38.3%
Securities				n.s.
Total amounts disbursed or in repayment	**2,469**	**1,785**	**684**	**38.3%**
IAS/IFRS adjustments	(144)	(75)	(69)	91.5%
Total loans	**2,325**	**1,710**	**616**	**36.0%**
Total amounts disbursed or in repayment	**2,469**	**1,785**	**684**	**38.3%**
Commitments	2,847	3,009	(162)	-5.4%
Total loans (including commitments)	**5,316**	**4,794**	**522**	**10.9%**

In 2015, financing of projects of public interest involved a volume of new lending amounting to €0.9 billion, an increase compared to the volume in 2014. The project finance operations mainly involved the motorway, airport and water-services sectors. During the reporting period CDP continued its work on the feasibility assessments and structuring of the financing of major strategic infrastructure projects in Italy, with a view to ensuring the start-up, or in some cases the continuation, of construction sites.

Public Interest lending - Flow of new loan agreements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	764	748	16	2.1%
Guarantees	167	81	86	n.s.
Total	**930**	**828**	**102**	**12.3%**

Disbursements in 2015 in relation to new loans and those from previous years totalled €0.8 billion, 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 2015 mainly involved loans in the motorway, airport and local public transport sectors.

Public Interest Lending - Flow of new disbursements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	776	861	(85)	-9.9%
Total	**776**	**861**	**(85)**	**-9.9%**

The area contributed €39 million in net interest income to CDP earnings, an increase compared to 2014 driven by the effect of the increased stock of loans, as well as the improvement of around 0.3% in the spread between interest-bearing assets and liabilities. Combined with higher commission income, the result brought operating income, calculated without considering the income statement effect of the collective impairment of the portfolio of performing loans, up to around €64 million (compared to €41 million in 2014).

Finally, the cost-to-income ratio for the Area came to about 1.8%, an improvement mainly driven by the performance of revenues.

Financing Area

With regard to the Financing Business Area, the following table reports the main financial figures (which included both the balance figures and lending) and the income statement figures for the Financing Area, reclassified on an operational basis, together with a number of key indicators.

Financing - Highlights

(millions of euros)	31/12/2015	31/12/2014
Balance sheet		
Loans	4,939	4,638
- *of which: enterprises*	*730*	
Commitments	2,254	1,533
Reclassified income statement		
Net interest income	56	59
Gross income	69	72
Operating income	50	17
Indicators		
Credit risk ratios		
Gross bad debts and unlikely to pay/Gross exposure (*)	1.7%	2.5%
Net writedowns of loans/Net exposure (*)	0.310%	0.801%
Performance ratios		
Spread on interest-bearing assets and liabilities	1.2%	1.1%
Cost/income ratio	2.2%	5.6%

(*) Exposure includes Loans to banks and customers and disbursement commitments.

New initiatives in 2015 saw an expansion in the operations of the Financing Area, in accordance with the provisions of the Sblocca Italia (Unblock Italy) Decree Law. In addition, with the approval of the 2016 Stability Law, CDP acquired the status of "*National Promotion Institution*" whose objectives include strengthening the Juncker Plan at national level.

At 31 December 2015, the stock of loans disbursed totalled €4.9 million, including IAS/IFRS adjustments, recording an increase (+6.5%) over the stock at the end of 2014 (€4.6 billion). This performance was attributable to disbursements, mainly in the new transactions, resulting from the expansion of the Area's scope of operations, which more than offset the terminations and repayments of existing loans.

Without IAS/IFRS adjustments, the stock of loans and commitments amounted to €7.2 billion, an increase of 16% compared to 2014 (€6.2 billion). The change was attributable to higher volumes of new loan agreements compared to principal repayments due and loan repayments made in 2015.

Financing - Stock of loans to customers and banks

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	4,514	4,529	(14)	-0.3%
Securities	480	180	300	n.s.
Total amounts disbursed or in repayment	**4,994**	**4,709**	**285**	**6.1%**
IAS/IFRS adjustments	(55)	(71)	15	-21.4%
Total loans	**4,939**	**4,638**	**301**	**6.5%**
- *of which: enterprises*	*730*		*730*	
Total amounts disbursed or in repayment	**4,994**	**4,709**	**285**	**6.1%**
Commitments	2,254	1,533	721	47.0%
Total loans (including commitments)	**7,248**	**6,242**	**1,007**	**16.1%**

Infrastructure Financing Area

In 2015, new loans and guarantees for a total of €1.1 billion were granted, in corresponding to ten transactions (figures essentially in line with 2014). New loans concluded in 2015 mainly involved loans and guarantees to entities operating in the national transport infrastructure and local multi-utility sectors.

Infrastructure financing - Flow of new loan agreements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	585	737	(152)	-20.6%
Guarantees	473	376	97	25.8%
Total	**1,058**	**1,113**	**(55)**	**-5.0%**

Disbursements in 2015 in respect of new loans amounted to €0.1 billion, a decrease on the corresponding period of the previous year (-34.8%), also taking into account the significant volume of guarantees signed during the year (unfunded transactions).

Infrastructure financing - Flow of new disbursements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Corporate/project finance	134	205	(71)	-34.8%
Total	**134**	**205**	**(71)**	**-34.8%**

Enterprise Financing Area

In 2015, new loans and guarantees for a total of €0.9 billion were granted, corresponding to seven transactions. The majority of the transactions in this segment relate to research, development and innovation projects.

Enterprise financing - Flow of new loan agreements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Research, Development & Innovation	529		529	n.s.
Loans	330		330	n.s.
Total	**859**		**859**	**n.s.**

Disbursements in 2015 in respect of these new loans amounted to €0.7 billion.

Enterprise financing - Flow of new disbursements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Research, Development & Innovation	400		400	n.s.
Loans	330		330	n.s.
Total	**730**		**730**	**n.s.**

In terms of contribution to CDP's earnings for 2015, net interest income dropped slightly to €56 million (€59 million in 2014), driven down by the decline in volumes handled. Lower interest income was, however, more than offset by the lower impact of net adjustments to loans, partly due to the improving credit quality of the loan portfolio, which pushed operating income up to €50 million for 2015 (€17 million for 2014).

Finally, the cost/income ratio of the Area came to 2.2%, an improvement compared to 2014, due to the growth in revenues.

At 31 December 2015, CDP's market share in the infrastructure investments loans segment, stood at 5.1%, slightly up compared with the end of 2014 (4.8%). The core segment remains the overall stock of debt relating to infrastructure in the following industries: motorways, ports, rail transport, energy networks and plants, and infrastructure supporting the operations of local public services enterprises[19].

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 to support enterprises and research investment - 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, MIDCAP, 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.

This work is accompanied by operations for the financing of international expansion and exports of Italian enterprises through the "Export Bank" system. These operations involve i) financial support from CDP, ii) guarantees or risk hedging instruments provided by SACE or other export credit agencies (ECAs), national development banks or international financial institutions, and iii) the full participation of SIMEST and banks in the organisation of financing operations for Italian export companies.

The following table reports the main financial figures (which included both the balance figures and lending) and the income statement figures, reclassified on an operational basis, together with a number of key indicators.

Economic Support - Highlights

(millions of euros)	31/12/2015	31/12/2014
Balance sheet		
Loans	16,745	13,999
Amounts to disburse	28	31
Commitments	5,972	3,085
Reclassified income statement		
Net interest income	60	67
Gross income	78	76
Operating income	70	69
Normalised operating income (*)	75	72
Indicators		
Credit risk ratios		
Gross bad debts and unlikely to pay/Gross exposure (**)	0.6%	0.7%
Net writedowns of loans/Net exposure (**)	0.023%	0.025%
Performance ratios		
Spread on interest-bearing assets and liabilities	0.4%	0.5%
Cost/income ratio (*)	3.9%	4.4%

(*) Figures net of the effect of the collective impairment of the portfolio of performing loans.
(**) Exposure includes Loans to banks and customers and disbursement commitments.

19 Bank of Italy, "Moneta e Banche, Tavola 2.5 (TSC20400) e Tavola 2.9. (TSC20810)".

With regard to the Abruzzo Reconstruction Fund, on 28 January 2015 the Ministry for the Economy and Finance extended the State guarantee provided by Decree Law 39/2009 to CDP, 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 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 that will 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.

The Ministry for Economic Development decree of 24 July 2015, published in the published in the Official Gazette no. 222 of 24 September 2015, established the conditions for the activation of the "Italian Digital Agenda" and "Sustainable Industry" measures drawn from the FRI funds, allocating €0.1 billion and €0.35 billion, respectively, to those measures from the funds identified as unused pursuant to Article 30 of Decree Law 83/2012, for the provision of subsidies in the form of subsidised loans.

Following the signature of this agreement with the ABI (Italian Banking Association) and the Ministry for the Economy and Finance, it will be possible to sign additional instruments to be used to initiate the granting of subsidised loans for the "Italian Digital Agenda" and "Sustainable Industry" measures. 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.

In addition, with regard to the 2012 Earthquake Reconstruction Fund, the addendum of 20 October 2015 implemented Article 13.5 of the Law Decree 78 of 19 June 2015, ratified, with amendments, by Law 125 of 6 August 2015, which extended the scope of the subsidised loans to that instrument for the compensation of damage incurred by products in the process of being produced or stocked pursuant to Council Regulation (EC) 510/2006 of 20 March 2006, on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

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 2015 a memorandum of understanding was signed by CDP and the ABI entitled "Guidelines for CDP Products for Business international expansion 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 2015 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 addition, on 22 November 2015, a guarantee was given in favour of the Resolution Fund for a total of €1.7 billion for a medium-term loan granted to the Fund by Intesa Sanpaolo, Unicredit and UBI, as part of the operation for the resolution of Banca delle Marche, Banca Popolare dell'Etruria e del Lazio, Cassa di Risparmio di Ferrara and Cassa di Risparmio di Chieti.

Lastly, on 21 December 2015, the CDP Group (specifically CDP and SACE), the MEF and the ABI signed a memorandum of understanding for the launch of a system-wide initiative to provide Italian enterprises access to the Juncker Plan funds. The objective of the initiative, which is called "2i per l'Impresa - Innovazione & Internazionalizzazione", is to facilitate the disbursement of new loans to enterprises of up to €1 billion through a commercial bundle of CDP funding (Enterprises Platform Fund), SACE guarantees (SME International Expansion Agreements) and EIF counter-guarantees (from the COSME and InnovFin programmes).

The memorandum of understanding follows on from the two agreements signed on 18 December between CDP, SACE and EIF, through which the EIF provided €0.1 billion of counter-guarantees from the COSME programme and €0.15 billion of counter-guarantees from the InnovFin programme.

As a result, the "2i per l'Impresa" will allow enterprises to access CDP funding from the Enterprises Platform Fund, the SACE guarantee for the SME International Expansion Agreements and the EIF counter-guarantee for the COSME and InnovFin programmes, with preferential conditions compared to those applied to traditional SACE transactions.

As regards the loan portfolio of the Area, the stock of loans to customers and banks, including IAS/IFRS adjustments, at 31 December 2015 came to €16.7 billion, up by 20% from the end of 2014, mainly due to disbursements to the residential sector and the disbursements made on the Capital Goods Fund and the MIDCAP fund, which together more than offset debt repayments and terminations made on the basis of interim reports (which mainly regarded the SME fund). In particular, the total consisted of:

i) 58% of loans to Enterprises, which came to €9.7 billion (up 7% on 2014);
ii) 22% of reconstruction loans following Natural disasters, amounting to €3.6 billion;
iii) 8% of Export Bank loans, which had a total stock of €1.4 billion (up 75% from the end of the previous year), driven primarily by disbursements to a number of significant counterparties in the shipbuilding sector.

The total stock of loans and commitments, without IAS/IFRS adjustments, came to €22.8 billion, up 33% on 2014, due to the volume of new lending agreed, which more than offset principal repayments during the year, in addition to the subscription of the cash guarantee in favour of the National Resolution Fund.

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

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Enterprises	**9,681**	**9,037**	**644**	**7.1%**
SME Fund	6,959	7,970	(1,011)	-12.7%
Capital Goods Fund	1,914	942	972	n.s.
MIDCAP Enterprises Fund	793	125	668	n.s.
Enterprises Network Fund	0.2		0.2	n.s.
Export Fund	16		16	n.s.
Residential real estate	**887**	**159**	**728**	**n.s.**
Export Bank	**1,363**	**780**	**583**	**74.8%**
Natural disasters	**3,616**	**2,846**	**770**	**27.1%**
Post-earthquake Reconstruction - Abruzzo	1,721	1,792	(71)	-4.0%
Post-earthquake Reconstruction - Emilia	1,201	577	624	n.s.
Tax Moratorium	695	478	217	45.4%
Other products	**1,240**	**1,217**	**24**	**1.9%**
FRI loans	1,093	1,043	50	4.8%
Intermodal systems loans (Article 38.6, Law 166/02)	43	49	(7)	-13.7%
Equity investment loans	105	125	(20)	-15.7%
Total amounts disbursed or in repayment	**16,787**	**14,038**	**2,749**	**19.6%**
IAS/IFRS adjustments	(42)	(39)	(2)	5.6%
Total loans	**16,745**	**13,999**	**2,746**	**19.6%**
Total amounts disbursed or in repayment	**16,787**	**14,038**	**2,749**	**19.6%**
Commitments	5,972	3,085	2,887	93.6%
Total loans (including commitments)	**22,759**	**17,123**	**5,635**	**32.9%**

The total volume of new lending and managed resources during 2015 for loans granted through the economic support mechanisms amounted to €9.6 billion, up significantly on 2014 (+27%). This change was mainly attributable to the provision of a guarantee in favour of the National Resolution Fund, the volumes recorded on the MIDCAP fund and the increase in transaction activity of the Housing fund.

In detail, without considering the extraordinary transaction for the National Resolution Fund, the main component of the volumes consisted loans from the fund for enterprises (€4.1 billion), which accounted for around 42% of total volumes, slightly down compared to 2014, driven primarily by ECB measures which expanded the liquidity available to the banking industry. A significant contribution to total volumes (approximately 18%) came from transactions in residential real estate market products with new loans totalling €1.7 billion. The Export Bank area also recorded significant volumes, mainly due to the signing of an agreement for a significant amount relating to the shipbuilding sector, contributing around 14% of the total volume. Finally, loans in favour of areas affected by natural disasters totalled €0.7 billion, a sharp increase over the same period of 2014 (€0.5 billion), mainly due to the fund for the reconstruction of areas affected by the earthquake of May 2012, which accounted for around 7% of total volumes of new lending, investment and managed resources. The loans were accompanied by €0.1 billion of loans mainly from the FRI.

Economic Support - Flow of new loan agreements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Enterprises Fund	**4,081**	**4,129**	**(48)**	**-1.2%**
SME Fund	1,966	2,949	(982)	-33.3%
Capital Goods Fund	1,297	1,056	241	22.8%
MIDCAP Enterprises Fund	789	125	664	n.s.
Export Fund	16		16	n.s.
Enterprises Network Fund	0.2		0.2	n.s.
Acquisition of receivables/ABS	13		13	n.s.
Residential real estate	**1,714**	**1,328**	**386**	**29.1%**
Covered Bonds/RMBS	891	1,151	(260)	-22.6%
Housing Fund	823	177	646	n.s.
Export Bank	**1,389**	**1,101**	**288**	**26.1%**
Natural disasters	**650**	**489**	**160**	**32.7%**
2012 Earthquake Reconstruction	650	488	161	33.1%
Tax Moratorium		1	(1)	-100.0%
Other products	**137**	**542**	**(405)**	**-74.7%**
FRI loans	85	322	(237)	-73.6%
Kyoto Fund	6	19	(13)	-68.9%
Disbursements/Agreements third-party funds	46	53	(6)	-12.1%
Equity investment loans (shareholders)		149	(149)	-100.0%
Total	**7,970**	**7,589**	**380**	**5.0%**
National Resolution Fund guarantee	**1,650**		**1,650**	**n.s.**
Total	**9,620**	**7,589**	**2,030**	**26.8%**

In 2015, €7.3 billion of these loans were disbursed, largely related to loans to enterprises (around 55% of the total considering, in particular, both the SME and MIDCAP Funds and the Capital Goods Fund), to the residential real estate sector (23%) and to Export Bank operations (about 9% of the total). The volume of disbursements in 2015 was up slightly on the previous year (+6%), mainly due to higher volumes disbursed through the MIDCAP fund and the Housing fund, which more than offset the decrease in disbursements to SMEs.

Economic Support - Flow of new disbursements

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Enterprises Fund	**4,029**	**4,090**	**(62)**	**-1.5%**
SME Fund	1,973	3,023	(1,049)	-34.7%
Capital Goods Fund	1,238	943	295	31.3%
MIDCAP Enterprises Fund	789	125	664	n.s.
Export Fund	16		16	n.s.
Enterprises Network Fund	0.2		0.2	n.s.
Acquisition of receivables/ABS	13		13	n.s.
Residential real estate	**1,714**	**1,328**	**386**	**29.1%**
Covered Bonds/RMBS	891	1,151	(260)	-22.6%
Housing Fund	823	177	646	n.s.
Export Bank	**658**	**550**	**109**	**19.8%**
Natural disasters	**650**	**489**	**160**	**32.7%**
2012 Earthquake Reconstruction	650	488	161	33.1%
Tax Moratorium		1	(1)	-100.0%
Other products	**259**	**458**	**(198)**	**-43.3%**
FRI loans	205	276	(71)	-25.7%
Kyoto Fund	8	5	3	72.3%
Disbursements/agreements third-party funds	46	53	(6)	-12.1%
Equity investment loans (shareholders)		125	(125)	-100.0%
Total	**7,310**	**6,915**	**395**	**5.7%**

With particular reference to loans in support of enterprises, a total of €20.6 billion was disbursed, of which (i) €16 billion within the scope of the SME fund, thus drawing down completely the funds allocated in 2009 and 2012; (ii) €2.4 billion related to loans aimed at facilitating access to credit for both SMEs and other business sectors (mid caps, enterprise networks and export-oriented enterprises) and iii) €2.2 billion related to the Capital Goods Fund.

Economic Support - Enterprises fund

(millions of euros; %)	Loans agreed	Loans disbursed	% resources used
SME Fund	16,000	16,000 (*)	100.0%
Enterprises Platform fund	2,432	2,432 (*)	44.2%
Capital Goods Fund	2,352	2,180 (**)	43.6%
Total	**20,784**	**20,613**	**77.8%**

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's earnings in 2015, net interest income decreased slightly, from €67 million in 2014 to €60 million in 2015. The performance was due to the reduction in the spread between interest-bearing assets and liabilities (from approximately 0.5% to 0.4%), partially offset by the increase in volumes handled. Operating income, net of collective impairments recognised on the performing portfolio, amounted to €75 million, as a result of the increase in commission income (+85% on 2014).

The cost/income ratio came to 3.9%, down compared to 4.4% for 2014, due to the decrease in administrative expenses for the Economic Support Area.

Lastly, there was a slight improvement in the credit quality of the Area's loan portfolio.

4.1.2 EQUITY INVESTMENT PORTFOLIO MANAGEMENT

At 31 December 2015, the carrying amount of equity investments and other investments totalled €29,569 million, down €776 million compared to 31 December 2014. The figure consisted of €28,138 million for the portfolio of equity investments and €1,431 million for other investments represented by other companies, investments funds and investment vehicles[20].

20 The portfolio also included equity financial instruments acquired as non-controlling interests as part of the broader series of reorganisation transactions involving the Sorgenia Group and Tirreno Power S.p.A. These financial instruments have been recognised at a fair value of zero.

Portfolio of equity investments, investment funds and investment vehicles

(€ thousands)	31/12/2014 Carrying amount	Changes From inv./disinv.	From measurement	31/12/2015 Carrying amount
Equity investments in subsidiaries	**13,753,583**	**(690,349)**	**(209,042)**	**12,854,191**
ENI S.p.A.	15,281,632			15,281,632
Galaxy S.àr.l.	2,348			2,348
Equity investments in companies subject to significant influence	**15,283,980**			**15,283,980**
Total equity investments	**29,037,563**	**(690,349)**	**(209,042)**	**28,138,171**
Investee companies	10,896		1,669	12,565
Investment vehicles	147,847	24,218	15,408	187,473
Investment funds	1,149,468	79,068	3,005	1,231,541
AFS investments	**1,308,211**	**103,286**	**20,081**	**1,431,578**
Total equity investments and other investments	**30,345,774**	**(587,063)**	**(188,961)**	**29,569,750**

As concerns the separation of organisation and accounting, equity investments in the CDP portfolio, 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., Nuova Sorgenia Holding S.p.A., and Tirreno Power 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. Ownership interests in investment funds and investment vehicles, regardless of their classification financial reporting purposes, fall within the scope of the Separate Account, except for the interests 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.

The table below provides a breakdown of the portfolio between equity investments and other investments as described in the paragraphs below.

Portfolio of equity investments, investment funds and investment vehicles

(€ thousands)	31/12/2014 Carrying amount	Changes from inv./disinv.	from measurement	31/12/2015 Carrying amount
Equity investments in subsidiaries	**13,753,583**	**(690,349)**	**(209,042)**	**12,854,191**
ENI S.p.A.	15,281,632			15,281,632
EPF S.p.A. in liquidazione				
Equity investments in companies subject to significant influence	**15,281,632**			**15,281,632**
Other investee companies	10,896		1,669	12,565
Total equity investments in companies	**29,046,111**	**(690,349)**	**(207,374)**	**28,148,388**
Galaxy S.àr.l.	2,348			2,348
Investment vehicles	147,847	24,218	15,408	187,473
Investment funds	1,149,468	79,068	3,005	1,231,541
Total other investments: investment funds and investment vehicles	**1,299,663**	**103,286**	**18,413**	**1,421,362**
Total equity investments and other investments	**30,345,774**	**(587,063)**	**(188,961)**	**29,569,750**

Equity investments

At 31 December 2015, the carrying amount of the portfolio of equity investments was down by approximately €898 million (-3%) compared to 31 December 2014.

Equity investments

(€ thousands)	31/12/2014 % holding	31/12/2014 Carrying amount	Changes From inv./disinv.	Changes From measurement	31/12/2015 % holding	31/12/2015 Carrying amount
A. Listed companies						
Equity investments in companies subject to significant influence		**15,281,632**				**15,281,632**
1. ENI S.p.A.	25.76%	15,281,632			25.76%	15,281,632
B. Unlisted companies						
Equity investments in subsidiaries		**13,753,583**	**(690,349)**	**(209,042)**		**12,854,191**
2. SACE S.p.A.	100.00%	5,150,500	(798,926)		100.00%	4,351,574
3. CDP RETI S.p.A.	59.10%	2,017,339			59.10%	2,017,339
4. Fondo Strategico Italiano S.p.A.	77.70%	3,419,512			77.70%	3,419,512
5. Fintecna S.p.A.	100.00%	2,009,436		(145,436)	100.00%	1,864,000
6. CDP GAS S.r.l.	100.00%	467,366			100.00%	467,366
7. CDP Immobiliare S.r.l.	100.00%	385,400	178,706	(63,606)	100.00%	500,500
8. SIMEST S.p.A.	76.01%	232,500			76.01%	232,500
9. Quadrante S.p.A.	100.00%	70,130	(70,130)			
10. CDP Investimenti SGR S.p.A.	70.00%	1,400			70.00%	1,400
Equity investments in companies subject to significant influence						
11. Europrogetti & Finanza S.p.A. in liquidazione	31.80%				31.80%	
Other investee companies		**10,896**		**1,669**		**12,565**
12. SINLOC S.p.A.	11.29%	5,986			11.29%	5,986
13. F2i SGR S.p.A.	16.52%	1,888		1,411	14.01%	3,299
14. Istituto per il Credito Sportivo	2.21%	2,066			2.21%	2,066
15. Fondo Italiano d'Investimento SGR S.p.A.	12.50%	956		258	12.50%	1,214
Total		**29,046,111**	**(690,349)**	**(207,374)**		**28,148,388**

With regard to equity investments in subsidiaries, the following transactions took place in 2015 that had a significant impact on the value of the portfolio:

- reduction of the share capital of SACE, as of 31 March 2015, by a total of €799 million. The transaction was the last step in a process designed to optimise the company's asset structure, which freed up capital for the parent company through the use of cash and cash equivalents.
- injection of new capital by CDP in CDP Immobiliare, totalling €178.7 million, of which: (i) €108.6 million to support the development of real estate projects by the company and its investment holdings; (ii) €70.1 million in connection with the merger by incorporation of Quadrante in CDP Immobiliare.
- at the reporting date checks were carried out on the qualitative and quantitative indicators whose presence requires the conduct of impairment testing. The impairment testing was required for the equity investments in CDP Immobiliare and Fintecna, as a result of the negative performance of their markets. The measurement process, performed pursuant to IAS 36, resulted in the recognition of an overall impairment loss of €209 million.

The SACE Group was affected by two major events during the year:

- the issuance by SACE, on 30 January 2015, and the placement with institutional investors of the sub-ordinated bond totalling €500 million, with an annual coupon of 3.875% for the first 10 years and a coupon indexed to the 10-year swap rate plus a spread of 318.6 basis points for the following ten years.

The bonds can be redeemed by the issuer initially after 10 years and then at every subsequent coupon date;

- the publication, on 25 June 2015, of the EU General Court ruling rejecting the appeal submitted by SACE and SACE BT for the annulment of the part of the Decision relating to the two recapitalisations carried out in June and August 2009, for a total of €70 million plus interest, ordering the repayment by SACE BT to SACE. The Board of Directors of SACE approved the partial recapitalisation of SACE BT by an amount of up to €48.5 million, plus the further optimisation of the capital structure by means of the issuance of a subordinated loan for a total amount of €14.5 million. In any event, SACE and SACE BT have submitted an appeal to the European Court of Justice against the EU General Court Ruling of 25 June.

For the other investee companies, the only change related to the interest in the company F2i SGR. In 2015, new international shareholders joined the company, through a capital increase carried out as part of the F2i fundraising. As a result of this transaction, the equity investment held by CDP in F2i SGR decreased from 16.52% to 14.01%.

Dividends for 2015 totalled approximately €1,532 million and were mainly connected to the equity investments in ENI (€899 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). The total amount of dividends of around €310 million was lower than in 2014 (€1,842 million).

Other investments: mutual 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;
- development, international expansion and growth 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 31 December 2015, the portfolio of mutual funds and investment vehicles totalled €1,421 million, up approximately €121.7 million (+9%) compared to 31 December 2014.

Investment funds and investment vehicles

(€ thousands)	Investment sector	31/12/2014 % holding	31/12/2014 Carrying amount	Changes From inv./disinv.	Changes From measurement	31/12/2015 % holding	31/12/2015 Carrying amount	31/12/2015 Remaning commitment
A. Investment vehicles								
1. Inframed Infrastructure société par actions simplifiée à capital variable (Inframed Fund)	Infrastructure							
- A units		38.92%	96,690	21,555	13,313	38.92%	131,558	40,877
- B units		0.01%	17	(8)		0.01%	9	
2. 2020 European Fund for Energy, Climate Change and Infrastructure SICAV-FIS S.A. (Marguerite Fund)	Infrastructure	14.08%	36,916		2,094	14.08%	39,010	60,850
3. European Energy Efficiency Fund S.A., SICAV-SIF (EEEF Fund)	Energy							
- A units		12.64%	12,286	2,315		12.24%	14,602	37,312
- B units		1.99%	1,938	356		1.92%	2,294	5,693
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	50,000	3,500	100.00%	732,900	351,600
2. F2i - Fondi Italiani per le Infrastrutture	Infrastructure							
- A units		8.10%	129,132	(31,007)	10,959	8.10%	109,084	13,957
- C units		0.04%	709	(170)	60	0.04%	599	78
3. Fondo Investimenti per l'Abitare	Social Housing	49.31%	174,343	61,779	(10,419)	49.31%	225,703	714,981
4. Fondo Italiano d'Investimento	SMEs and export finance	20.83%	67,360	3,948	4,606	20.83%	75,914	121,529
5. F2i - Secondo Fondo Italiano per le Infrastrutture	Infrastructure							
- A units		12.90%	40,304	(14,043)	1,435	8.05%	27,696	72,516
- C units				75	(3)	0.02%	72	189
6. FIV Plus	Public building	100.00%	20,151	5,200	(6,851)	100.00%	18,500	69,400
7. Fondo PPP Italia	Infrastructure and PPP projects	14.58%	9,426	(488)	435	14.58%	9,373	2,054
8. Fondo Immobiliare di Lombardia - Sub-Fund One (formerly Abitare Sociale 1)	Social Housing	5.42%	8,110		28	4.21%	8,138	11,000
9. FoF Private Debt	SMEs and export finance	100.00%	617	1,109	(1,255)	74.62%	471	247,771
10. FoF Venture Capital	Venture Capital	100.00%	82	2,666	(985)	83.33%	1,763	47,048
11. European Investment Fund		1.20%	19,834		1,494	1.17%	21,328	40,000
Total			**1,299,663**	**103,286**	**18,413**		**1,421,362**	**1,836,855**

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

- the net positive balance of around €103 million between payments requested by vehicles and funds and payouts distributed by them to CDP;
- positive valuation differences of approximately €18 million.

4.1.3 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; %)	31/12/2015	31/12/2014	% change
Cash and cash equivalents and other treasury investments	**168,644**	**180,890**	**-6.8%**
Treasury current account	151,962	146,811	3.5%
Reserve requirement	3,949	1,891	n.s.
Other treasury investments Separate Account	782	1,749	-55.3%
Repurchase agreements	10,509	27,171	-61.3%
Deposits (assets) Ordinary Account	1,173	1,206	-2.8%
Deposits (assets) on Credit Support Annex transactions	270	2,061	-86.9%
Debt securities	**35,500**	**27,764**	**27.9%**
Separate Account	34,961	26,602	31.4%
Ordinary Account	539	1,163	-53.6%
Total	**204,144**	**208,654**	**-2.2%**

At 31 December 2015, the balance on the current account with the Central State Treasury, where CDP funding through the Separate Account is deposited, stood at about €152 billion, up from year-end 2014 (approximately €147 billion). The increase in the current account balance was mainly attributable to the greater use than in the past of more cost-effective short-term funding instruments, particularly repurchase agreements, to take advantage of favourable market conditions.

The liquidity deposited for the reserve requirement amounted to €3,949 million at 31 December 2015, with respect to a reserve requirement of approximately €3,057 million for the final maintenance period 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 the liquidity funded via the OPTES funding channel. At 31 December 2015, the stock of this aggregate amounted to €10.5 billion, down significantly on the figure at December 2014 (€27.2 billion), due to both the accompanying reduction in OPTES funding and its greater use in investments in higher yielding Italian government securities.

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 temporary liquidity excess, CDP uses deposits with banks with high credit ratings and short-term Italian government securities (down by around 54% during 2015).

As regards collateral deposits, established under the Credit Support Annex (CSA) "master" agreements and the Global Master Repurchase Agreement (GMRA), to limit the counterparty risk associated with transactions in derivative instruments and repurchase agreements, at 31 December 2015 there was a net debit balance of -€331 million, in contrast with the credit balance 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. These deposits are also managed in a manner that ensures accounting separation between the two Accounts.

Net deposits on guarantee agreements (CSA and GMRA)

(millions of euros; %)	31/12/2015	31/12/2014	% change
Total net deposits:	(331)	1,531	n.s.
of which:			
- *deposits (assets)*	*270*	*2,061*	*-86.9%*
- *deposits (liabilities)*	*600*	*530*	*13.3%*

As regards the securities portfolio, at 31 December 2015 the balance amounted to €35.5 billion, up from year-end 2014 (+28%; €27.8 billion) due to new purchases, mainly with a short-term maturity. The securities portfolio mainly consists of Italian government securities and is held for the purposes of asset liability management, as well as stabilising CDP's net interest income.

4.1.4 FUNDING OF THE PARENT COMPANY

Funding from banks

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

Stock of funding from banks

(millions of euros; %)	31/12/2015	31/12/2014	% change
ECB refinancing	4,676	5,496	-14.9%
of which:			
- *Separate Account*	*3,824*	*4,144*	*-7.7%*
- *Ordinary Account*	*852*	*1,352*	*-37.0%*
Deposits and Repurchase agreements	7,108	1,895	n.s.
of which:			
- *Separate Account*	*7,025*	*1,722*	*n.s.*
- *Ordinary Account*	*83*	*173*	*-52.1%*
Deposits (liabilities) for CSA and other	600	530	13.3%
EIB credit facilities	4,615	4,159	10.9%
of which:			
- *Separate Account*	*2,237*	*1,660*	*34.8%*
- *Ordinary Account*	*2,378*	*2,499*	*-4.9%*
KfW credit facilities	400		n.s.
of which:			
- *Separate Account*	*400*		*n.s.*
- *Ordinary Account*			*n.s.*
Total	**17,399**	**12,080**	**44.0%**

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 (LTRO) 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 approximately €4.7 billion, of which €0.7 billion through targeted longer-term refinancing operations (TLTRO).

Short-term funding on the money markets through deposits and repurchase agreements increased sharply during 2015, in view of the particularly favourable performance of market rates. The Separate Account had a stock of €7 billion at 31 December 2015 of which €6.7 billion resulting from repurchase agreement transactions and around €0.4 billion from fundraising on the interbank deposits market.

As regards funding from the European Investment Bank (EIB), during 2015 new loan agreements were signed for a total of €1.7 billion and new disbursements were obtained for a total of €0.6 billion.

In the first half of 2015, CDP requested and obtained a new disbursement for an amount of €0.1 billion in the Separate Account as funding for the 2012 Earthquake Reconstruction Fund.

In second half of 2015, a new agreement was signed - in two tranches - for the financing of the school building measures established in Article 10 of Decree Law 104 of 12 September 2013, for a total amount of €0.9 billion (Separate Account) and another agreement - also in two tranches - for the financing of the 2012 Earthquake Reconstruction Fund for a total amount of €0.8 billion (Separate Account).
In the second half of 2015, CDP also requested and obtained two new disbursements totalling €0.5 billion in the Separate Account as funding for the 2012 Earthquake Reconstruction Fund.

With regard to the funding agreement signed between CDP and Kreditanstalt für Wiederaufbau (KfW) in 2014, in the second half of 2015 CDP obtained an increase in the line of credit designated for support to Italian SMEs (Separate Account) from €0.3 to €0.4 billion. The line of credit was fully disbursed during the year.

EIB and KfW credit facilities

(millions of euros)	Date of issue/funding	Nominal value
EIB Draw (maturity date 30/06/2040)	11/05/2015	100
EIB Draw (maturity date 31/12/2040)	29/12/2015	150
EIB Draw (maturity date 31/12/2040)	29/12/2015	350
KfW Draw (maturity date 15/11/2020)	28/04/2015	300
KfW Draw (maturity date 16/11/2020)	18/12/2015	100
Total		**1,000**
of which:		
- *under the Separate Account*		*1,000*
- *under the Ordinary Account*		

Funding from customers

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

Stock of funding from customers

(millions of euros; %)	31/12/2015	31/12/2014	% change
OPTES deposits (liabilities)	30,000	38,000	-21.1%
Deposits of investees	3,699	7,774	-52.4%
Amounts to disburse	5,437	5,983	-9.1%
Government Securities Amortisation Fund	513		n.s.
Total	**39,648**	**51,757**	**-23.4%**

As regards OPTES operations, in 2015 CDP, as a recognised counterparty in the liquidity management operations of the MEF, carried out funding transactions for a total daily average of approximately €50.3 billion (with a balance of €30 billion at 31 December 2015) compared to approximately €28.2 billion in 2014. 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 MEF transferred management to CDP of the Government Securities Amortisation Fund, formerly managed by the Bank of Italy. At 31 December 2015 this fund had a stock of about €0.5 billion. The amount of the fund is entirely earmarked for repo trading and the purchase of short-term government securities.

As part of the management and coordination activities, the centralisation of liquidity within the Parent Company's treasury continued, through the irregular deposit arrangements between CDP and its subsidiaries. As a result of the optimisation of liquidity management at group level, the stock at 31 December 2015 more than halved compared to the figure at the end of 2014, reaching around €3.7 billion.

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 31 December 2015 totalled approximately €5.4 billion, slightly down on the end 2014 figure, as the total amounts disbursed on loans being repaid was higher than the total amounts not disbursed for new loans.

Bond funding

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

Stock of funding represented by securities

(millions of euros; %)	31/12/2015	31/12/2014	% change
EMTN programme	**8,953**	**8,900**	**0.6%**
Securities issued	8,972	8,922	0.6%
of which:			
- *Separate Account*	*5,555*	*5,305*	*4.7%*
- *Ordinary Account*	*3,417*	*3,617*	*-5.5%*
IAS/IFRS adjustment	(18)	(22)	-16.2%
Retail bond	**1,482**		**n.s.**
Securities issued	1,500		n.s.
IAS/IFRS adjustment	(18)		n.s.
Bonds subscribed by Poste Italiane S.p.A.	**1,500**		**n.s.**
Securities issued	1,500		n.s.
IAS/IFRS adjustment			n.s.
Commercial paper	**1,965**	**511**	**n.s.**
of which:			
- *Separate Account*	*1,620*	*511*	*n.s.*
- *Ordinary Account*	*345*		*n.s.*
Total stock of funding represented by securities	**13,901**	**9,411**	**47.7%**

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 2015 CDP issued its first retail bonds, raising €1.5 billion after an initial offer of €1 billion.

In December 2015 CDP issued two bonds, guaranteed by the Italian government, entirely subscribed by Poste Italiane S.p.A. (BancoPosta assets), for a total amount of €1.5 billion to support the Separate Account.

The characteristics of the issues carried out in 2015 are shown in the table below.

Flow of medium/long-term funding

(millions of euros)	Date of issue/ funding	Nominal value	Financial characteristics
EMTN programme			
Issue (maturity date 26/01/2018)	05/02/2015	250	Fixed R 1.000%
Issue (maturity date 09/04/2025)	09/04/2015	750	Fixed R 1.500%
Total		**1,000**	
of which:			
- *under the Separate Account*		*250*	
- *under the Ordinary Account*		*750*	
Retail bond			
Issue (maturity date 20/03/2022)	20/03/2015	1,500	Fixed R 1.75% (first 2 years) Floating Rate EUR 3 M + 0.50% (from third year)
Total		**1,500**	
of which:			
- *under the Separate Account*		*1,500*	
- *under the Ordinary Account*			
Bonds guaranteed by the Italian State			
Issue (maturity date 31/12/2019)	31/12/2015	750	Fixed R 0.509%
Issue (maturity date 31/12/2020)	31/12/2015	750	Fixed R 0.755%
Total		**1,500**	
of which:			
- *under the Separate Account*		*1,500*	
- *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. Through this new program, CDP has further expanded its issue methods and the types of potential investors that can be reached.

With regard to short-term funding, the stock of funds under the Multi - Currency Commercial Paper Programme at 31 December 2015 was up sharply, to around €2 billion, confirming institutional investor interest in these emissions.

Postal funding

At 31 December 2015, the total stock of postal savings, including Passbook Savings Accounts and Savings Bonds pertaining to CDP, came to €252,097 million, substantially unchanged on the €252,038 million at 31 December 2014.

More specifically, the carrying amount of Postal Passbook Savings Accounts reached €118,745 million, while Savings Bonds, which are measured at amortised cost, came to €133,352 million.

Stock of postal savings

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Passbook Savings Accounts	118,745	114,359	4,386	3.8%
Postal Savings Bonds	133,352	137,679	-4,327	-3.1%
Total	**252,097**	**252,038**	**59**	**0.02%**

Despite the negative flow of CDP's net funding, the stock did not decrease, because of the addition of accrued interest.

Postal savings constitute a major component of household savings. In particular, postal savings as a proportion of total household financial assets in the form of bank deposits (current accounts, deposits and bonds), asset management, government securities and life insurances, came to 14.2% at December, down slightly compared to 2014.

In terms of net funding, Passbook Accounts in 2015 posted a net inflow of €4,110 million, a decrease compared to 2014, when the result was an inflow of €6,808 million (-40%). The most significant reduction was in the Smart Passbook Accounts, including the transfers from the ordinary Passbook Account, which had a net positive inflow of €7,449 million in 2015 (compared to €16,441 for 2014), which brought the total balance to €43,580 million (37% of the total stock of Passbook Accounts). As a result, at December 2015, the stock of ordinary registered Passbook Accounts, while still continuing to be the main component of the entire stock of Passbook Accounts (60%), declined by 5%.

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 2015	Net funding 2014
Registered Passbook Accounts	116,911	112,794	4,117	6,820
- *Ordinary*	*70,628*	*73,593*	*-2,966*	*-10,041*
- *SMART ordinary*	*45,183*	*37,734*	*7,449*	*16,441*
- *Time deposits*		*0.1*	*-0.1*	*-0.04*
- *Minors*	*669*	*509*	*161*	*298*
- *Judicial*	*432*	*472*	*-41*	*-96*
- *Judicial time deposits*		*485*	*-485*	*217*
Bearer Passbook Accounts	2	10	-8	-12
- *Ordinary*	*2*	*10*	*-8*	*-12*
- *Time deposits*		*0.001*	*-0.001*	*-0.003*
Total	**116,914**	**112,804**	**4,110**	**6,808**

Note: The net funding include transfers between Passbook Accounts.

Passbook savings accounts

(millions of euros)	31/12/2014	Net funding	Reclassification and adjustments	Interest 01/01/2015-31/12/2015	Withholdings	Other	31/12/2015
Registered Passbook Accounts	114,305	4,117		341	-86	22	118,699
- *Ordinary*	*74,228*	*450*	*-3,416*	*92*	*-24*	*22*	*71,352*
- *Ordinary SMART*	*35,972*	*3,860*	*3,589*	*211*	*-52*		*43,580*
- *Time deposits*	*4*	*-0.1*		*0.004*			*4*
- *Minors*	*3,020*	*334*	*-173*	*34*	*-9*		*3,205*
- *Judicial*	*597*	*-41*		*1*	*-1*		*556*
- *Judicial time deposits*	*486*	*-485*		*2*	*-0.1*		*2.5*
Bearer Passbook Accounts	54	-8		0.004	-0.001		46
- *Ordinary*	*53*	*-8*		*0.004*	*-0.001*		*45*
- *Time deposits*		*-0.001*					*0.5*
Total	**114,359**	**4,110**		**341**	**-86**	**22**	**118,745**

Note: The column "Other" includes the contribution, as a reimbursement to a Poste Italiane S.p.A., of the stamp duty not charged to investors and the accrual on restricted Passbook Accounts at 31 December 2015.

Subscriptions of Postal Savings Bonds in 2015 totalled €11,868 million, showing a drop of 11% on 2014. The types of savings bonds that posted the highest subscription volumes were the following: Europe Bonds (24% of total subscriptions), Italian Inflation-Linked Bonds (21%), Ordinary Bonds (11%) and 4x4 Fedeltà Bonds (10%). Efforts to expand the range of postal products offered by CDP to savers saw the introduction during the year of the 4x4 Bond and two associated Postal Bonds, the 4x4 Fedeltà bond and the 4x4 Risparmi Nuovi bond, which respectively replaced the 3x4 Fedeltà and 3x4 Risparmi Nuovi bonds.
For reasons connected with the optimisation of the product range offered, the Enterprise Bond and 18 Month Bond were suspended during the year.

Postal savings bonds - CDP net funding

(millions of euros)	Subscriptions	Repayments	Net funding 2015	Net funding 2014	Change (+ / -)
Ordinary bonds	1,257	3,429	-2,172	-3,106	934
Fixed-term bonds	0.2	32	-32	-48	16
Indexed bonds	0.02	614	-614	-1,971	1,357
BFPPremia bonds		975	-975	-593	-381
Inflation indexed bonds	2,553	1,795	758	-51	809
Bonds for minors	461	284	177	327	-150
18-Month bonds	373	801	-428	-267	-161
18-Month Plus bonds		56	-56	-1,058	1,002
BFP3x4 bonds	930	820	110	2,472	-2,362
7Insieme bonds	0.04	74	-74	92	-166
3-year bonds	772	9,048	-8,276	-228	-8,048
2-year Plus bonds		448	-448	-2,783	2,335
BFP Fedeltà bonds		1,019	-1,019	112	-1,131
BFP Fedeltà 3x4 bonds	338	161	177	2,033	-1,856
BFP Renditalia bonds	0.01	54	-54	66	-120
BFP Europa bonds	2,863	253	2,610	1,050	1,560
BFP Impresa bonds	6	34	-29	6	-35
BFP RisparmiNuovi bonds		79	-79	120	-200
BFP Eredità Sicura bonds	20	42	-22	18	-41
BFP 3X4RisparmiNuovi bonds	391	102	289	1,643	-1,354
BFP4x4 bonds	349	22	327		327
BFP4x4 Fedeltà bonds	1,136	34	1,102		1,102
BFP 4X4RisparmiNuovi bonds	419	22	397		397
Total	**11,868**	**20,199**	**-8,331**	**-2,165**	**-6,166**

Net CDP funding from savings bonds came to a negative €8,331 million, compared to net negative funding in 2014 (€2,165 million). This result was mainly due to the high volume of redemptions coinciding with the high number of maturities for the 3-year Plus Bonds and the 3.50 Bonds, which were only partially offset by reinvestment in new bonds. For bonds pertaining to the MEF, on the other hand, redemptions came to €5,674 million, down compared with 2014 (€7,352 million). As a result, total net funding of Postal Savings Bonds (both CDP and MEF) at 31 December 2015 was a net redemption of €14,005 million, compared to a net redemption of €9,517 million for 2014.

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

(millions of euros)	CDP net funding	MEF repayments	Net funding 2015	Net funding 2014	Change (+ / -)
Ordinary bonds	-2,172	-5,137	-7,309	-8,851	1,542
Fixed-term bonds	-32	-537	-569	-1,654	1,085
Indexed bonds	-614		-614	-1,971	1,357
BFPPremia bonds	-975		-975	-593	-381
Inflation indexed bonds	758		758	-51	809
Bonds for minors	177		177	327	-150
18-Month bonds	-428		-428	-267	-161
18-Month Plus bonds	-56		-56	-1,058	1,002
BFP3x4 bonds	110		110	2,472	-2,362
7Insieme bonds	-74		-74	92	-166
3-year bonds	-8,276		-8,276	-228	-8,048
2-year Plus bonds	-448		-448	-2,783	2,335
BFP Fedeltà bonds	-1,019		-1,019	112	-1,131
BFP Fedeltà 3x4 bonds	177		177	2,033	-1,856
BFP Renditalia bonds	-54		-54	66	-120
BFP Europa bonds	2,610		2,610	1,050	1,560
BFP Impresa bonds	-29		-29	6	-35
BFP RisparmiNuovi bonds	-79		-79	120	-200
BFP Eredità Sicura bonds	-22		-22	18	-41
BFP 3X4RisparmiNuovi bonds	289		289	1,643	-1,354
BFP4x4 bonds	327		327		327
BFP4x4 Fedeltà bonds	1,102		1,102		1,102
BFP 4X4RisparmiNuovi bonds	397		397		397
Total	**-8,331**	**-5,674**	**-14,005**	**-9,517**	**-4,488**

The stock of Postal Bonds came to €133,352 million at 31 December 2015, an overall drop of 3.1% 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 December /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	31/12/2015
Ordinary bonds	67,432	-2,172	2,363	-81	12		67,555
Fixed-term bonds	249	-32	0.1	-1			215
Indexed bonds	1,019	-614	16	-5		35	450
BFPPremia bonds	3,488	-975	71	-23		94	2,655
Inflation indexed bonds	14,918	758	235	-14			15,896
Bonds for minors	4,970	177	190	-5			5,331
18-Month bonds	1,289	-428	4	-1			864
18-Month Plus bonds	87	-56	0.01	-0.2			31
BFP3x4 bonds	17,460	110	647	-2			18,214
7Insieme bonds	1,326	-74	46				1,299
3-year bonds	9,271	-8,276	211	-119			1,087
2-year Plus bonds	478	-448	1	-2			29
BFP Fedeltà bonds	7,090	-1,019	153	-10			6,215
BFP Fedeltà 3x4 bonds	3,920	177	117				4,215
BFP Renditalia bonds	466	-54	1	-0.1			413
BFP Europa bonds	1,248	2,610	18	-0.2		-21	3,855
BFP Impresa bonds	41	-29	0.2	-0.1			12
BFP RisparmiNuovi bonds	1,216	-79	23	-0.1			1,159
BFP Eredità Sicura bonds	62	-22	1	-0.1			40
BFP 3X4RisparmiNuovi bonds	1,649	289	41				1,979
BFP4x4 bonds		327	1				329
BFP4x4 Fedeltà bonds		1,102	6				1,107
BFP 4X4RisparmiNuovi bonds		397	2				399
Total	**137,679**	**-8,331**	**4,148**	**-264**	**12**	**108**	**133,352**

Note: The column "Transaction costs" includes the amortisation of the adjustment of commissions for 2007-2010.

The total net funding (CDP+MEF), also including Passbook Savings Accounts, came to a net redemption of €9,895 million, a deterioration compared it to the funding performance for 2014, consisting of a net redemption of €2,709 million. In particular, the overall net redemptions on savings bonds (CDP + MEF) was only slightly offset by the positive net funding from Passbook Accounts.

Total net postal - Savings funding (CDP + MEF)

(millions of euros)	Net funding 2015	Net funding 2014	Change (+ / -)
Postal savings bonds	**-14,005**	**-9,517**	**-4,488**
of which:			
- *pertaining to CDP*	*-8,331*	*-2,165*	*-6,166*
- *pertaining to the MEF*	*-5,674*	*-7,352*	*1,678*
Passbook savings accounts	**4,110**	**6,808**	**-2,698**
CDP net funding	-4,221	4,643	-8,864
MEF net funding	-5,674	-7,352	1,678
Total	**-9,895**	**-2,709**	**-7,186**

4.2 PERFORMANCE OF THE COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

REAL ESTATE - CDPI SGR

During 2015, CDPI SGR continued its management of the FIA and the FIV.

On 15 April 2015, the Board of Directors of the fund management company approved the 2015 Fund Planning Document ("DPF").

The FIA management rules require the investments in the target funds to be achieved by 2017, which is the end of the call up period for the FIA subscription commitments. The strategic guidelines set out in the DPF require that the operations be focused not only on the completion of the approval activities but also, increasingly, on support to local asset management companies, while ensuring respect for their independence in operations, to expedite and make their investments more effective.

As regards the FIA's investment activities, in 2015, 6 final resolutions were adopted by the Board of Directors for the subscription of interests in new target funds for a total of around €223 million. In addition, 3 investments already approved in previous years were increased by around €64 million, and a resolution passed in previous years for an amount of around €21 million expired, bringing the overall total of approved investments at 31 December 2015 to €1,782 million.

With regard to the FIV, and the Extra Sub-fund in particular, the management objective is to dispose of the individual properties acquired, subject to the necessary regularisation and valuation procedures, by placing them on the private market at any time - including when an urban planning approval process has been initiated or is being finalised, or property development is underway - in order to achieve the performance objective set in the rules. To this end, in 2015 the Sub-fund continued its management of the properties held in the portfolio and their disposal, together with the analysis to identify new investment opportunities.

In terms of sales, the block disposal of a portfolio of owned properties was successfully completed. The objective of the transaction was to place the package of properties on the market of national and international investors.

With regard to the Plus Sub-fund, as part of the above-mentioned block disposal of owned properties, during the year the asset management company completed the disposal of two properties both located in Milan.

At 31 December 2015, the FIV's overall portfolio consisted of 74 properties, of which 9 properties acquired in December 2015 for a total investment of €50 million.

REAL ESTATE - CDP IMMOBILIARE

In 2015, a process was initiated, together with CDP Investimenti SGR and with the aid of a leading international advisor, for the sale of a real estate portfolio owned by two CDP Group companies. This process enabled the signing of preliminary agreements, together with a consortium of several national and international investors, for the block sale of a portfolio of 6 properties consisting of entire buildings located in Milan, two of which are owned by CDP Immobiliare, for a total price of €57.2 million.

During the year, property sales were also completed, either by directly or through investee companies, for a total consideration of €39.1 million.

In 2015, significant progress was also made on a number of large property complexes:

- Former ICMI complex in Naples;

- Former Tobacco Manufacturing complex in Naples;
- The Litta building;
- Designated residential area in Segrate.

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. An agreement was subsequently signed with Telecom Italia (TI), which led to: (i) the acquisition by TI of the remaining ownership interest in the Alfiere partnership (amounting to 50% of the company capital); (ii) the future lease of the Torri dell'EUR real estate complex, owned by the partnership, to be used as new headquarters for TI.

With regard to the partnership with Invitalia S.p.A. in the company Italia Turismo S.p.A. CDP Immobiliare, an agreement was reached to end the partnership arrangement. As a result, CDP Immobiliare sold its 42% equity interest in Italia Turismo to Invitalia and repurchased the properties that had originally been sold to the investee Italia Turismo.

With regard to the subsidiary Residenziale Immobiliare 2004 S.p.A., in 2015 the tender was launched for the construction of an underground car park at the Poligrafico dello Stato (Italian state mint). In November 2015, a letter of intent was signed with a leading hotel operator for the management of the luxury hotel to be built on part of the Poligrafico dello Stato site.

On 13 July 2015, Residenziale Immobiliare 2004 sold the property complex in Largo S. Susanna - Rome, known as the former Ufficio Geologico (Italian state geological office) to CDP Immobiliare, in response to the interest expressed for use of the renovated property, to be designated as offices for Group companies.

FSI

In 2015, FSI continued its market analysis efforts and the monitoring of possible investment opportunities, strengthening its position in the Italian venture capital market and becoming one of the major players in terms of capital, pipeline and execution capacity.

Among the most significant activities completed during the year were:
- The further capital strengthening of FSIA Investimenti by FSI Investimenti, between December 2014 and January 2015, through the payment into a shareholder investments reserves, of a total amount of around €18 million, as the payment of part of the consideration (amount to be paid on closing) for the acquisition of an additional 7.64% of SIA. As a result of the acquisition, the equity interest held by FSIA in SIA rose to 49.895%. In 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.
- 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 (through FSI Investimenti) at 31 December 2015.
- The completion, in March 2015, jointly with FSI Investimenti, of the investment for the increase of 23% (11.5% each) of the share capital of the company Rocco Forte Hotels, for a total outlay of around €82 million.

- The progress of key investments in the optic fibre networks in the cities of Milan, Bologna and Turin by the Metroweb Group.
- 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 a revolving credit facility amounting to €400 million, and another 5-year revolving credit facility for €40 million with Ubi Banca. On 24 October 2015, the agreement was signed with Alstom for the acquisition of some of its core operations; this transaction was completed in February 2016.
- In 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 2015, the Trevi Group was awarded a number of foreign contracts, confirming the group's leading international position. Specifically, there was growth in orders placed in the Foundations sector, with major contracts acquired in Asia, the Middle East, West Africa and the United States. In the Oil & Gas sector, the order portfolio declined despite the acquisition of major new orders, partly due to the reduction in demand for production facilities, as a result of low oil prices.
- On 27 October 2015, a sale agreement was signed with ENI S.p.A. ("ENI") involving FSI acquiring a stake in the share capital of Saipem. The agreement was subject to certain conditions being met, including the completion of the capital increase, the refinancing of the debt and the co-opting of a director selected by FSI onto the board of directors of Saipem. Alongside the sale agreement, FSI and ENI signed a shareholder agreement with a duration of 3 years regarding a total amount of just over 25% of the share capital of Saipem (12.5% plus one share for each of the parties) involving specific governance powers in Saipem. Based on the agreement signed, and with the conditions precedent having being met, on 22 January 2016, FSI purchased 55,176,364 shares of Saipem (equivalent to an equity interest of 12.5% plus one share of the company) from ENI at the price of €8.3956 per share for a consideration of €463.2 million. In addition, also in accordance with the provisions of the agreement, on 3 February 2016, FSI subscribed the newly issued Saipem shares, pro quota, resulting from the capital increase of €3.5 billion, for an additional consideration of €439.4 million. As a result, the overall investment for FSI was €902.7 million.
- The completion of the divestment in Generali with the sale of the remaining 40 million shares (corresponding to 2.569% of Generali's share capital), through the exercise of the physical settlement option (exercised in the first half of 2015) included in the forward contracts purchased in the first half of 2014 to hedge price risk. FSI received proceeds of €646.1 million from the sale of the 40 million shares, realising a gross gain of €136.3 million.

Under the agreement between FSI and the Bank of Italy - according to which, once the sale of FSI's entire stake in Generali and the assignment of the related dividends had been completed, the preference shares could be subject to a conventional right of withdrawal, and following the completion of the sale in the first half of 2015 - on 23 June 2015, the Bank of Italy announced to FSI that it intended to exercise the right of withdrawal on the entire equity interest held, consisting of preference shares. Based on the provisions of the withdrawal procedure established in the company bylaws, the settlement amount for the equity investment subject of withdrawal shall be determined by an independent expert based on the equity per share of FSI adjusted according to the current values of the related assets and liabilities (fair value). The activities and the formalities have been initiated for implementation of the withdrawal process, which has still not yet been completed.

FINTECNA GROUP

Liquidation activities

Liquidation activities for assets assigned by law - formerly belonging to EFIM and Italtrade, dissolved public bodies, and the Sir Committee, and managed by the special purpose entities Ligestra S.r.l., Ligestra Due S.r.l., and Ligestra Tre S.r.l., to which the liquidation of the remaining assets of Cinecittà Luce S.p.A. by Ligestra Quattro S.r.l. has been added - continued in 2015 in accordance with the liquidation guidelines provided and remained within the special provisions recognised in their accounts.

With regard to Ligestra S.r.l., the liquidation continued of the "former EFIM" separate account, currently primarily centred around gradually overcoming the issues related to the remediation of the former industrial sites included within the assets acquired. Towards the end of the year, it became possible to pay the MEF the 70% (around €1.8 million) of the final surplus resulting from the liquidation of the "former Italtrade" separate account (acquired in 2010).

With regard to Ligestra Due S.r.l., the transactions continued for the realisation of the assets from separate account of the dissolved public bodies.

As part of the management of the separate account assigned to Ligestra Tre S.r.l., the company R.EL. - Ristrutturazione Elettronica S.p.A. was merged into Ligestra Tre S.r.l., its direct controlling company with a shareholding of 95%. As part of that transaction, the parent company sold its non-controlling interest (5%) in the share capital of R.EL. to its subsidiary Ligestra Tre.

These transactions did not have any impact on the consolidated results.

At the beginning of August, the work was completed for the valuation appraisal for the final result of the liquidation of Cinecittà Luce S.p.A., acquired through the vehicle company Ligestra Quattro S.r.l. (100% controlled by Fintecna) in 2014.

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. in liquidazione for a total amount payable of €21 million, equal to the negative equity posted in the last financial statements at 31 December 2014.

In 2015, through its wholly-owned subsidiary XXI Aprile S.r.l., the Fintecna group also provided support and professional assistance to the Special Commissioner in charge of overseeing the debt reduction plan of Roma Capitale. However, on November 2015, the right of withdrawal established in the original agreement signed with the Commissioner was exercised. Accordingly this activity, in view of the 9 month notice period and unless other arrangements are agreed between the parties, shall be terminated this coming August.

Management of litigation

In the year ended 31 December 2015, the Group continued to closely monitor and manage the various disputes involving the parent company Fintecna.

With regard to labour disputes, in line with previous years, there was a continued increase in the number of requests for compensation for biological injury for illnesses arising after a long periods of latency and allegedly attributable to the presence of asbestos and harmful working conditions in the industrial facilities, formerly owned by companies now belonging to Fintecna S.p.A.

In contrast, there was a decrease in the number of pending civil/administrative/tax litigations, as a result of the settlement of disputes following the conclusion of the related legal proceedings.

In order to remove any possibility of liability in relation to the situations of contamination and environmental pollution of the areas underlying the ILVA steelworks, Fintecna has signed a settlement agreement with the Official Receivers of ILVA under Special Administration, under which the Company has paid an amount of €156 million, in exchange for establishment of the "environmental" indemnity obligations provided for in the agreement for the sale of the block of shares of the former Ilva Laminati Piani (now Ilva S.p.A. under Special Administration).

Treasury and funding of the Fintecna group

The cash liquidity of Fintecna S.p.A. and the subsidiary XXI Aprile S.r.l. at 31 December 2015, deposited with credit institutions and the Parent Company CDP, amounted to €1,150 million (mainly attributable to Fintecna S.p.A.), compared to €1,368 million for the previous year.

Cash and cash equivalents

	31/12/2015	31/12/2014
(millions of euros)	Balance	Balance
Total CDP cash and cash equivalents	866	1,266
Total Banking Institutions cash and cash equivalents	284	102
Total cash and cash equivalents	**1,150**	**1,368**

SACE GROUP

The initiatives carried out in 2015 were aimed at bringing the organisation closer to its clients, both in Italy and abroad (opening of the office in Palermo, participation - together with CDP and FSI - as Official Sponsor at the 2015 Expo in Milan), and diversifying and improving its commercial offering, through the full implementation of the Trade Finance product and the Export Development Fund. The growing awareness of the importance of the digital world also led to the launch of the partnership with the digital start-up Workinvoice - the first Italian Fintech trading platform for trade receivables - developed to help enterprises in seeking alternative sources of liquidity.

Lastly, the finalisation of the Agreement between SACE and the Ministry for the Economy and Finance (Article 32 of Decree Law 91/2014, ratified with amendments by Law 116/2014) enabled the greater assumption of risk on counterparties/sectors/countries for which SACE had reached a high level of concentration risk.

The most significant event of 2015 was the placement with institutional investors by SACE S.p.A., on 30 January 2015, of the subordinated bond totalling €500 million, with an annual coupon of 3.875% for the first 10 years and indexed to the 10-year swap rate plus a spread of 318.6 basis points for the following years. The bonds can be redeemed by the issuer initially after 10 years and then at every subsequent coupon date. During the first half of the year, the share capital of SACE S.p.A. was reduced through a repayment to the shareholder of around €799 million.

The total risk exposure of SACE, calculated based on the loans and guarantees provided, amounted to €41.9 billion (97% of which regards the guarantee portfolio), increased by 11.3% compared to 2014; in this regard, the growing trend already seen in 2014 and 2013 continued.

The portfolio of SACE BT, amounting to €38.5 billion, increased (+5.7%) compared to the figure at the end of 2014.

Total receivables of SACE FCT, comprising the aggregate amount of purchased receivables net of collections and credit notes, amounted to approximately €1,930 million, an increase on the figure at the end of the previous year (+28.6%).

Portfolio of loans and guarantees

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
SACE	**41,971**	**37,700**	**4,271**	**11.3%**
Outstanding guarantees	40,715	36,494	4,221	11.6%
of which:				
- *principal*	*35,063*	*31,440*	*3,623*	*11.5%*
- *interest*	*5,652*	*5,055*	*598*	*11.8%*
Loans	1,256	1,206	51	4.2%
SACE BT	**38,430**	**36,360**	**2,070**	**5.7%**
Short-term credit	7,792	7,560	232	3.1%
Surety Italy	6,564	6,713	(149)	-2.2%
Other property damage	24,074	22,087	1,987	9.0%
SACE FCT	**1,930**	**1,501**	**429**	**28.6%**
Outstanding receivables	1,930	1,501	429	28.6%

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; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Cash and cash equivalents and other treasury investments	**3,459**	**3,138**	**321**	**10.2%**
Current Account	182	100	82	81.6%
Deposits	2,666	2,440	226	9.3%
Equity investments and shares	611	598	13	2.2%
Debt securities	**2,345**	**2,575**	**(230)**	**-8.9%**
Securities	1,421	1,501	(80)	-5.4%
Bonds	924	1,074	(150)	-13.9%
Total	**5,804**	**5,713**	**91**	**1.6%**

At 31 December 2015, the balance of cash and cash equivalents and other treasury investments of SACE was approximately €3.5 billion consisting mainly of: (i) current bank accounts of approximately €182 million, (ii) fixed-term deposits at the parent company of approximately €2.6 billion, (iii) equity investments and shares of approximately €611 million.

The overall balance of debt securities was €2.4 billion. Compared to 31 December 2014, there was a decrease of approximately €230 million, relating to Government bonds and corporate bonds.

SIMEST S.p.A.

During 2015, SIMEST lent and managed assets of approximately €5.4 billion, with an increase of 106% compared to the 2014, essentially due to new lending through the Contributions Fund (Law 295/73, Article 3).

New lending, investment and managed resources - SIMEST

Business lines (millions of euros; %)	Total 2015	Total 2014	Change (+ / -)	% change
SIMEST direct equity investments (acquired)	99	80	19	24%
Venture Capital Fund Equity Investments (acquired)	8	10	(2)	-20%
Total equity	**107**	**90**	**17**	**19%**
Export support	5,282	2,530	2,752	109%
of which:				
- *in Fund 295/73*	*5,195*	*2,416*	*2,779*	*115%*
- *in Fund 394/81*	*87*	*115*	*(28)*	*-24%*
Total export support operations (Central Government)	**5,282**	**2,530**	**2,752**	**109%**
Total new lending, investment and managed resources	**5,389**	**2,620**	**2,769**	**106%**

The activity of the Contributions Fund, established by Law 295/73, 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 credits, during 2015, SIMEST interventions involved a volume of deferred credit capital of around €5,118 million, of which €424 million for the supplier credit programme for medium-sized plant, machinery and parts. The remaining €4,694 million for the buyer credit programme (loans) consisted of around 83% for transactions involving large companies under major supply contracts.

As regards investments in companies or enterprises abroad, 39 transactions were approved in 2015 for an amount of eligible financing of €76 million, of which 33, for an amount of €64 million, relating to initiatives invested in by SIMEST and 6, for an amount of €12 million, invested in by FINEST.

CDP GAS S.r.l.

In 2015, CDP GAS was engaged in the above-mentioned sale on the market of a part of the shares of SNAM.

CDP RETI S.p.A.

In 2015, CDP RETI was primarily engaged in debt refinancing operations for existing loans and a new bond issue. Specifically, the loan agreements signed on 29 September 2014 provided a total of €1.5 billion in financing, of which 1 billion as a bridge loan facility and €500 million as a term loan facility.

In the first half of 2015, the company repaid the bridge loan facility in full through: (i) a €250 million increase in the Term Loan Facility, and (ii) the issue of €750 million in new bonds. These bonds, which were issued at a price of 99.909 with a term of seven years, and listed on the Irish Stock Exchange, were reserved to institutional investors. The bonds have an annual coupon on 1.875%.

With regard to dividends received from subsidiaries (SNAM and Terna), during the reporting period CDP RETI received €254 million from SNAM (2014 dividend) and €120 million from Terna (of which €78 million as the 2014 final dividend and €42 million as the 2015 interim dividend). As concerns dividends paid to shareholders, CDP RETI paid the 2014 dividend amounting to €189 million (of which €112 million to CDP).

On 15 January 2016 an interim dividend to shareholders for the year 2015 was approved for a total amount of €323 million (of which €191 million to CDP), which was paid in 2016.

4.3 PERFORMANCE OF THE OTHER COMPANIES NOT SUBJECT TO MANAGEMENT AND COORDINATION

Summary details are provided below on the operations of each investee of CDP not subject to management and coordination.

ENI S.p.A.

In 2015, ENI continued its process of transformation into a group increasingly focused on its core business of oil & gas.

In the Exploration and Production segment, annual production came to 1.8 Mboe/day, up 10% on 2014, with significant growth in both exploration reserves and proven reserves. In the Gas & Power and Refining & Marketing business, the company continued to implement consolidation measures.

In relation to the key financial figures for 2015 (on a stand alone basis), the adjusted operating income amounted to €4.1 billion, with adjusted net income of €0.3 billion, capital expenditure of €10.8 billion, and net operating cash flow of €12.2 billion.

SISTEMA INIZIATIVE LOCALI S.p.A. ("SINLOC")

In 2015, the Company stabilised its revenues at around €4 million, with operating income up on the previous year. However, due to impairment losses on some equity investments, the Company ended the year with only a marginal net income, with respect to the €0.5 million in 2014. In the area of advisory and fund management services, in 2015 Sinloc strengthened its role of support to General Government entities and financial institutions in the structuring of efficiency improvement and energy saving projects.

Sinloc's portfolio of equity investments at the end of 2015 consisted of 23 companies with a value of around €22.5 million, plus loans to investees of around €10.8 million, for an overall value of the equity investments of €33.3 million.

ISTITUTO PER IL CREDITO SPORTIVO ("ICS")

At 31 December 2015, the Istituto per il Credito Sportivo was still subject to the special administration procedure, initiated in 2010, which was assigned to a special commissioner assisted by three members of the Supervisory Committee as provided for by the Ministry of the Economy at the proposal of the Bank of Italy.
With reference to the investment held in ICS, in 2013 the Presidency of the Council of Ministers, pursuant to the Directive concerning the ICS under the law of 24 December 2003 and considering the interministerial decree, repealed the bylaws of 2005.
In 2014, new bylaws were adopted, according to which, with the conversion of the "Endowment Capital", the "Share Capital" increased from approximately €9.6 million to €835 million. The portion of share capital attributed to private investors in the Institute was diluted in favour of the public shareholder and, in particular, the portion attributed to CDP decreased by 21.62% to 2.214%.
At the operational level, ICS confirms its focus on financing sports facilities and its central role in the development and modernisation of sports infrastructure assets, with particular reference to school facilities.

F2I - FONDI ITALIANI PER LE INFRASTRUTTURE SGR S.p.A.

In 2015, the SGR (asset management company) continued to manage the F2i First Fund and the F2i Second Fund, through active management of the investments in portfolio and pursuit of investment and divestment opportunities. The SGR also successfully completed the fundraising for the F2i Second Fund, exceeding the target of €1.2 billion.

As part of the fundraising process for F2i II, a capital increase of the SGR was approved in July to allow new sponsors to join the shareholder base, namely the international investors CIC - China Investment Corporation and NPS - National Pension Service.

FONDO ITALIANO D'INVESTIMENTO SGR S.p.A. ("FII SGR")

In 2015, FII SGR continued managing the Fondo Italiano di Investimento aimed at creating value in investee companies and funds.
This was also the company's first full year of operations in the venture capital and private debt segments, with the mission of supporting the development in the Italian market, following the launch of 2 dedicated funds of funds ("FoF") in September 2014. At 31 December 2015, the Private Debt and Venture Capital FoF had a size of €335 million (target amount €500 million) and €60 million (target amount €150 million) respectively. The SGR is continuing the fund raising phase of both funds, for which it will have the management responsibility, with the objective of attracting other investors and reaching the target size.

EUROPROGETTI & FINANZA S.p.A. IN LIQUIDAZIONE ("EPF")

In 2015, the liquidation process continued, with the goal of completing all the subsidised lending related activities still in place.

4.4 PERFORMANCE OF THE INVESTMENT FUNDS AND INVESTMENT VEHICLES

Below is a brief description of the activities in 2015 of each of the funds in which CDP has subscribed units.

INFRAMED INFRASTRUCTURE SAS À CAPITAL VARIABLE ("FONDO INFRAMED")

The fund has a total size of €385 million and is in the fifth year of the investment period.
At December 2015, the portfolio of the Fund included 4 investments: 2 in Turkey, 1 in Jordan and 1 in Egypt. A total of €235 million has been invested out of a commitment of €385 million.
From the date of its start up the Fund has called up approximately €287 million (equal to approximately 75% of subscriber commitments). At 31 December 2015, the NAV of the fund was estimated at €397.6 million.

2020 EUROPEAN FUND FOR ENERGY, CLIMATE CHANGE AND INFRASTRUCTURE SICAV-FIS S.A.

The fund (also known as "Marguerite Fund"), which was established in 2009, has a total size of €710 million and will finish its investment period in December 2016. At 31 December 2015, the Marguerite Fund had invested in 10 companies having called up €278 million from investors (around 39% of the total commitments). At 31 December 2015, the NAV of the fund was estimated at around €326 million.

In January 2016, the Marguerite Fund acquired a 29% interest in Latvijas Gãz, a Lithuanian gas operator engaged in the transportation, distribution and gas storage sectors, for a total investment of €110 million.

EUROPEAN ENERGY EFFICIENCY FUND S.A., SICAV-SIF (“EEEF FUND”)

EEEF is an open-ended investment company-specialist investment fund registered in Luxembourg, established in 2011, with a total commitment of €265 million, of which €59.9 million subscribed by CDP. During the year the fund continued its scouting of investment opportunities. At 31 December 2015, the portfolio of the Fund included 10 investments made in 6 countries (2 in Germany, 1 in the Netherlands, 4 in France, 1 in Italy, 1 in Romania, and 1 in Spain), representing actual portfolio investments of €119 million.
In December 2015, the drawdown ratio between the different categories of investors was amended, increasing the proportion required from the Class C shares (European Commission) from 65% to 85%, and reducing the proportion required from the Class A and Class B shares (CDP, EIB and Deutsche Bank) from 35% to 15%. Given that the reduction from 35% to 15% of the proportion required from the Class A and Class B shares will result in a delay in the overall drawdown for those shares, an extension of the commitment period for the Class A and Class B shares, from 31 March 2016 to 31 December 2018, was also approved.

F2I - FONDO ITALIANO PER LE INFRASTRUTTURE

The F2i First Fund, which was launched in 2007, had an overall size of €1,852 million and its investment period ended in 2013 (accordingly it can undertake any add-on transactions for the investments already held in the portfolio).
In 2015, the fund carried out the following transactions: (i) purchase of E. On Climate & Renewables Italia Solar S.r.l., a company that owns facilities for the generation and sale of electricity from photovoltaic sources for a total of 49 MW; (ii) sale of 49% of 2i Aeroporti to the consortium consisting of Ardian/Crédit Agricole, which generated a significant capital gain; (iii) purchase of Cogipower S.p.A., a company that owns facilities for the generation and sale of electricity from photovoltaic sources for a total of 56 MW; (iv) purchase of 10% of the share capital of Aeroporti di Bologna; and (v) agreement with Enel Green Power for the establishment of 50/50 joint venture aimed at facilitating greater integration in the photovoltaic sector.
From the date of start up, the fund has called up a total of €1,680 million, equal to 90.7% of subscriber commitments, and distributed €719 million (income and capital repayments).
At 31 December 2015, the fund had investments in its portfolio with an overall value of €1,393 million, with a NAV at the end of the year of €1,399 million.

F2I - SECONDO FONDO ITALIANO PER LE INFRASTRUTTURE

This Fund, which was established in 2012 with a first closing at €575 million, completed it fundraising process in July 2015 with a total commitment of €1,242.5 million, exceeding its fundraising target of €1,200 million. With regard to investments made during the year, the Fund acquired additional 5.16% of the share capital of SIA for an amount of €12 million and repaid the price deferral tranches due in 2015.
From the date of start up, the Fund has called up a total of €342 million, equal to 27.5% of subscriber commitments, and distributed €13 million (income and capital repayments).
At 31 December 2015, the fund had investments in its portfolio with an overall value of €408 million, with a NAV at the end of the year of €416 million.

FONDO PPP ITALIA

The overall size of the PPP Italia is €120 million. The fund, which was launched in 2006, ended its investment period in December 2013 and, from the date of its start up it called up approximately €106 million, equal

to approximately 88% of subscriber commitments and made gross distributions of approximately €22.5 million.
In 2015, the fund called up €0.3 million, for the payment of the first tranche of the follow-on for the investee Tunnel Gest S.p.A., and distributed a total of €3.6 million.
At 31 December 2015, the Fund had invested a total of 19 projects, of which 9 through Public-Private Partnerships and 10 in the renewable energy sector, for a total investment of around €94 million. At 31 December 2015, the NAV of the fund was estimated at around €76 million.

FONDO IMMOBILIARE DI LOMBARDIA ("FIL") - SUB-FUND ONE

The overall size of Sub-fund One of the fund is €474.8 million. The Fund is currently in the investment phase.
In 2015, it acquired 9 projects for the development of around 1,400 apartments and 394 beds in university accommodation for a total investment of around €225 million. At 31 December 2015, the Fund had invested in 18 projects, for a total of around 2,350 apartments, of which around 1,100 are ready for use.
At 31 December 2015, around €223 million (corresponding to 47% of subscribed commitments) had been called up. The value of the real estate portfolio currently amounts to approximately €191 million, compared with total investment commitments of around €400 million, with a NAV of approximately €226 million.

FONDO INVESTIMENTI PER L'ABITARE ("FIA")

The overall size of the fund is €2,028 million. The Fund is currently in the investment phase.
During 2015, subscriptions in funds of approximately €718 million were deliberated. During the year, contributions were also made, called up from the underlying funds, of approximately €92 million.
At the end of the year, there were final investment resolutions amounting to €1,782 million (approximately 88% of the subscribed amount of the fund) and approvals for investments of €451 million in 32 local funds managed by 9 asset management companies, with over 240 projects for approximately 20,200 social housing units and 6,900 beds in temporary residential facilities and student halls, in addition to 1,150 housing units designated for the open market, local services and neighbourhood shops. At that date, approximately €502 million (42% of commitments subscribed) had been paid.

FONDO INVESTIMENTI PER LA VALORIZZAZIONE - ("FIV")

Extra Sub-fund

In December 2015, the size of the Extra Sub-fund was increased by a total of €50 million as a result of subscription of further Class A Shares by CDP and consequently, at 31 December 2015, it increased from €1,080 to €1,130 million. The Sub-fund is currently in the investment phase.
During 2015, the Extra Sub-fund completed the acquisition of 9 public heritage buildings for a total value of approximately €50 million. At 31 December 2015, the Sub-fund's real estate portfolio had a total value of approximately €705 million, in addition to approximately €37 million of properties subject to a condition precedent pursuant to Legislative Decree No. 42/2004.
At 31 December 2015, approximately 778 million had been called up (equal to approximately 69% of commitments taken), with a NAV of the fund equal to €732.9 million.

Plus Sub-fund

The Plus Sub-fund, which has an overall size of €100 million, is currently in the investment phase.
At 31 December 2015, the real estate portfolio consisted of five properties, of which one was acquired in 2013 located in Milan, one was acquired in 2014 located in Padua, one was acquired in the first half of the year in

Trieste, and two were acquired in the second half of the year located in Ferrara. The total value of the portfolio is currently approximately €19 million.
At 31 December 2015, CDP, which is the subscriber for the entire Sub-fund, had paid in €30.6 million (equal to 30% of the commitments taken). At 31 December 2015, the NAV of the fund was approximately €21.7 million.

FONDO ITALIANO D'INVESTIMENTO

The Fund has a total size of €1,200 million and is in the sixth year of the investment period.
At 31 December 2015, the Fund had committed around 805 million (corresponding to 67% of the total commitment) of which around €366 million invested in 34 companies (including follow-ons) and €439 million subscribed in 21 funds and investment vehicles (16 in private equity and 5 venture capital).
From the date of its start up, the Fund has called up approximately €625 million, equal to 52.1% of subscriber commitments and distributed €152 million. At 31 December, the NAV of the Fund was approximately €398 million.

FONDI DI FONDI PRIVATE DEBT

The Fund has been operational since 1 September 2014 and at 31 December 2015 it had a size of €335 million, of which €250 million fully subscribed by CDP. The fundraising for the Fund will end on 30 June 2016.
The second closing was completed on 28 April 2015 for an amount of €45 million with the following subscriptions: €20 million by Istituto Centrale delle Banche Popolari Italiane S.p.A., €15 million by Intesa Sanpaolo S.p.A., and €5 million by Creval.
The third closing was completed on 30 October 2015 for an amount of €40 million with the subscription by Poste Vita S.p.A.
A total of 11 investments were definitively approved during the year, which will be carried out from the first quarter of 2016.
At 31 December 2015, €3 million (corresponding to around 1% of the commitments made) had been called up, and the NAV of the Fund was approximately €632 thousand.

FONDI DI FONDI VENTURE CAPITAL

The Fund has been operational since 1 September 2014 and at 31 December 2015 it had a size of €60 million, with €50 million subscribed by CDP. The fundraising for the Fund will end on 30 June 2016.
The second closing was completed on 28 April 2015 through subscriptions of €10 million, of which €5 million by Istituto Centrale delle Banche Popolari Italiane S.p.A. and €5 million by Intesa Sanpaolo S.p.A.. On 11 January 2016 subscriptions were made by two pension funds, both for an amount of €10 million each. Following these two subscriptions, the third closing of the Fund was completed on 29 January 2016, bringing the commitment to €80 million.
At 31 December 2015, €3.5 million (corresponding to around 6% of the commitments made) had been called up, and the NAV of the Fund was approximately €2.1 million.

EUROPEAN INVESTMENT FUND

The EIF is a public private partnership registered in Luxembourg held by the EIB (63.7%), the European Commission (24.3%) and 26 public and private financial institutions (12.0%).
On 3 September 2014, CDP acquired 50 shares of the European Investment Fund from the EIB for a total nominal value of €50 million, equal to a share of 1.2%. The Fund has called up 20% of the commitments taken and at 31 December 2015 there was a residual commitment of €40 million.
During the year, CDP intensified its relations with the EIF and other shareholder financial institutions in order to seize opportunities for collaboration by participating in possible investment platforms in equity instruments,

being developed, in order to support the growth and international expansion of small and medium enterprises and to develop the venture capital market in Italy.

GALAXY S.àr.l. SICAR ("GALAXY")

The Fund is currently in the divestment period. During the year, the activity was concentrated on investment management and certain litigation in progress, as well as the sale of assets still in portfolio. The original size of the Fund was €250 million. From the start up date until the end of the investment period, in July 2009, the Galaxy fund had called up a total of €64 million, equal to 26% of subscriber commitments, and invested in 5 companies, of which 2 still in portfolio, for a total of approximately €56 million. To date, the Fund has distributed approximately €99 million.

5. FINANCIAL POSITION AND PERFORMANCE

5.1 PARENT COMPANY

In its role as an Institution supporting the Italian economy, during the year CDP was affected by the difficult and uneven performance of the economy and the markets, and in particular the negative performance of some sectors. In this environment, CDP still managed to achieve positive operating earnings and maintain a high level of capital strength, while continuing to support its portfolio of investments and loans, with a significant improvement in the risk profile for the latter.

The net income for the year of €893 million, which was down on the past, reflected a decline in net interest income, in addition to the negative contribution from some subsidiaries for which impairment losses had to be recognised for a total of €209 million.

5.1.1 RECLASSIFIED INCOME STATEMENT

The following analysis of CDP's performance is based on the income statement that has been reclassified on the basis of operational criteria.

Reclassified income statement

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Net interest income	**905**	**1,161**	**(256)**	**-22.1%**
Dividends	1,538	1,847	(308)	-16.7%
Gains (losses) on equity investments	(209)	938	(1,147)	n.s.
Net commission income	(1,553)	(1,591)	38	-2.4%
Other net revenues	474	309	166	53.7%
Gross income	**1,155**	**2,664**	**(1,508)**	**-56.6%**
Net writedowns	(96)	(131)	35	-26.9%
Overheads	(137)	(134)	(2)	1.8%
- *of which administrative expenses*	*(130)*	*(127)*	*(3)*	*2.1%*
Operating income	**910**	**2,409**	**(1,498)**	**-62.2%**
Accruals to provisions	(18)	(2)	(17)	n.s.
Taxes	8	(230)	238	n.s.
Net income (loss)	**893**	**2,170**	**(1,277)**	**-58.9%**

Net interest income came to €905 million, down around 22% on 2014, mainly due to the decline in the performance of Treasury current account, which reached record lows (-47% of interest income, down from €1,700 million to €898 million), only partly offset by the decrease in the interest expense paid on postal funding (-12% of interest expense on postal funding, down from €5,112 million to €4,503 million).

The reduction in dividends (amounting to €1,538 million, -17% on 2014) was linked to the reduction in the equity investment in CDP RETI resulting from the sale of a non-controlling interest during 2014, as well as the lower dividend paid by ENI (-€140 million).

Valuation component of the equity investment portfolio provided a negative contribution, after having recognised writedowns of around €209 million under the item Gains/(Losses) from equity investments, of which around €64 million on CDP Immobiliare and €145 million on Fintecna. In 2014, this aggregate made a positive contribution of around €938 million resulting from (i) around €1,087 million of gain from the sale of a stake in CDP RETI and (ii) around €149 million of impairment of the equity investment in CDP Immobiliare.

Other net revenues, amounting to €474 million (€309 million in 2014), mainly benefited from the sale of part of the government debt securities portfolio classified under the AFS portfolio which resulted in total gains of €333 million (+€51 million on the previous year).

Overheads consist of 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; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Staff costs	**72,186**	**65,653**	**6,534**	**10.0%**
Other administrative expenses	**56,945**	**60,242**	**(3,297)**	**-5.5%**
Professional and financial services	10,764	8,235	2,529	30.7%
IT costs	20,911	25,887	(4,976)	-19.2%
General services	7,583	8,270	(687)	-8.3%
Publicity and marketing expenses	9,067	7,773	1,294	16.6%
- *of which for mandatory publicity*	*1,230*	*1,090*	*140*	*12.9%*
Information resources and databases	1,794	1,434	360	25.1%
Utilities, taxes and other expenses	6,372	8,300	(1,928)	-23.2%
Corporate bodies expenses	453	342	112	32.6%
Total net administrative expenses	**129,131**	**125,894**	**3,236**	**2.6%**
Expenses rebilled to third parties	814	1,373	(560)	-40.8%
Total administrative expenses	**129,944**	**127,268**	**2,677**	**2.1%**
Net adjustments of property, plant and equipment and intangible assets	6,822	7,065	(243)	-3.4%
Grand total	**136,767**	**134,333**	**2,434**	**1.8%**

Staff costs in 2015 came to around €72 million, an increase of 10% compared with 2014. The increase mainly reflects the planned expansion in the workforce, ordinary wage developments and higher expenses for employee services.

Other administrative expenses, in contrast, fell by €3.3 million (-5.5% on the previous year) resulting from the combined net effect of lower IT costs, general services, utilities, duties and other expenses, and higher costs for professional and financial services and publicity and marketing expenses, with the latter incurred for the strengthening of CDP's image.
Lastly, income tax for the year was a positive amount of €8 million, resulting from the combined effect of the recognition of deferred tax assets of €41.7 million, primarily on the 2015 tax loss, and €33.9 million of current taxes for IRAP tax for the year.
As a result of these changes, the net income for the year came to €893 million, down compared with €2,170 million in 2014.

The net normalised income of €1,102 million for 2015 was essentially in line with the net normalised income of €1,432 million for 2014.
The normalised net income is the net of the non-recurring items relating (i) for the year 2015, to the impairment loss on the equity investments in CDP Immobiliare and Fintecna (totalling €209 million) and (ii) for the year 2014, to the gain realised on the sale of a non-controlling interest of CDP RETI and the impairment loss on the investment in CDP Immobiliare.

Reclassified income statement - Excluding non-recurring items

(millions of euros; %)	31/12/2015	31/12/2014	Change (+ / -)	% change
Net interest income	**905**	**1,161**	**(256)**	**-22.1%**
Dividends	1,538	1,847	(308)	-16.7%
Gains (losses) on equity investments				n.s.
Net commission income	(1,553)	(1,591)	38	-2.4%
Other net revenues	474	309	166	53.7%
Gross income	**1,364**	**1,726**	**(361)**	**-20.9%**
Net writedowns	(96)	(131)	35	-26.9%
Overheads	(137)	(134)	(2)	1.8%
Operating income	**1,120**	**1,471**	**(351)**	**-23.9%**
Net income (loss)	**1,102**	**1,432**	**(330)**	**-23.0%**

5.1.2 RECLASSIFIED BALANCE SHEET

5.1.2.1 Assets

The assets of the Parent Company from the reclassified balance sheet at 31 December 2015 can be grouped into the following aggregates:

Reclassified balance sheet

(millions of euros; %)	31/12/2015	31/12/2014	% change
Assets			
Cash and cash equivalents	168,644	180,890	-6.8%
Loans	103,736	103,115	0.6%
Debt securities	35,500	27,764	27.9%
Equity investments	29,570	30,346	-2.6%
Assets held for trading and hedging derivatives	990	982	0.8%
Property, plant and equipment and intangible assets	258	237	8.6%
Accrued income, prepaid expenses and other non-interest-bearing assets	5,157	5,564	-7.3%
Other assets	1,044	1,306	-20.0%
Total assets	**344,899**	**350,205**	**-1.5%**

Total assets amounted to around €345 billion, a decrease of around 2% on the end of the previous year, when the total was around €350 billion. This performance was mainly due to the decrease in OPTES operations, of which the balance at 31 December 2015 was €30 billion (versus €38 billion in 2014; for more details see the sections "investment of the 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 approximately €152 billion) amounted to €169 billion, a decrease of 7% over the end of 2014. Net of OPTES operations invested in cash and equivalents (the value of which amounted to €15 billion), the balance would have been around €154 billion, up by around 2% compared to 2014, mainly attributable to the Treasury current account.

The stock of loans to customers and banks, amounting to around €104 billion, was stable compared with the end of 2014, as a result of the increase in loans to enterprises, which offset the decline in lending by the banking sector to public entities.

Debt securities totalled over €35 billion, a substantial increase (+28%) compared with the end of 2014, as a result of new purchases, primarily with long-term maturities. Net of OPTES operations (around €14 billion), the balance would have been €22 billion, representing an increase of 6%.

At 31 December 2015, the carrying amount of equity investments and shares was equal to about €29.6 billion, down around 3% compared with year-end 2014. This decrease was mainly attributable to the redemption of the share capital of SACE - during 2015 - of around €800 million and the effect of the impairment losses on the equity investments held in CDP Immobiliare and Fintecna.

Assets held for trading and hedging derivatives were substantially in line with the year-end 2014 figure (+0.8%). This aggregate includes 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 €258 million, of which €253 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 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 capital expenditure for renovations of owned buildings.

Accrued income, prepaid expenses and other non-interest-bearing assets dropped compared with 2014 to €5.2 billion (-7%). This performance was mainly attributable to: (i) lower interest accrued during the second half of 2015 on cash and cash equivalents yet to be collected; (ii) the reduction in past-due loans.

Finally, other assets, which include current and deferred tax assets, payments on account for withholding tax on interest on Postal Passbook Accounts and other sundry assets, totalling €1,044 million, decreased compared with €1,306 million in 2014 due to lower payments on account for withholding tax on interest on Postal Passbook Accounts and lower payments on account made to the tax authorities for IRES tax and IRAP tax.

5.1.2.2 Liabilities and equity

The reclassified liabilities and equity of CDP at 31 December 2015 can be grouped into the following aggregates:

Reclassified balance sheet

(millions of euros; %)	31/12/2015	31/12/2014	% change
Liabilities and equity			
Funding	323,046	325,286	-0.7%
of which:			
- *postal funding*	*252,097*	*252,038*	*0.0%*
- *funding from banks*	*17,399*	*12,080*	*44.0%*
- *funding from customers*	*39,648*	*51,757*	*-23.4%*
- *bond funding*	*13,901*	*9,411*	*47.7%*
Liabilities held for trading and hedging derivatives	748	2,644	-71.7%
Accrued expenses, deferred income and other non-interest-bearing liabilities	516	760	-32.1%
Other liabilities	946	1,548	-38.9%
Provisions for contingencies, taxes and staff severance pay	182	413	-55.9%
Equity	19,461	19,553	-0.5%
Total liabilities and equity	**344,899**	**350,205**	**-1.5%**

Total funding at 31 December 2015 came to around €323 billion (-0.7% from the end of 2014). Within this aggregate, postal funding was essentially stable, as a result of the accrued interest which more than offset negative net funding of over €4 billion; the associated stock, which comprises Passbook Savings Accounts and Postal Savings Bonds, amounted to about €252.1 billion. Also contributing to the balance of funding, albeit to a lesser extent, were the following components:

- funding from banks, which went from around €12 billion in 2014 to over €17 billion at December 2015, mainly as a result of (i) the increase in transaction activity on repurchase agreements (stock of €6.7 billion) up on the figure at the 31 December 2014, in order to benefit from the lower cost of funding linked to the trend in market rates, and (ii) the new line of credit with KfW amounting to €0.4 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; as a result, the total of stock of funding amounted to approximately €4.7 billion, of which €0.7 billion through targeted longer-term refinancing operations (TLTRO);
- funding from customers, amounting to around €40 billion, was down 23% on the figure at the end of 2014; this performance was mainly attributable (i) stock generated by OPTES operations totalling €30 billion (€38 billion at the end of 2014) and (ii) the intercompany deposits totalling €3.7 billion (€7.8 billion at the end of 2014);
- bond funding grew by 48% compared with the end of 2014, reaching around €14 billion, mainly due to the issuance of the first retail bond for a total amount of €1.5 billion and the two bonds reserved to Poste Italiane for a total amount of €1.5 billion.

Liabilities held for trading and hedging derivatives posted a significant decrease compared with the end of 2014 (-72%) down to €748 million. This aggregate includes the fair value (if negative) of derivative instruments used for hedging, which includes operational hedge positions that are not recognised as hedging derivatives 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 €516 million, decreased by 32% compared with the figure at the end of 2014 due to the combined effect of the change in fair value of the hedged bond funding and lower accrued expenses.

Developments in the other aggregates can be summarised as follows: (i) other liabilities (amounting to €946 million; -39%) mainly due to the lower amount to be paid to Poste Italiane as remuneration for the postal funding service linked to new procedure of quarterly payment of the payables accrued; (ii) the decrease (-56%) in provisions for contingencies, taxes and staff severance pay, mainly due to lower tax liabilities.

Finally, equity at 31 December 2015 amounted to approximately €19.5 billion, essentially stable compared to the end of 2014.

5.1.3 INDICATORS

Main indicators (reclassified figures)

	2015	2014
Structure ratios (%)		
Loans/Total assets	30.1%	29.4%
Loans/Postal Funding	41.1%	40.9%
Equity investments/Final equity	151.9%	155.2%
Securities/Equity	182.4%	142.0%
Funding/Total liabilities	93.7%	92.9%
Equity/Total liabilities	5.6%	5.6%
Postal savings/Total funding	78.0%	77.5%
Performance ratios (%)		
Net interest income/Gross income	78.4%	43.6%
Net commissions/Gross income	-134.5%	-59.7%
Dividends and gains (losses) on equity investments/Gross income	115.1%	104.6%
Commission expense/Gross income	-139.8%	-61.7%
Spread on interest-bearing assets and liabilities	0.4%	0.5%
Cost/income ratio	12.9%	5.3%
Cost/income ratio (including commission expense on postal funding)	65.4%	42.5%
Net income/Opening equity (ROE)	4.6%	12.0%
Net income/Average equity (ROAE)	4.6%	11.5%
Risk ratios (%)		
Gross bad debts and unlikely to pay/Gross exposure (*)	0.289%	0.305%
Net bad debts and unlikely to pay/Net exposure (*)	0.163%	0.163%
Net writedowns of loans/Net exposure (*)	0.077%	0.110%
Writedowns of bad debts/Gross bad debts	1.9%	1.3%
Productivity ratios (millions of euros)		
Loans/Employees	166.7	173.3
Funding/Employees	519.2	546.7
Operating income/Employees	1.5	4.0

(*) Exposure includes Loans to banks and customers and disbursement commitments.

The structure ratios were substantially in line with 2014. On the liability side, the postal funding continued to be a significant proportion of the total of the aggregate, and on the asset side there was an increase in investments in Government securities whilst still maintaining a stable volume of assets in the core business (Loans and Equity investments).

Analysing the indicators, there was a reduction in the spread between lending and funding rates, which went from about 50 basis points in 2014 to about 40 basis points in 2015, mainly due to the reduction in the performance of the Treasury current account, which was at record lows. Despite the decline in financial income and the increase in overheads due to the planned expansion of the workforce, the cost/income ratio remained low (12.9%) and well within the targets set. ROE, which came to 4.6%, was down on the figure in 2014 due to the reduction on net income for the year.

The credit quality of CDP's loan portfolio remains very high and its risk profile moderate, as shown by the excellent risk ratios. In overall terms, net writedowns of loans mainly reflect (i) the rise in provisions against performing loans as a result of the increase in the implicit risk attached to some sectors financed by CDP, (ii) the increase in writedowns on the positions noted above, which were already classified as substandard at the end of last year, and (iii) the increase in writedowns on new positions classified as bad debts. As a result of the higher writedowns during the year, the coverage of bad debts loans rose from 1.3% for 2014 to 1.9% for 2015.

The productivity ratios remained high, showing a stock of Loans and Funding per employee of €167 million and €519 million respectively; despite the decline in earnings the Operating Income per each employee was around €1.5 million.

5.2 CDP GROUP

The financial position and performance of the CDP Group at 31 December 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.
For the sake of full disclosure, a schedule reconciling management accounts with the accounting statements is also provided.

5.2.1 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

	31/12/2015			31/12/2014	Change (+ / -)	% change
(millions of euros; %)	CDP Group	Parent Company Business and Finance Areas	Group Companies, other equity investments and other	CDP Group		
Net interest income	**551**	**1,477**	**(927)**	**925**	**(374)**	**-40.5%**
Dividends and gains (losses) on equity investments	(2,333)		(2,333)	632	(2,966)	n.s.
Net commission income	(1,576)	(1,374)	(202)	(1,633)	56	-3.4%
Other net revenues	1,239	474	765	556	684	123.0%
Gross income	**(2,120)**	**577**	**(2,697)**	**481**	**(2,600)**	**n.s.**
Profit (loss) on insurance operations	(71)		(71)	503	(574)	n.s.
Profit (loss) on banking and insurance operations	**(2,191)**	**577**	**(2,768)**	**984**	**(3,174)**	**n.s.**
Net writedowns	(116)	(95)	(21)	(166)	50	-30.0%
Overheads	(7,969)	(21)	(7,948)	(7,587)	(382)	5.0%
- *administrative expenses*	*(6,144)*	*(21)*	*(6,123)*	*(5,912)*	*(232)*	*3.9%*
Other operating income (costs)	10,073		10,072	10,099	(27)	-0.3%
Operating income	**1,622**	**462**	**1,160**	**5,005**	**(3,384)**	**-67.6%**
Net income	**(859)**			**2,659**	**(3,518)**	**n.s.**
Net income (loss) for the year pertaining to non-controlling interests	1,389			1,501	(111)	-7.4%
Net income (loss) for the year pertaining to shareholders of the Parent Company	**(2,248)**			**1,158**	**(3,406)**	**n.s.**

The CDP Group posted a loss €859 million for 2015 (€2,248 million of which pertaining to the shareholders of the parent company), in sharp contrast to 2014. The change was mainly due to the performance of gross income of the Parent Company, which was significantly influenced by the profitability of ENI, and the earnings from insurance operations, partially offset by the performance of other net revenues of the Group Companies.

More specifically, net interest income came to €551 million, down 40% (-€374 million) compared with 2014. This result was mainly attributable to the decrease in margins between lending and funding of the Parent Company, and, in particular, to the reduction in the Treasury current account interest rate already mentioned above. 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 -€2,333 million, a decrease of €2,966 million compared to 2014. The figure mainly includes: (i) for the Parent Company, the valuation of the equity of ENI (-€2,483 million) and, to a lesser extent, the dividends received from investment funds and investment vehicles (+€6.4 million); (ii) for SNAM, the gains from valuation of the equity investment portfolio (+€136 million) resulted primarily from the valuation of the companies TAG, TIGF, Toscana Energia and Gas Bridge, and, to a lesser extent, from the effects of the allocation of the assets and liabilities of ACAM GAS upon first-time consolidation; (iii) for CDP GAS, the gains on equity investments (+€14 million) relating to the payment of the deferred price, set in agreement with SNAM, for the transfer of the equity investments in TAG; (iv) to a lesser extent, the dividends and gains from equity investments of the other Group Companies.

Net commission income, amounting to -€1,576 million (-3.4% compared to 2014), is substantially 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 fees on 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. Also contributing to the figure are: (i) SNAM, which incurred fees on revolving credit lines and for lack of use of -€25 million; (ii) Fincantieri (-€19 million), mainly relating to fees on guarantees received; (iii) SIMEST (approximately +€19 million), relating to the commission income received for managing the Venture Capital fund, the 394/81 fund and the 295/73 fund; (iv) SACE group, which posted net commission income of approximately €5 million; (v) CDPI SGR, which received commission income during the period totalling €2 million in relation to its core business of managing the FIA.

Added to this is the contribution of other net revenues, amounting to €1,239 million, which more than doubled compared to 2014. The change in the figure (amounting to +€684 million) was mainly attributable to the increase in the net gain on trading and hedging activities of SACE (+€511 million). The figure includes, in addition to the contribution of the Business and Finance Areas of the Parent Company: (i) for FSI (+€242 million) mainly for the gains from the sale of 2.57% of Generali (amounting to +€137 million) and the effects of the fair value measurement of the convertible bond relating to Valvitalia (+€64 million); (ii) for SACE, the net gain on trading and hedging activities, amounting to +€615 million, mainly attributable to exchange gains and gains realised on forward contracts and options; (iii) for Fincantieri, the net loss on trading activities and hedging, amounting to -€107 million, attributable to losses on foreign exchange derivatives.

The net profit from insurance operations, equal to -€71 million, reports net premium income and other income and charges from insurance operations. The substantial decrease in this item compared to 2014 (-€574 million) was mainly attributable to: (i) the increase in technical provisions made, despite the substantial increase in gross premiums; (ii) the absence of significant write-backs on sovereign loans compared to 2014; (iii) higher provisions for claims outstanding.

"Net writedowns", amounting to -€116 million, were down compared to 2014. This item is mainly attributable to the Business and Finance areas of the Parent Company to which reference is made.

Overheads comprise staff costs and other administrative expenses, as well as writedowns of property, plant and equipment and intangible assets. This aggregate is up 5% compared to 2014, reaching €8.0 billion and essentially concerns the Group companies, other equity investments and other sphere. The change compared to 2014, amounting to approximately €382 million, was mainly attributable to the SNAM and Fincantieri groups, in relation to higher raw materials and services purchase costs and personnel costs.

Other operating income (costs) amounted to approximately €10 billion, essentially in line with 2014 (-0.3%). This balance mainly includes revenues related to the core businesses of the SNAM, Terna and Fincantieri groups.

Taking into account the other residual items, mainly attributable to allocations to provisions for risks and charges, to disposals in progress and taxes, there was a loss for the year of €859 million, compared to the net income of €2,659 million posted in 2014.

5.2.2 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

	31/12/2015				31/12/2014	Change	% change
(millions of euros; %) Assets	CDP Group	Parent Company Business and Finance Areas	Group Companies, other equity investments and other	Elimination/ adjustment	CDP Group	(+ / -)	
Cash and cash equivalents and other treasury investments	172,982	168,644	9,690	(5,352)	183,749	(10,767)	-5.9%
Loans to customers and banks	106,959	103,399	4,588	(1,028)	105,828	1,132	1.1%
Debt securities	37,613	35,500	2,575	(462)	30,374	7,239	23.8%
Equity investments and shares	17,925		39,573	(21,648)	20,821	(2,896)	-13.9%
Reinsurers' share of technical provisions	465		465		85	380	449.2%
Assets held for trading and hedging derivatives	1,796	990	810	(4)	1,818	(23)	-1.2%
Property, plant and equipment and intangible assets	42,561		35,207	7,354	41,330	1,231	3.0%
Accrued income, prepaid expenses and other non-interest-bearing assets	5,478	5,157	336	(14)	5,889	(411)	-7.0%
Other assets	12,120		12,164	(45)	11,786	333	2.8%
Total assets	**397,898**	**313,689**	**105,408**	**(21,199)**	**401,680**	**(3,782)**	**-0.9%**

At 31 December 2015, the total assets of the CDP Group came to about €398 billion, down 1% compared with 31 December 2014.

The stock of cash and cash equivalents stood at €173 billion. These include about €169 billion relating to the Business and Finance Areas of the Parent Company, which have been analysed above. In addition, the figure for the Group includes deposits and other highly liquid investments related to FSI, Fintecna, Fincantieri, SACE, Terna, CDP RETI and CDP GAS, amounting to approximately €10 billion (and subject to elimination of €5 billion). The change in the balance of the period, amounting to around -€11 billion, is largely attributable to the Parent Company.

The stock of loans to customers and banks is in line with 2014, at €107 billion (+1.1%). The balance, largely attributable to the Business and Finance Areas of the Parent Company, for the remaining amount (€4.6 billion) includes the contribution of the SACE group (€3.0 billion), Fintecna (€478 million), SIMEST (€467 million)[21], and Fincantieri (€200 million). Excluding the Business and Finance Areas of the Parent Company, to which reference is made, the change in the balance is mainly due to: (i) for SACE (+€410 million), from

21 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.

the increase in receivables from factoring operations; (ii) for SNAM, from the combined effect from the repayment of the loan granted to TAG GmbH and the issue of the loan to TAP, totalling -€138 million; (iii) for CDP Immobiliare (-€71 million), mainly due to the conversion of the loans to the partnership into capital contributions.

Debt securities amounted to about €38 billion, up almost 24% compared with the end of 2014. These include almost €36 billion relating to the Business and Finance Areas of the parent company (to which reference is made). The residual balance of €2.6 billion is mainly attributable to the SACE group (approximately €2.3 billion) and the remainder to FSI (€217 million). Excluding the Business and Finance Areas of the Parent Company, the aggregate decreased by €169 million compared to 2014, mainly due to: (i) disposal of the debt securities portfolio of SACE group (-€230 million); (ii) increase in the fair value of the convertible bond of Valvitalia (+€63 million).

Equity investments and shares decreased by almost 14% compared with 2014, down to €17.9 billion. The change in this aggregate, amounting to -€2.9 billion, was attributable to: (i) the Parent Company, for -€776 million (plus consolidation eliminations and adjustments totalling +€847 million), details of which are provided above; (ii) FSI, for -€676 million, relating to the sale of the remaining 2.57% of Generali, the investment in Rocco Forte Hotels, and the impairment loss recognised on the investment portfolio; (iii) the valuation of ENI according to the equity method (-€2.3 billion).

Reinsurers' share of technical provisions, which includes reinsurers' commitments under reinsurance agreements with the SACE group, was up compared with 31 December 2014, to around €465 million at 31 December 2015. The change in the figure was mainly due to the effect of the activation of the Reinsurance Agreement signed with the MEF.

Assets held for trading and hedging derivatives amounted to €1.8 billion, essentially in line with the figure at the end of 2014. The aggregate reports the fair value (if positive) of derivative instruments 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 approximately €1 billion. In addition, worthy of mention is the balance attributable to the Terna group, amounting to €698 million, mainly concerning interest rate hedging of its fixed-rate bond issues. The change in the balance of the Group is attributable, in addition to that already illustrated with reference to the Parent Company, to the reduction (amounting to €97 million) in the fair value of the hedging derivative for the bonds of the Terna group.

Tangible and intangible assets, with a balance of approximately €42.6 billion, were up compared to the end of 2014 (+3%), attributable to the consolidation of the assets of SNAM, Terna and Fincantieri. This included, in particular: (i) for Terna, net investments in fixed assets and intangible assets of around €1.1 billion, depreciation and amortisation of -€435 million, as well as the effects of the acquisition of the assets of Rete S.r.l. and Transformer Electro Service for €728 million; (ii) for SNAM Group, net investments in fixed assets (€78 million) and intangible assets (€200 million).

Accrued income, prepaid expenses and other non-interest-bearing assets amounted to around €5.5 billion, down 7% compared to 2014, and were almost entirely attributable to the scope of operations of the Business and Finance Areas of the Parent Company, to which the reader is referred for more details.

Finally, other assets amounted to about €12 billion, up 2.8% from the end of 2014 (+€333 million). In addition to items already described for the parent company, the change in the balance includes: (i) for Fincantieri, the positive contribution of around €825 million, connected to the positive change in construction contracts construction contracts (around +€905 million) and the reduction in commercial loans and other assets (-€80 million); (ii) for SNAM, the reduction in commercial loans and accruals (-€89 million) due to the seasonal changes in volumes distributed and at the reduction in tax assets (-€78 million), mainly due to the reduction in the IRES tax rate introduced by the 2016 Stability Law; (iii) for the Terna group (-€110 million), the reduction in commercial loans due to the collection of the proceeds for the use of the transmission grid by electricity distributors (around -€205 million), partially offset by the effect of higher tax receivables; (iv) for CDP Immobiliare, the effect from the merger by absorption of the subsidiary Quadrante.

Reclassified consolidated balance sheet

	31/12/2015				31/12/2014	Change	% change
(millions of euros; %) Liabilities and equity	CDP Group	Parent Company Business and Finance Areas	Group Companies, other equity investments and other	Elimination/ adjustment	CDP Group	(+ / -)	
Funding	344,729	294,429	57,086	(6,786)	344,046	683	0.2%
- *postal funding*	*252,097*	*224,094*	*28,004*		*252,036*	*61*	*0.0%*
- *funding from banks*	*26,582*	*17,399*	*9,183*		*20,592*	*5,990*	*29.1%*
- *funding from customers*	*36,587*	*39,648*	*1,510*	*(4,571)*	*45,211*	*(8,625)*	*-19.1%*
- *bond funding*	*29,463*	*13,287*	*18,390*	*(2,215)*	*26,206*	*3,257*	*12.4%*
Liabilities held for trading and hedging derivatives	1,283	748	539	(4)	3,094	(1,812)	-58.5%
Accrued expenses, deferred income and other non-interest-bearing liabilities	1,032	516	521	(5)	1,283	(251)	-19.6%
Other liabilities	7,691		7,743	(52)	7,940	(249)	-3.1%
Insurance provisions	2,807		2,885	(78)	2,294	512	22.3%
Provisions for contingencies, taxes and staff severance pay	6,775		4,174	2,601	7,865	(1,090)	-13.9%
Equity	33,581		50,456	(16,875)	35,157	(1,576)	-4.5%
- *pertaining to the shareholders of the Parent Company*	*19,227*				*21,371*	*(2,144)*	*-10.0%*
Total liabilities and equity	**397,898**	**295,693**	**123,404**	**(21,199)**	**401,680**	**(3,782)**	**-0.9%**

Total funding at 31 December 2015 came to €345 billion, essentially in line with the figure at 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 aggregate also includes funding from banks, which went from almost €21 billion in 2014 to €27 billion in 2015. The increase in the figure (+29%) 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 +€671 million. This included, in particular: (i) for SNAM, +€654 million, attributable to special-purpose loans taken out with the European Investment Bank (amounting to €377 million) and other bank loans taken out (amounting to €277 million); (ii) for Fincantieri, +€401 million, mainly relating to the increase in construction loans (+€255 million) and the net exposure to banks (+€146 million); (iii) for SACE group, +€282 million, mainly attributable to the increase in bank loans of the subsidiary SACE FCT; (iv) for CDP RETI, -€413 million, relating to the partial repayment of bank loans through the issuance of a bond; (v) for the Terna group, -€216 million, due to the repayment of a variable rate loan (-€650 million), the repayment of amounts due for the loans with the European Investment Bank (-€112 million), and the drawing of new loans for a total of €546 million (of which €130 million with the European Investment Bank).

Funding from customers, amounting to almost €37 billion, was down 19% compared to 2014 (-€8.6 billion). This balance is attributable to the Parent Company for €40 billion, including the centralised deposits of FSI and FSI Investimenti, of the SACE group, of the Fintecna group and of CDP RETI (for a total of €3.6 billion) subject to elimination at the consolidated level. Net of the Parent Company, the change in the aggregate is mainly due to: (i) FSI for -€680 million, in relation to the repayment of the cash received as collateral for the hedging transaction on Assicurazioni Generali; (ii) CDP RETI, for -€337 million, relating to the already mentioned repayment of loans through the issuance of a bond.

Funding from bonds increased by over €3 billion (+12%) compared with the end of 2014 and was mainly attributable to the Business and Finance Areas of the Parent Company to which reference is made. The remaining change was attributable to: (i) SNAM group (-€820 million) relating to the measures implemented on the financial structure, which resulted in the redemption of bonds (-€1.1 billion), partly offset by the issuance of a new instrument (+€250 million); (ii) Terna (+€422 million), for the bond issue carried out in the first quarter of 2015 (amounting to around €1 billion), -€480 million for the repurchase of the bond maturing in 2017 carried out in the second half of 2015, and -€96 million from the effect of the fair value measurement at the reporting date; (iii) SACE (+€515 million), following the placement with investors of a subordinated bond issue; (iv) CDP RETI, (-€748 million), in relation to the already mentioned repayment of loans through the issuance of a bond.

Liabilities held for trading and hedging derivatives, amounting to €1.3 billion in December 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 billion, were down 20% compared with the figure at the end of 2014 (-€251 million). The change was mainly attributable to the Business and Finance Areas of the Parent Company, to which reference is made.

Other liabilities decreased by 3% compared with the end of 2014 to about €7.7 billion, mainly relating to Group Companies, other equity investments and other. The change in the figure, amounting to -€249 million, was attributable, in addition to the movements reported for the Parent Company, to Fincantieri, in relation to the performance of trade payables and construction contracts.

The balance of about €2.8 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 31 December 2015, the balance was entirely attributable to the SACE group.

Provisions, taxes and staff severance pay amounted to €6.8 billion, decreasing by about 14% over 2014. The figure includes the payment of €156 million by Fintecna to ILVA to settle litigation between the two.

Equity at 31 December 2015 amounted to about €33.6 billion, down on the €35.2 billion posted at the end of 2014. This was mainly attributable to the gains and losses generated by the various Group companies, offset by dividends paid to third-party shareholders out of income for 2014. Of total equity, €19.2 billion is attributable to the Parent Company (-10% compared to 2014) and €14.3 billion to minority interests.

Equity

(millions of euros)	2015	2014
Equity attributable to the shareholders of the Parent Company	19,227	21,371
Non-controlling interests	14,354	13,786
Total equity	**33,581**	**35,157**

5.2.3 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.

	2015 Financial year		
(€ thousands)	Net income	Capital and reserves	Total
Parent Company financial statements	**892,971**	**18,568,080**	**19,461,051**
Balance from financial statements of fully consolidated companies	2,401,914	28,593,242	30,995,156
Consolidation adjustments:			
- carrying amount of directly consolidated equity investments		(22,220,247)	(22,220,247)
- goodwill of directly consolidated companies		471,988	471,988
- differences with purchase price allocation	(252,618)	7,209,809	6,957,187
- dividends from fully consolidated companies	(1,031,225)	1,031,227	2
- transfer adjustments of separate financial statements	211,150	1,209,251	1,402,402
- writedowns		(66,270)	(66,270)
- valuation of equity investments accounted for with equity method	(3,357,771)	2,321,961	(1,035,810)
- elimination of intercompany transactions	(317)	19,163	18,846
- deferred tax assets and liabilities	292,717	(2,462,599)	(2,169,882)
- other adjustments	(15,412)	(235,673)	(251,088)
- non-controlling interests	(1,389,182)	(12,965,281)	(14,354,463)
Consolidated financial statements	**(2,247,774)**	**21,474,645**	**19,226,871**

(€ thousands)	Net income	Capital and reserves	Total
Parent company	892,971	18,568,080	19,461,051
ENI consolidation	(3,381,942)	2,257,288	(1,124,654)
CDP RETI consolidation	183,663	315,930	499,593
FSI consolidation	7,038	250,465	257,504
SACE consolidation	18,659	226,229	244,888
FINTECNA consolidation	23,552	(153,475)	(129,922)
Other	8,284	10,128	18,413
Consolidated financial statements	**(2,247,774)**	**21,474,645**	**19,226,871**

6. 2020 BUSINESS PLAN

During the "private debt" crisis which began in 2008 - and then evolved into the "sovereign debt" crisis - Governments and Institutions mainly concentrated their actions on stabilising the financial markets, while attempting to ensure adequate availability of liquidity in the system. In a particularly difficult macroeconomics environment, the CDP Group supported the economy achieving significant results in all its areas of action (Public Entities, Infrastructure, Enterprises, Equity Investments/Equity, Real Estate). The abundant "injections of liquidity" by the Central Banks are slowly helping the economic recovery, and the credit crunch, seen over the last 7-8 years, seems to have been largely overcome. A turning point has therefore been reached, with signs of recovery that also appear to be taking hold in Italy. In this new macroeconomic environment, the actions of Governments and supranational institutions need to be refocused on growth and reforms.

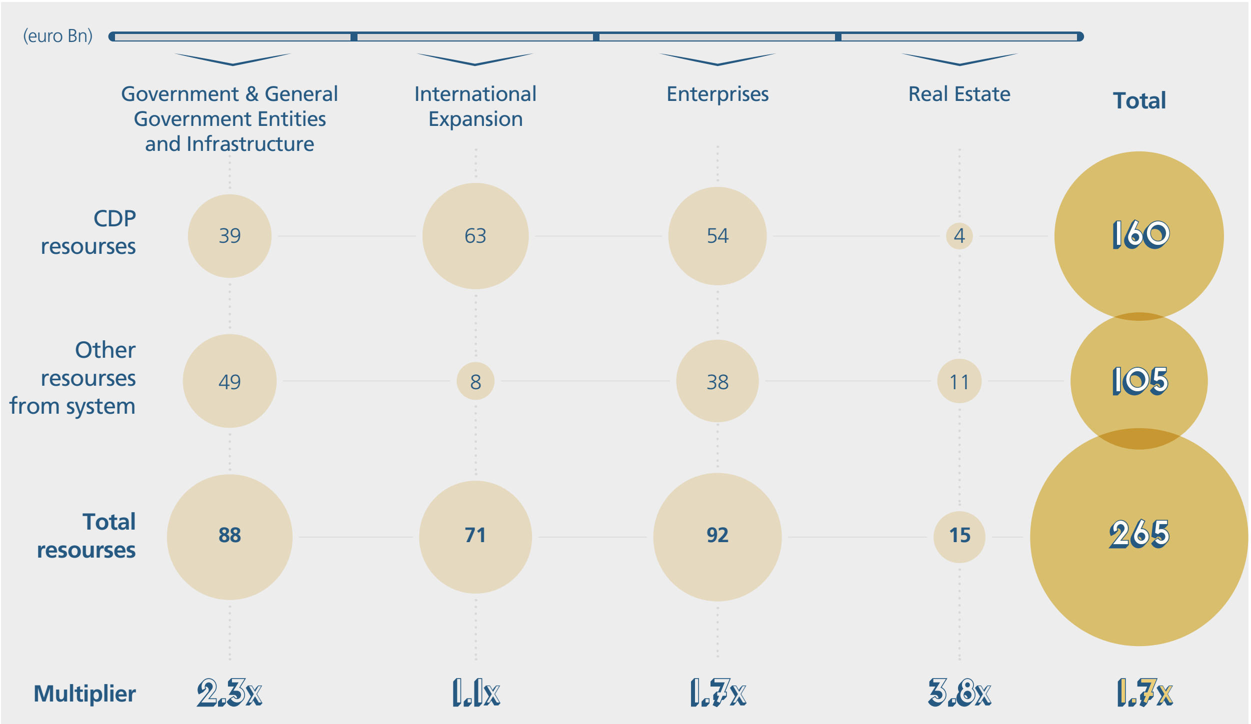
Key "vectors" have been identified for the development and relaunch of the Italian economy, in which the CDP Group can play a decisive role.

Priority areas of development	Opportunities
1. International Expansion	• Export, crucial to GDP growth but with potential for further expansion
2. Enterprises: innovation and development	• Startup/seed financing: limited investment • Development and growth: low investment and difficulties in accessing to credit for innovation • Restructuring: undeveloped market
3. Infrastructure	• Significant lack of infrastructure investment • Very long start-up times • Low rate of implementation
4. General Government Entities efficiency	• Limited Government Entities investments due to restrictions imposed by the Stability Pact • Efficiency opportunities still to be seized • Not fully used structural funds
5. Tourism	• Unique but not exploited cultural heritage • Improvable tourist reception

Macroeconomic studies show that, if the Country were to work effectively on those of vectors, it could recover a significant amount of the productivity gap that has arisen with Germany over the last decade, also reducing the debt/GDP ratio.

In this regard, the CDP Group can contribute significantly to supporting Italy's growth, by leveraging the unique characteristics of its DNA and its new mission of National Promotion Institution pursuant to Article 41 of the 2016 Stability Law.

The CDP Group aims to play a key role for Italy's growth, by taking action on all the key vectors of economic development. Over the 2016-2020 time period, the CDP Group can provide Italy and the Italian people additional resources of around €160 billion, with a strategy structured around 4 key business areas: (1) Government and Government Agencies, Infrastructure; (2) International expansion; (3) Enterprises; and (4) Real Estate.



GOVERNMENT & GENERAL GOVERNMENT ENTITIES AND INFRASTRUCTURE

For the Government and General Government Entities segment, the Group's aim is to support the investment capacity of General Government Entities (around €15 billion of resources deployed over the five-year period). In particular, the Group will act through:

- the strengthening of Public Finance activities to support Entities, confirming CDP's role as the primary funder for General Government Entities;
- actions to enhance the value of public assets and favour investments in efficiency improvement (e.g. combinations of companies that provide public services, disposal of publicly-owned enterprises)
- direct action to optimise the management of European structural funds and accelerate access by Entities to those funds, also in light of CDP's recognition as a National Promotion Institution;
- a new role in the area of international cooperation (following on from the recent regulatory changes) through the management of the Revolving Fund for Cooperation and Development and other direct investments in this area.

In terms of support to General Government Entities, CDP also intends to initiate actions for enhancing cultural heritage and strengthening the system of "Education to Employment".

Within the area of Infrastructure, the objective is to support a "change of pace" in the implementation of works both by favouring the relaunch of major infrastructure projects and by identifying new strategies for the development of smaller infrastructure initiatives (around €24 billion of resources deployed). The main actions include:

- a more proactive and stimulatory/advisory role in the implementation of new works, by creating a specific Task Force for this purpose and promoting possible legislative initiatives;
- strengthening of financial support for the implementation (also through PPP) of major strategic and system-wide works (e.g. road network, broad band, ports, airports) and the upgrading of the infrastructure assets, both through direct disbursements and by helping to attract international capital;
- facilitating access to capital markets by sponsoring alternative financial solutions to debt, as well as expanding the forms of intervention in favour of Italian general contractors;
- actions dedicated to favouring investments in infrastructure for environmental protection and energy efficiency.

INTERNATIONAL EXPANSION

Support for exports and international expansion will be given a significant boost (around €63 billion of resources deployed) by creating a single function and a single point of access to the Group's services and revising the offering with a view to optimising support.

Lending	Description
Single point of access	• All the Group's activities in support of export and international expansion integrated into a single function, with Group risk policies
Optimized offering without overlapping	• Export/internationalisation products offering, without overlapping domestic offering • SIMEST product integrated in a single offering • Development of SMEs standardised packages
Collaboration	• Delivery of financing with a view to complementing the banking system
Integrated network	• Integrated coverage developed from current SACE network and progressively enhanced to support all of the Group's offering, including domestic products • Partnership with third party networks and introduction of remote channels • Strengthening services to Mid-Caps
Full support	• Effective risk management to maximize support to enterprises

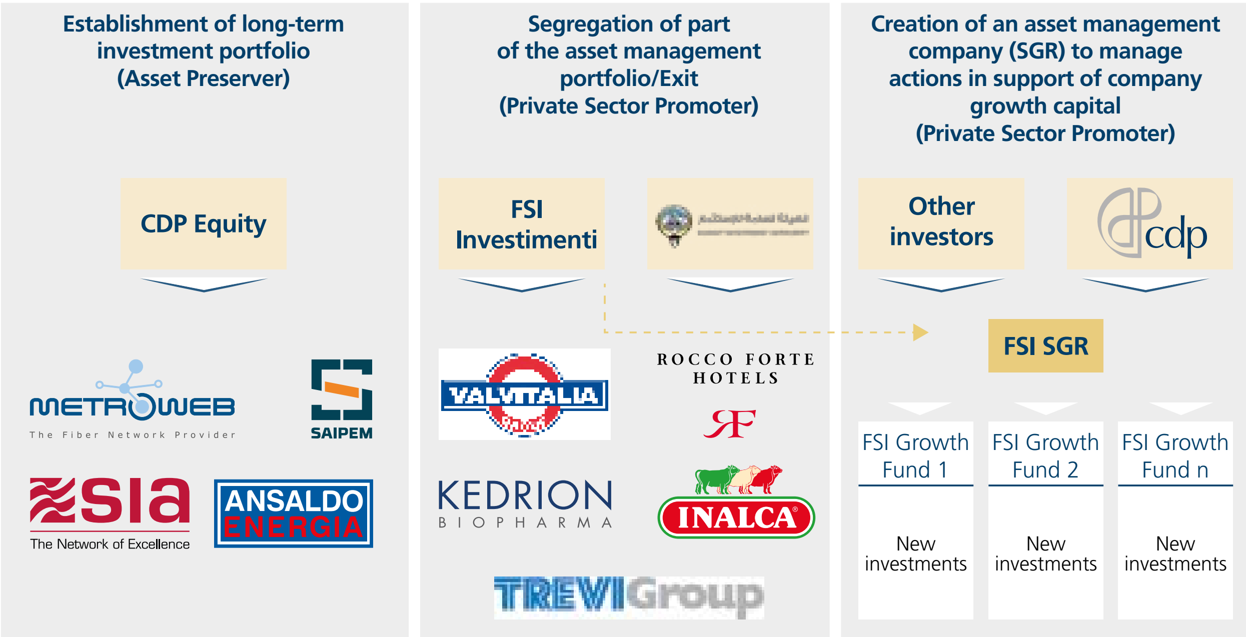
ENTERPRISES

The CDP Group will set up initiatives to support Italian enterprises along their entire life cycle, deploying resources of around €54 billion over the five-year period.
In particular, actions will be taken to favour the creation, conception, and development of companies and business areas, also facilitating access to credit.

Enterprises life cycle phases

Ambition	Becoming the first Venture Capital operator in Italy	Financing innovation and development	Developing turnaround the market
CDP actions	• Co-financing platform • Public-Private partnership program • Further investments in Venture Capital Fund of Funds and other platforms for late-stage Venture Capital	• More credit to SMEs through (i) risk sharing instruments; (ii) support to the development of alternative markets; (iii) funds • Funding and finance for enterprises and innovative projects • Direct support to the dimensional development of business areas • Growth capital • Credit (reverse) factoring	• Anchor investor role in the turnaround company

The Group will continue its role of maximising the value of assets of national importance by managing equity investments of systemic importance over the long term and supporting enterprises through growth capital, also by attracting international investors.



REAL ESTATE

The aim in this area is to contribute to developing Italy's real estate assets (around €4 billion of resources deployed) through:

- targeted actions to improve the value maximisation of the capital properties of General Government Entities;
- development of a new affordable housing building model and creation of spaces for social integration, also by converting part of CDP's stock of properties;
- implementation of urban regeneration and development projects in strategic areas in Italy using replicable models;
- value enhancement of accommodation facilities, also by evaluating actions on ancillary assets to support the tourism sector.

The resources deployed by CDP will act as a driver for resources from the private sector, regional/supranational institutions and international investors enabling the channelling of around €105 billion. The around €265 billion activated will support a significant part of the Italian economy, generating growth of around 0.6 percentage points of GDP per year. Lastly, the implementation of the Plan also requires the strengthening of governance, skills and culture, in addition to maintaining CDP's financial solidity.

With regard to governance, the Plans envisages the strengthening the Parent Company's capacity of oversight and management (both through "direct" controls over subsidiaries and by introducing Group Committees) and the revision of the organisational structure and control measures (also with a view to increasing their independence), in addition to greater overall functional coordination.

7. SIGNIFICANT EVENTS AFTER THE YEAR END AND OUTLOOK OF OPERATIONS

SIGNIFICANT EVENTS AFTER THE YEAR END

The Parent Company has enhanced its organisational structure by creating two new areas, reporting directly to the Chief Executive Officer and the General Manager:
- Development Finance, whose objectives include supporting the top management in establishing business development strategies, devising new business lines, implementing new products, and setting the strategic commercial policies;
- Group Real Estate, whose objectives include coordinating the activities of the Group companies operating in the real estate sector, providing support to local authorities in the process of maximising the value of real estate assets, and managing the activities relating to the transformation of the urban areas where CDP is called upon to work.

In support of the Italian tourism sector, and Italy's development in general, also by attracting foreign funds, at the end of January CDP and QIA signed a memorandum of understanding aimed, on one hand, at the collaboration for the development of the tourism sector and, on the other hand, an investment of €100 million by QIA, as a minimum base, in the new growth capital fund promoted by CDP.

Within the CDP Group, FSI - through the purchase from ENI of 12.5% stake in Saipem plus one share of the share capital and, subsequently, the subscription, pro rata, of the newly-issued Saipem shares resulting from the capital increase of €3.5 billion - made a total investment in Saipem of €902.7 million in the first half of 2016. Saipem, which is a leading company at international level in the oil&gas industry, is strategically important in terms of its impact on the economy and jobs in Italy. The investment is in keeping with FSI's mission to invest in strategic companies for the Italian economy and over a medium/long-term period, in line with Saipem's prospects connected to the trends in the oil & gas. Through this transaction, FSI confirms the strategic importance for the Italian economy of the mechanical engineering industry, which is leading contributor to Italy's exports. The investment supplements and strengthens FSI's current portfolio, which, in the mechanical engineering industry, already includes investments in Ansaldo Energia, Valvitalia and Trevifin.

For more details on this transaction see Section 4 of part A.1 of the Notes to the Consolidated Financial Statements.

On 10 March 2016, the Governing Council of the ECB expanded its monetary policy measures aimed at bringing the inflation rate in the Eurozone to a level below, but close, to 2%, by introducing the following measures:
- cutting the ECB's principal policy rates;
- expanding the purchase programme for government securities and extending the purchasing to investment grade corporate bonds;
- introducing 4 new T-LTROs, with a four-year term, to be used by banks to finance production activities.

For the banking industry, the most significant component will probably be the introduction of the second T-LTRO II programme. This program provides banks greater visibility regarding the funding conditions in the medium term (up to 2021), reducing the risk of refinancing, and could favour an expansion of credit to the real economy.

OUTLOOK OF OPERATIONS

Operations will to develop along the four key “vectors” for the growth and relaunch of the economy identified in the recent Business Plan, enabling the CDP Group to achieve a growth in the volume of new lending, investment and managed resources compared to the figures for 2015.

The sectors that will provide the greatest contribution to the performance are the support to enterprises and the activities to promote exports and international expansion.

The market environment, with interest rates at record lows and continuing to fall as a result of the recent action by the ECB and oil prices at their lowest levels, is putting pressure on the forecast margins for CDP in 2016. Nevertheless, CDP’s earnings are expected to recover against 2015, as a result of the management actions that will be implemented, as called for in the Business Plan, both in terms of lending and improving the efficiency of the funding mix.

8. CORPORATE GOVERNANCE

COMMUNICATIONS

In 2015, the Communications activities were focused on two key objectives:
- strengthening the awareness of CDP within Italy;
- launching CDP's image at international level, also to support its role as a catalyst for foreign capital into Italy.

The first objective has contributed to opening CDP's profiles on Social Media. In particular, the YouTube channel and the dedicated page on LinkedIn have expanded CDP's audience through predominantly multimedia content. The Twitter channel has supported corporate communications, by talking primarily to influencers.

The Italian retail public (generalist and with a focus on sophisticated banking services) was targeted by the advertising campaign linked to the launch of the "First CDP Bond" with a publicity drive on all the main media (TV, press, digital), structured into two flights, with different audiences: institutional and product. The results showed the achievement of a significant and considerable success: in terms of business (placement closed well in advance reaching the entire offering of €1.5 billion in the first 4 days) and awareness achieved: global renown for CDP 52%, brand recognition 35% (reputational keys: prestige, reliability, institutional role - Doxa, March 2015).

With regard to CDP's image at international level, its participation (together with the subsidiaries FSI and SACE) in the Milan EXPO 2015 as an Official Partner played a particularly significant role. Numerous events were organised during the six months of the Universal Exhibition, which provided a major showcase for CDP's visibility and an opportunity for dialogue with Sovereign Funds from all over the world, European National Promotion Institutions, and foreign institutional investors, contributing to putting the world's spotlight on the Italian economy and Italian companies.

INSTITUTIONAL RELATIONS

In 2015, relations with institutions contributed to concluding initiatives and projects involving the CDP Group for Italy's development. The various initiative supported included: the agreement with ANCI (national association of Italian municipalities), together with the Ministry for the Economy, for the renegotiation of loans between Municipalities and CDP; the "Il Risparmio che fa scuola" (learning about saving) initiative of the Ministry of Education, Universities and Research; the strengthening of the "Fondo Investimenti per l'Abitare", in agreement with the Ministry of Infrastructure and Transportation. Support was also provided to the CDP Group's representatives in managing the relations with the Parliamentary Commissions, within the 8 hearings concerning the: strategies of the new senior management of the state-owned companies; the support and international expansion of companies, the actions of the Fondo Strategico Italiano in the tourism sector, the company ILVA, and the Juncker Plan.

Meetings were organised and managed with representatives from the pensions and social security sector and other institutional investors, in addition to guidance and information sessions, held at the bank foundations, between enterprises and public entities, aimed at promoting investment projects in public infrastructure, social housing initiatives and orientation of enterprises towards exports. In addition, CDP contributed to the origination and management of the sponsorship of EXPO 2015.

The service of legislation monitoring was provided to CDP's organisational units and its investee companies, with 238 reports of legislative and implementation measures. The Institutional Relations department focused on a series of proposals aimed at extending Cassa depositi e prestiti's scope of operations at national level, in addition to supranational initiatives aimed at implementing the Juncker Plan.
In particular, the CDP Group strengthened its role in support of international expansion of companies, by establishing the possibility within the "Investment Compact" Decree Law of providing direct credit services, directly or through SACE, to other subsidiaries.
Under the 2016 Stability Law, Cassa depositi e prestiti has assumed the status of "National Promotion Institution" with the possibility of using the assets from the Separate Account to achieve the objectives of the European Fund for Strategic Investments through measures including the financing of investment platforms and individual projects in accordance with the EFSI Rules. In addition, CDP and the companies controlled by it may be assigned the task of executing the financial instruments that receive ESI Funds, under a mandate from the European Commission or through engagements from the managing authorities.
Lastly, under the 2016 Stability Law, the Fund pursuant to Law 295/1973 concerning the export credit and international expansion for the manufacturing and production industry, managed by SIMEST, was increased by €300 million.

During the reporting period, in collaboration with the organisational units involved, a total of 51 requests for information were received from the Ministry for the Economy and Finance, relating to the same number of checks, guidance and scrutiny of a parliamentary nature involving the CDP Group.

HUMAN RESOURCE MANAGEMENT

During 2015, training was provided through targeted technical and specialist initiatives involving the economic and financial area, the administration and accounting area, the IT area and the languages area.

In accordance with the applicable regulations, personnel were updated on the changes relating to Data Privacy, Anti-Money Laundering, Legislative Decree 231/2001, and Occupational Health and Safety.

While continuing to pay the necessary attention to specialist and mandatory training needs, in 2015 increasing attention was given to the subjects of innovation and change management. These were concentrated in various projects and training initiatives, initially involving the employees of the Parent Company and, subsequently, the employees of the other subsidiaries, with the specific aim of generating opportunities for dialogue, reflection and learning.

The generation of ideas and valuing of diversity underlying the above educational initiatives and training projects provided the fundamental guidelines for a cultural approach promoting a shift from "task" to "process".

The same approach underpinned the programme of international exchanges with European entities with a similar history and professional mission to CDP, such as Caisse des Dépôts (CDC), Kreditanstalt für Wiederaufbau (KfW), Instituto de Crédito Oficial (ICO), aimed at ensuring the reciprocal transfer of knowledge and evaluation of new opportunities for working together.

In addition, with a view to leveraging existing professional expertise and increasing job rotation both within the Parent Company and across Group Companies, various mobility processes were organised and managed in 2015 aimed at the sharing skills and experience in the other organisations of the Group, enabling the personnel involved to further develop their professional profile.

INDUSTRIAL RELATIONS

In 2015, ABI collective bargaining agreements, applied to the employees of our Company, were renewed. These renewals were made in a highly complex macroeconomic environment due to the general crisis in the banking industry.

In this scenario, the Group continued to implement the extraordinary actions aimed at containing labour costs, whilst also seeking to ensure job levels and generational change.

More specifically, for executive personnel, no increase in remuneration was awarded and the automatic seniority-linked salary increases were eliminated. For personnel in the middle management and office employees categories, in exchange for an average salary increase of €85.00 euro per month over five years (2015-2018), the exemption under Article 2120 of the Italian Civil Code was maintained, thereby limiting the calculation basis for the staff severance pay solely to the salary table remuneration items and automatic seniority-linked salary increases

Within the Company, 2015 passed smoothly, in a climate of cooperation and sharing of corporate policies.

ASSESSMENT OF REMUNERATION OF DIRECTORS WITH SPECIFIC RESPONSIBILITIES

This report illustrates and justifies the policy adopted for the remuneration of the Chairman of the Board of Directors and of the Chief Executive Officer, in compliance with the legal requirements in force[22].

In its meeting of 3 August 2015, the Board of Directors - given the respective functions attributed to the Chairman of the Board of Directors and to the Chief Executive Officer by the Articles of Association and by the Board of Directors in its meeting of 13 July 2015 - approved the proposal of the Remuneration Committee of 28 October 2015 for the three-year period 2015-2017, in line with the amount paid in the previous three-year period, to pay the following remuneration components to the Chairman of the Board of Directors and to the Chief Executive Officer.

Chairman of the Board of Directors

(euros)	Annual compensation for 2015-2017 term
Fixed remuneration: Compensation for position - Article 2389, para. 1	70,000
Fixed remuneration: Compensation for position - Article 2389, para. 3	166,305
Annual variable component	39,130
Three-year incentive component (annual share)	19,565

Annual variable component: according to the powers conferred, the annual variable component, set with reference to the target incentive level (100%), is paid to the extent of 50% at the discretion of the Board of Directors, upon proposal of the Remuneration Committee, upon achieving the qualitative objectives of particular importance for the company and for the Group, set annually by the Remuneration Committee, and the remaining 50% on achieving the gross operating income indicated in the budget for the year in question. The variable remuneration is paid annually upon verification by the Board of Directors of the achievement of the objectives assigned.

Three-year incentive component: a further three-year component - the LTI (Long Term Incentive) - is paid only if, in each of the three years, the qualitative and quantitative objectives set for the year in question have been achieved.

22 In particular, in line with the previous term, the Company continued to comply with the provisions of Article 84-*ter* of Decree Law 69 of 21 June 2013 "*Remuneration for directors of companies controlled by government agencies*" and the directive of the Ministry for the Economy and Finance of 24 June 2013 (which includes the recommendation for directors "*to adopting remuneration policies that adhere to international best practices, but take into account company performance, and in any case are based on criteria of transparency and moderation, in light of the general economic conditions of the Country, also envisaging a correlation between the total remuneration of directors with specific responsibilities and the company average*").

Chief Executive Officer[23]

(euros)	Annual compensation for 2015-2017 term
Fixed remuneration: Compensation for position - Article 2389, para. 1	35,000
Fixed remuneration: Compensation for position - Article 2389, para. 3	572,025
Annual variable component	190,675
Three-year incentive component (annual share)	25,425

Annual variable component: according to the powers conferred, the annual variable component, set with reference to the target incentive level (100%), is paid to the extent of 50% at the discretion of the Board of Directors, upon proposal of the Remuneration Committee, based on achieving the qualitative objectives of particular importance for the Company and for the Group, set by the Remuneration Committee, and the remaining 50% on achieving the gross operating income indicated in the budget for the year in question. The variable remuneration is paid annually upon verification by the Board of Directors of the achievement of the objectives assigned.

Three-year incentive component: a further three-year component - the LTI (Long Term Incentive) - is paid only if, in each of the three years, the qualitative and quantitative objectives set for the year in question have been achieved.

Severance indemnity: in keeping with the best practices of reference markets and in continuity with the previous term, a severance indemnity is envisaged for the Chief Executive Officer, also paid in advance at the request of the majority shareholder (except for voluntary resignation), equal to the algebraic sum of the fixed and variable remuneration, to the fullest extent provided for (including the pro rata amount of the LTI), due for one year of office.

Benefits: in continuity with the previous term, the Chief Executive Officer receives forms of benefits and insurance coverage equal to those provided for executives, including for the risk of death and permanent disability.

IT SYSTEMS AND INTERNAL PROJECTS

During 2015, the project work to support the business activities were accompanied by a series of initiatives aimed at renewing the operational and technological apparatus, including:

- the introduction of the demand process for governing requests for IT project work;
- the conduct of an IT assessment of the areas for infrastructural, technological and operational improvement;
- verification of the influence on the IT systems of other assessments relating to other organisational units such as Finance and Operational Services and Document Management;
- establishment of the target model for the Systems architecture and consequent identification of the development roadmap.

The initiatives resulted in the identification of a number of drivers of change, briefly outlined below:

1) standardisation of technologies and internal governance processes;
2) introduction of Open Source and scalable architectural solutions;
3) introduction of data governance processes;
4) IT efficiency improvement and leveraging of investments made;
5) triggering of innovative processes.

In order to accelerate the cultural adoption of the new approach and ensure a vision in line with the most recently adopted approaches, a Big Data Lab has been created within CDP and a collaboration has been initiated with the University of Turin.

23 The Fixed remuneration as per art. Article 2389, para. 3, includes the remuneration for the position of General Manager.

In line with the drivers identified, an overall review has been initiated of the architectural model for the management systems for the loans, with various objectives including: cost containment; move towards process automation and a paperless approach; abandonment of technologically obsolete platforms.

The following support tools to help credit analysis were enhanced:
- the "Loans Datamart", through a major architectural overhaul based on the Big Data approach and enhancement of the data registry for counterparties with comprehensive scoring information from an external information provider;
- strengthening of the "Electronic Rating Application" system for the automatic management of the rating and recovery rate assignment process.

With regard to public entities, numerous initiatives were implemented to support operations for the rescheduling of ordinary loans for municipalities and provinces, in addition to strengthening the digital signature mechanisms. Support mechanisms were also developed for subsidised loans for the energy efficiency improvement of schools ("Kyoto 3") and to support the work relating to General Government payables.
In implementation of Law 125/2014 and the CDP's consequent recognition as a financial institution for international cooperation, a new support system was implemented and put in operation for the Revolving Fund for Cooperation and Development, while ensuring full operational continuity with the previous operator.
In terms of compliance, the migration was completed of the outsourced services of Supervisory Reporting, Anti-Money Laundering, Tax Register and Financial Investigations.
In the Postal Savings area, the front to back management of Postal Passbook Savings Accounts was implemented and a number of products including Savings Programme were reviewed to support the business. A new application module was issued for pricing and the launch of new products. An econometric model was also developed for the 3X4 and 4X4 Postal Bonds.

In the Risk Management area, in relation to ALM, additions were made to all of the products created in 2016, such as new securities and derivatives.

Within the Finance area, CDP joined T2S, a pan-European platform for the settlement of transactions in securities in central bank money. To comply with the ECB requests, adaptations were made for the EMIR (L2) reporting, in relation to which CDP will also be the reporting party for the Group Companies. The migration was also completed to the new Thomson Reuters platform, providing significant operational and IT security benefits.
In the area of Human Resources, the career and development support for the management of personal profiles and performance assessment was completed during the year. The project is in keeping with a process that started with an e-recruiting solution and will be completed with the training portal, to produce a single integrated management platform for human resources.

The architecture of the overall technological infrastructure was analysed to identify the methods of evolution towards an open source model in line with the drivers of change described above.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF CDP PURSUANT TO ARTICLE 123-*BIS*, PARAGRAPH 2, LETTER B) OF THE CONSOLIDATED FINANCE LAW (T.U.F.)

THE INTERNAL CONTROL SYSTEM

CDP has developed an internal control system consisting of a set of rules, procedures, and organisational structures designed to ensure compliance with applicable regulations, in accordance with corporate strategies and the achievement of targets set by company management.

More specifically, first level controls (line controls) are conducted by operational and administrative units. These controls are built into organisational procedures and are designed to ensure that operations are carried out correctly.

Second level controls (risk management controls) are carried out by separate organisational units and are designed to help establish risk measurement methodologies and verify that the operational limits set for the various departments are respected, as well as verifying that operational activities and results achieved by production units comply with their allocated risk objectives and performance targets, and ensuring that the risk governance polices are properly implemented an that the internal practices and rules comply with applicable regulations.

Finally, third level controls are performed by the Internal Auditing unit, a permanent, autonomous function that does not report to the Heads of the units subject to control.

The work of the Internal Auditing unit includes, but is not limited to, assessment of the completeness, appropriateness, functionality and reliability of the organisational structure and of the entire internal control system of the CDP Group and to bring to the attention of the Board of Directors of CDP possible improvements to the risk management process as well as the related measurement and control instruments.

Accordingly, the controls performed by the Internal Auditing unit are aimed at preventing or identifying abnormalities and risks and bringing any issues concerning the achievement of the company objectives to the attention of the senior executives and the management, and promoting continuous improvement in the organisation's effectiveness and efficiency.

Specifically, the Internal Auditing unit assesses the ability of the overall Internal Control System to ensure that corporate processes are efficient and effective, safeguard company and investor assets, guarantee the reliability and integrity of accounting and management information, and compliance with internal and external regulations and management guidelines.

For the performance of its tasks, the Internal Auditing unit submits an action plan to the Board of Directors, which sets out the audits scheduled in line with the risks associated with the activities aimed at achieving the business objectives.

The unit reports on its results on a quarterly basis to the Board of Directors and to the Board of Statutory Auditors, after examination by the Risk Committee[24]. However, critical issues identified during examinations are immediately reported to the relevant company units so that they can implement corrective actions.

Internal Auditing also performs control activities for a number of the companies subject to management and coordination (FSI, CDPI SGR and SIMEST) under specific service agreements with the parent company for internal audit activities.

Internal Auditing, furthermore, provides support to the Financial Reporting Manager of CDP and the Supervisory Body in carrying out checks as per Article 6.1 b) of Legislative Decree 231/2001 of CDP, FSI, CDPI SGR and SIMEST.

FINANCIAL AND OPERATIONAL RISK MANAGEMENT SYSTEMS

In 2015, CDP continued the process of strengthening and updating the methods and systems used for risk management.
To measure credit risk, CDP uses a proprietary model for calculation of portfolio credit risks, taking into account Separate Account exposures to public entities. The model is a "default mode" model, i.e. it considers credit risk on the basis of the losses associated with the possible default of borrowers rather than the possible deterioration in credit quality indicated by an increase in spreads or rating changes. Because it adopts a default mode approach, the model is multi-period, simulating the distribution of losses from default over the entire life of outstanding transactions. This makes it possible to capture the effect of moving between credit quality classes

24 The extraordinary Shareholders' Meeting of 10 July 2015 approved a number of changes to the Articles of Association including the establishment of a Risk Committee within the Board of Directors, tasked with providing support to the Board of Directors in relation to risks and the Internal Control System.

other than that of default. The credit model makes it possible to calculate a variety of risk metrics (VaR, TCE[25]) for the entire portfolio and for individual borrowers or lines of business. The model is used for assessing the adjusted performance of risk in the Ordinary Account and for loans in the Separate Account to private individuals pursuant to Decree Law 185 of 29 November 2008.

CDP has a series of rating models developed by specialized external providers. Specifically, CDP uses rating models for the following classes of loans:

- public entities (shadow rating quantitative model);
- banks (shadow rating quantitative model);
- small and medium enterprises (quantitative model based on historical default data);
- large enterprises (shadow rating quantitative model);
- project finance (qualitative/quantitative scorecards calibrated on a shadow rating basis).

These models act as a benchmark against the rating allocated by the analyst and specific rules have been established to manage any divergences between the results obtained through the instrument used and the final rating. Alongside the external benchmark models, CDP has produced internal scoring models that enable counterparties to be ordered based on credit worthiness, by using specific indicators drawn from financial statement figures. Furthermore, the "PER - Electronic Rating Application" system makes it possible to retrace the process that resulted in the assignment of a certain value for each name, and also view archived documentation concerning the assessment, based on the nature of the counterparty (public entities, bank counterparties, corporate and project finance). The solution, which is integrated with CDP's IT and document systems, is based on business process management technologies already widely used in other areas, such as the electronic loan processing.

Internal ratings play an important role in the assignment and monitoring process, as well as in the definition of the decision-making process; in particular, the concentration limits are adjusted according to the rating and may lead to a review of the loan by the CRO and the Risk Committee, the need to submit a proposal to the Board of Directors to grant a specific exemption or, in some cases, the inadmissibility of the operation.

Interest rate and inflation risk is measured using the AlgoOne suite produced by Algorithmics (IBM Risk Analytics), mainly adopted to analyse the possible variations in the value of financial statement items as a result of interest rate movements. The system can carry out sensitivity analysis and stress tests, in addition to calculating the VaR in the banking book. For postal funding products, CDP uses models that produce investor behaviour scenarios.

As regards monitoring the liquidity risk, the RMA regularly analyses the volume of liquid assets compared with the volume of demand liabilities and liabilities exposed to the risk of early repayment, verifying compliance with the limits established under the Risk Policy. The AlgoOne suite is used to support this analysis, together with a number of proprietary tools that incorporate and processes the inputs of the various front, middle and back office systems has been developed.

Counterparty risks related to transactions in derivatives and Securities Financing activities are monitored via proprietary tools that show the current (taking into account the net mark-to-market and collateral guarantees) and potential credit exposure.

For the various risk elements associated with derivatives, positions in securities and securities financing activities, the RMA uses the Murex front office application. In addition to specific monitoring of positions and the mark-to-market calculation also for the exchange of collateral, the system provides a variety of sensitivity and scenario analyses, which have numerous applications with regard to interest rate risk, counterparty risk, the analysis of the securities portfolio and hedge accounting.

25 Value at Risk over a given confidence interval (e.g. 99%) represents an estimate of the level of loss that is exceeded only with a probability equal to the complement (to 100%) of the confidence interval (e.g. 1%). The Tail Conditional Expectation (TCE) at a given confidence interval represents the expected value only of "extreme" losses that exceed the VaR.

As far as operational risks are concerned, CDP has developed a proprietary application (LDC) for the collection of internal data relating to both operating losses already taken place in the company and recorded in the income statement, as well as operational risk events that do not generate a loss (near miss events).

In order to comply with the recording requirements pursuant to Article 36 of Legislative Decree 231/2007, CDP has set up a unified computerised database for the central storage of all information acquired in performing customer due diligence requirements in accordance with the principles set out in the decree. CDP uses an outsourcer to create, maintain and manage the unified database, to which CDP's Anti-Money Laundering function has direct and immediate access.

COMPLIANCE SYSTEM PURSUANT TO LEGISLATIVE DECREE 231/01

In January 2006 CDP adopted an "Organisation, Management and Control Model pursuant to Legislative Decree 231/2001" (hereinafter also referred to as the "Model"). The Model identifies the company areas and operations that are most exposed to the risk of criminal activity as defined in the decree, along with the principles, rules and regulations for the control system introduced to supervise "significant" operating activities.
Given the importance of regulatory, organisational and business developments during the year, the compliance model was revised in 2014 and the updated version was approved by the Board of Directors on 25 November 2014. Further changes of a formal nature made to the "Code of Ethics of Cassa depositi e prestiti S.p.A. and the companies subject to its management and coordination", which is an integral part of the Model, and approved by the Chief Executive Officer on 21 January 2015.

The Supervisory Body is tasked with overseeing the operation of and compliance with the model and with updating its content and assisting the competent company bodies in the task of implementing the model correctly and effectively.

CDP's Supervisory Body has three members: an expert in criminal and legal affairs, an expert in economics and business issues, and the head of Internal Auditing, who are appointed by the Chairman of the Board of Directors. The Supervisory Body was first established in 2004 and reappointed in 2007, in 2010 and in 2014 at the end of its three-year terms, and, following the resignation by the Chairman of the Supervisory Body with effect from 30 December 2015, a new Chairman of the Body was appointed on 1 February 2016.

The Supervisory Body has drafted its own internal rules and defined the approach to be followed in supervising the model. As noted above, it has been supported by the Internal Auditing unit in ongoing, independent monitoring of the appropriate operation of company processes, as well as oversight of the internal control system as a whole. The Supervisory Body met on 10 occasions during 2015.

For the performance of its tasks, the Supervisory Body approves an Audit Plan, prepared on the basis of the risk of commission of the offences under Legislative Decree 231/01 within each "Relevant Activity".

In order to ensure full implementation of the provisions concerning administrative liability pursuant to Legislative Decree 231/01 within the Group of enterprises and in accordance with section 2.4 of the general information of the current Model, has ensured discussion among the supervisory bodies established within the companies subject to management and coordination. This is facilitated by the presence of one of its members in each of the supervisory bodies.

The "Code of Ethics of Cassa depositi e prestiti S.p.A. and the companies subject to its management and coordination" and the "Principles of the Compliance System pursuant to Legislative Decree 231/01" of CDP are available in the "Company profile/Organisation & Governance" section of the company's website: www.cdp.it.

KEY CHARACTERISTICS OF THE RISK AND INTERNAL CONTROL MANAGEMENT SYSTEMS WITH REGARD TO THE FINANCIAL REPORTING PROCESS

The CDP Group is aware that financial reporting plays a central role in establishing and maintaining positive relationships between the Company and its stakeholders. The internal control system, which oversees the company's reporting processes, is set up - including at Group level - in such a way as to ensure that information is reliable, accurate and timely, in compliance with the applicable accounting standards.

The company's control system is structured to comply with the model adopted in the CoSO Report[26] and is subdivided into five components (control environment, risk assessment, control activity, information and communications, and monitoring) which, depending to their characteristics, operate at the organisational unit and/or operating/administrative process level. In line with the model, the controls are monitored on a periodic basis in order to assess their operational effectiveness and efficiency over time.

A risk-based approach has been chosen for the internal control system applied to financial reporting, in which the focus is on the key administrative and accounting procedures of said financial reporting. In the CDP Group, in addition to administrative and accounting procedures in the strict sense, business, management, control and support processes with a significant impact on the accounts are also taken into consideration.

The control model is based on an initial company-wide analysis of the control system in order to verify that the environment is, generally speaking, organised to reduce the risk of error or improper conduct with regard to the disclosure of accounting and financial information.

This analysis is undertaken by verifying the presence of appropriate elements, ranging from adequate governance systems to ethical and integrity-based standards of conduct, effective organisational structures, clear assignment of powers and responsibilities, an appropriate risk management policy, disciplinary systems for personnel, and effective codes of conduct.
At the process level, the approach consists of an assessment phase to identify specific risks which, if the risk event were to occur, might prevent the rapid and accurate identification, measurement, processing and representation of corporate events in the accounts. This process involves the development of risk and control association matrices that are used to analyse processes on the basis of their risk profiles and the associated control activities.

The process level analysis is structured as follows:
- an initial phase identifies risks and defines control objectives in order to mitigate those risks;
- a second phase regards identification and evaluation of controls by: (i) identifying the type of control; (ii) evaluating the potential effectiveness of the control activity in risk mitigation terms; (iii) assessment/presence of control record; (iv) formulation of an overall judgement by correlating the control's potential effectiveness and the traceability of the control; (v) identification of key controls;
- the third phase consists of identifying areas of improvement regarding the control: (i) traceability of the control; (ii) design of the control.

Monitoring the effective operation of the control system is another key component of the CoSO Report framework this activity is carried out on a regular basis, addressing the periods covered by the reporting.

The CDP S.p.A. monitoring phase is structured as follows:
- sampling of items for testing;
- test execution;
- weighting of any anomalies detected, and an associated assessment.

In order to ensure that the system described above functions properly, CDP has established a system for the multiple units/functions to work together, in particular with regard to the Parent Company: the Organisation and Processes organisational unit is responsible for process design and formalisation; the financial reporting manager's function is involved during the risk assessment phase; and the Internal Auditing organisational unit is responsible for the monitoring and assessment phase.

26 Committee of Sponsoring Organisations of the Treadway Commission.

Within the CDP Group, the Board of Directors and Board of Statutory Auditors are periodically informed of assessments of the internal control system and on the results of tests carried out, in addition to any shortfalls emerging and the initiatives taken for their resolution.

To enable the financial reporting manager and the administrative bodies delegated by the Parent Company to issue the certification pursuant to Article 154-*bis* of the Consolidated Finance Act, a flow of information to the financial reporting manager of the Parent Company was established, comprising: (i) the final report on the internal control system applied to the financial reporting process from the financial reporting managers to their respective boards of directors; (ii) the intra-Group "chain" certification system, which use the standard certification established by Consob and adopted by the Parent Company, CDP.

INDEPENDENT AUDITORS

CDP's financial statements are audited by PricewaterhouseCoopers S.p.A. ("PwC"). During the course of the financial year, the independent auditors are responsible for verifying that the Company keeps its accounts properly and that it appropriately records events that occur during the year in the Company's accounts. Furthermore, the independent auditors check that the individual and consolidated financial statements are consistent with the records in the accounts and audits conducted, and that these documents comply with applicable regulations. The independent auditors issue an opinion on the individual and consolidated financial statements, and on the half-year interim report. The independent auditors are appointed by the Shareholders' Meeting in ordinary session, acting on a reasoned proposal put forward by the control body.
The current independent auditors were appointed in execution of a resolution of the May 2011 Shareholders' Meeting, which engaged that firm to audit the financial statements and accounts for the 2011-2019 period.

FINANCIAL REPORTING MANAGER

The manager responsible for the preparation of the company's financial reports (the "Financial Reporting Manager") at CDP is the Chief Financial Officer.

For more information on the experience requirements and methods for appointing and substituting the financial reporting manager, the provisions of Article 24-*bis* of CDP's articles of association are reported below.

Article 24-bis CDP articles of association
1) *Subject to the prior opinion of the Board of Statutory Auditors, the Board of Directors appoints the financial reporting manager for a period of time not shorter than the term of office of the Board of Directors and not longer than six financial years to perform the duties assigned to such manager under Article 154-bis of Legislative Decree no. 58 of 24 February 1998.*
2) *The Financial Reporting Manager shall meet the integrity requirements provided for the Directors.*
3) *The Financial Reporting Manager shall be chosen in accordance with criteria of professional experience and competence from among the managers who have global experience of at least three years in the administrative area at consulting firms or companies or professional firms.*
4) *The Financial Reporting Manager can be replaced by the Board of Directors only for due cause, having obtained the prior opinion of the Board of Statutory Auditors.*
5) *The appointment of the Financial Reporting Manager shall lapse if such manager should not continue to meet the requirements for the office. The Board of Directors shall declare such lapse within thirty days from the date on which they become aware of the supervening failure to meet the requirements.*

In order to ensure that the financial reporting manager has resources and powers commensurate with the nature and complexity of the activities to be performed and with the size of the company, and to ensure that such manager is able to perform the duties of the position, including in relations with other company bodies, in July 2007 the Board of Directors approved the "Internal Rules for the Financial

Reporting Manager Function". In October 2011, following the start of management and coordination activities for the subsidiaries of CDP, it was decided to update the rules of the function, using the same approval process.

In addition to holding a senior management position reporting directly to top management, the financial reporting manager may:

- access without restriction all company information considered relevant to the performance of his duties;
- interact on a regular basis with the company's administrative and control Bodies;
- audit any company process that impacts the reporting process;
- undertake, in the case of companies entering the scope of consolidation and subject to management and control activities, specific initiatives necessary or helpful to the performance of activities associated with the performance of the manager's duties at the Parent Company;
- make use of other company units to design and amend processes (Resources and Organisation) and check the adequacy and effective application of procedures (Internal Auditing);
- have at his disposal dedicated personnel and independent powers of expenditure within an approved budget.

INSIDER REGISTER

In 2009, in its role as an issuer of debt securities listed in Luxembourg and pursuant to the combined provisions of Articles 13 and 16 of the Luxembourg Law of 9 May 2006 concerning market abuse, CDP has set up a "Register of persons with access to Cassa depositi e prestiti S.p.A. privileged information". The establishment of this Register also meets the requirements imposed on CDP, as an issuer of financial instruments listed on Italian regulated markets, pursuant to Article 115-*bis* of Legislative Decree 58 of 24 February 1998, as amended, and Articles 152-*bis* and following of the Consob Regulation on issuers, approved by resolution 11971 of 14 May 1999, as amended.

Management of the register is governed by internal CDP rules establishing the regulations and procedures for storing and updating the register.
Among other things, the rules establish criteria for identifying which parties, owing to their position or the duties that they perform on a regular or occasional basis, have access to privileged information directly or indirectly concerning CDP or the related financial instruments. They also set out criteria regarding the prerequisites and timing of entry in the register, as well as obligations incumbent upon registered parties, and penalties applicable to breaches of such obligations under the rules and applicable law.
The Register is held by the Compliance Unit and the Keeper of the Register is the Head of the Compliance Unit, who can employ one or more replacements.

CODE OF ETHICS

The Code of Ethics of CDP establishes a set of values accepted and shared throughout the entire organisation that informs how CDP conducts its business.

The principles and provisions enshrined in the Code provide a cornerstone for all activities undertaken in pursuit of the company's mission. Therefore, in-house and external relations shall be conducted on the principles of honesty, moral integrity, transparency, reliability and a sense of responsibility.

The principles and provisions of the Code are disseminated primarily through publication on the corporate intranet. A copy of the Code is also given to all new employees. Individual contracts also contain a clause stating that compliance with the Code is an essential part the contractual obligations, and is governed by a disciplinary code.

In 2015 there were no breaches of the Code of Ethics by CDP employees or associates.

GOVERNANCE STRUCTURE

In order to provide an efficient system of information and consultation enabling the Board of Directors to better assess the matters under its responsibility, the following committees have been set up, whose purpose is to advise and make recommendations, and they are diversified by area:

- Support Committee;
- Strategic Committee;
- Board Risk Committee;
- Related Parties Committee;
- Remuneration Committee;
- Coordination Committee;
- Credit Committee;
- Risk Committee;
- Rates and Conditions Committee;
- Real Estate Advisory Committee;
- Liquidity Contingency Committee;
- Eligibility Committee[27].

SUPPORT COMMITTEE

The Support Committee is a statutory committee established to provide support to the non-controlling shareholders.

Composition and responsibilities

The Support Committee has 9 members, appointed by the non-controlling shareholders. The Support Committee is appointed with the *quorum* to convene and to deliberate provided for in the regulations applicable to the Ordinary Shareholders' Meeting and its term ends on the date of the Shareholders' Meeting convened to appoint the Board of Directors.

The following information is provided to the Committee:

- detailed analysis on the Company's liquidity level, financing, equity investments, planned investments and disinvestments and most significant corporate transactions;
- updates on the forecasted and actual accounting data, the independent auditors' reports and the internal auditing reports relating to the organisation and to the functioning of the Company;
- the minutes of the Board of Statutory Auditors meetings.

The Support Committee held 15 meetings in 2015.

STRATEGIC COMMITTEE

The Strategic Committee is a board committee that perform functions to support the organisation and coordination of the Board and to support the strategic supervision of the Company's activities.

Composition and responsibilities

The Committee is composed of the Chairman, the Vice Chairman and the Chief Executive Officer.
The Strategic Committee held 5 meetings in 2015.

27 In April 2015 the activities of the Eligibility Committee were transferred to the Risk Committee.

BOARD RISK COMMITTEE

The Board Risk Committee is a board committee with the functions of control and providing guidance in relation to the management of risks and assessment of the adoption of new products.

Composition and responsibilities

The Board Risk Committee is composed of the Vice Chairman and two Board Members.
The Board Risk Committee held 7 meetings in 2015.

RELATED PARTIES COMMITTEE

The Related Parties Committee a board committee that is required, where envisaged, to provide a preliminary reasoned opinion on CDP's interest in carrying out transactions with Related Parties, as well as on the convenience and on the substantive and procedural correctness of the relevant conditions.

Composition and responsibilities

The Related parties Committee is composed of three members appointed by the Board of Directors.
The preliminary, non-binding opinion of the Related Parties Committee is formalised and provided in a timely manner to the Body in charge of deciding on the transaction.
The transactions for which the Related Party Committee has expressed a negative or conditional opinion they are reported at the next Shareholders' Meeting.
The Related Parties Committee held 4 meetings in 2015.

REMUNERATION COMMITTEE

The Remuneration Committee is a board committee responsible for drawing up proposals on remuneration.

Composition and responsibilities

The Remuneration Committee has three members appointed, upon proposal of the Chairman, by the Board of Directors.
The Remuneration Committee prepares proposals on the determination of remuneration of corporate officers, based on the specific positions held, and where certain conditions are met, the remuneration of other bodies prescribed by law or by the Articles of Association or established by the Board (Committees).
The proposals drawn up are submitted to the Board of Directors for its approval after obtaining the opinion of the Board of Statutory Auditors.
The Remuneration Committee held 5 meetings in 2015.

COORDINATION COMMITTEE

The Coordination Committee is a collegial body that provides advice and is responsible for providing support to the Chief Executive Officer in the guidance, coordination and control of the different business areas of CDP.

Composition and responsibilities

The Coordination Committee is usually convened by the Chairman once a month and is composed of the following members:
- Chief Executive Officer;
- General Manager[28];
- Chief Financial Officer;
- Chief Operating Officer;
- Chief Legal Officer;
- Chief Risk Officer;
- Head of the Equity Investment Area;
- Head of the Institutional Relations and External Communications Area[29];
- Head of Internal Auditing;

The Chief Executive Officer is the Chairman of the Coordination Committee.
The Heads of the Business and Corporate Center Areas are invited to attend Committee meetings concerning budget proposals.

The Coordination Committee has the following responsibilities:
- informing the management team on the strategic priorities and to share the relevant information on operations;
- overseeing the implementation of the Business Plan, by monitoring the progress of construction sites, assessing any critical issues and the definition of corrective actions;
- monitoring the progress of other strategic initiatives and interfunctional projects, in order to ensure the necessary prioritisation and coordination;
- sharing the overall budget proposals of the company presented to the competent bodies and periodically monitoring the development thereof;
- providing, at the request of the Chief Executive Officer, opinions on other matters which are of interest to the company.

The Coordination Committee held 20 meetings in 2015.

CREDIT COMMITTEE

The Credit Committee is a collegial body that provides technical information and is responsible for issuing mandatory and non-binding opinions in the cases described below.

Composition and responsibilities

The composition of the Credit Committee is established with the decision by the Chief Executive Officer. External members selected by the Chief Executive Officer based on their industry sector expertise may also be appointed as members of the Credit Committee.
The head of the Lending Department is the Chairman of the Credit Committee and a permanent member of this committee.

The Credit Committee has the following responsibilities:
- expressing mandatory and non-binding opinions on the admissibility of the operation, in terms of creditworthiness (of the counterparty and/or the economic and financial viability of the operation), concentration (for CDP and for the CDP Group), and the appropriateness of the conditions applying to the financing, for financing subject to approval by the Board of Directors, the Chief Executive Officer and the General Manager[30];

28 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.
29 In December, 2015 the Institutional Relations and External Communications Area was eliminated and its activities were transferred to the newly established Public Affairs Area and Identity & Communications Area.
30 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.

- giving an opinion on the creditworthiness monitoring reports of each borrower prepared by the Lending Department on a regular basis ;
- expressing, on the initiative of the Lending Department, with reference to specific non-performing loans, an opinion in support of the proposals identified by the departments involved in the management of non-performing loans;
- providing opinions, at the request of the Chief Executive Officer, the General Manager[31] and the CRO, on specific issues and/or lending operations.

The Credit Committee held 31 meetings in 2015.

RISK COMMITTEE

The Risk Committee is a collegial body responsible for providing guidance and control in relation to the management of risks and assessment of the viability of new products. The Committee is also responsible for assessing the compliance of transactions or new products with the law or the Articles of Association.

Composition and responsibilities

The Risk Committee is composed of the following members[32]:
- Chief Executive Officer;
- Chief Financial Officer;
- Chief Operating Officer;
- Chief Legal Officer;
- Chief Risk Officer.

The Chief Executive Officer is the Chairman of the Risk Committee. In the absence of the Chief Executive Officer, the role of Chairman is assumed by the Chief Risk Officer.
The activity of the Risk Committee consists in monitoring all types of risks identified in the Risk Management Rules and the related financial implications.

The Risk Committee provides technical information and advice to the Chief Executive Officer, when requested by the CEO or on proposal of the Chief Risk Officer, and provides opinions on issues concerning:
- CDP’s overall risk policy;
- management and operational assessment of especially large risks;
- assessment of the viability of new products.

The Committee also provides mandatory opinions (“eligibility opinions”), of an advisory nature, to the proposing bodies regarding the compliance of transactions and new products with the law and the Articles of Association.
In accordance with the banking regulations on controls and the role of committees, the powers for the internal control functions remain in place.
The Risk Committee held 20 meetings in 2015.

RATES AND CONDITIONS COMMITTEE

The Taxes and Conditions Committee is a collegial body that provides technical information and advice whose involvement is mandatory and opinions non-binding. It is responsible for providing support to the Chief Executive Officer in determining the terms and conditions of loans offered, under the Separate Account, by the Public Entities Area and the Economic Support Area.
The Rates and Conditions Committee usually meets on a weekly basis.

31 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.
32 Replacements cannot be appointed.

Composition and responsibilities

The Rates and Conditions Committee is composed of the following members:
- Head of the Public Entities Area;
- Head of the Finance Area;
- Head of the Planning and Control Area;
- Head of the Economic Support Area.

The Head of the Risk Management and Anti-money Laundering Area (or person appointed by him/her) attend meetings, especially when they involve determining the conditions for a new product and/or when changes are being considered for the valuation and analysis models used.
The Head of the Finance Area, or a person delegated by this head, is the Chairman of the Rates and Conditions Committee.

The Rates and Conditions Committee has the following responsibilities:
- analysing trends in the lending market during the reporting period;
- analysing trends in the lending market during the reporting period and the tendering procedures/ lending operations organised by public entities, in particular regarding those for the provision of loans with costs born by Central Government;
- analysing the results of any transactions carried out by counterparties with other banks also in relation to competitive procedures;
- analysing any specific requirements expressed by counterparties in relation to the terms and conditions offered on financial products;
- analysing data relating to the volume and conditions of lending and funding, both actual and notional (Internal Transfer Rates) for each product concerned;
- analysing data related to profitability and progress against the budget;
- identifying the parameters to use for determining the financial terms and conditions to apply to the finance products offered and proposing the establishment of these terms and conditions.

The Rates and Conditions Committee held 71 meetings in 2015.

REAL ESTATE ADVISORY COMMITTEE

The Real Estate Advisory Committee is a collegial body that provides opinions - on an advisory basis - on operational matters of the real estate business.

Composition and responsibilities

The Committee is composed of the following members:
- General Manager[33];
- Head of the Real Estate Area;
- Head of the Relationship Management Area;
- Head of the Equity Investment Area;
- Representative of CDP Immobiliare;
- Representative of CDP Investimenti SGR.

The activities of the Real Estate Advisory Committee consist of:
- analysing and agreeing:
  - new real estate investment/divestment initiatives;
  - new real estate products/vehicles;
- agreeing company business strategies regarding real estate;
- agreeing business actions and commercial strategies regarding real estate;

33 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.

- analysing information on the development of plans and performance in the real estate segment;
- discussing and identifying areas of collaboration/synergy within the real estate segment.

The General Manager[34], or a person delegated by the General Manager, performs the role of the Chairman of the Committee.
According to the items on the agenda, the Chairman may also invite employees of CDP, CDP Immobiliare and/or CDP Investimenti SGR to attend, also on proposal by members of the Committee.
The Real Estate Advisory Committee held 2 meetings in 2015.

LIQUIDITY CONTINGENCY COMMITTEE

The Liquidity Contingency Committee is technical and advisory collegial body assigned specific responsibilities regarding the management of liquidity in situations of crisis and liquidity strain.
The Liquidity Contingency Committee's main objective is to ensure an adequate level of liquidity and guarantee CDP's financial stability.

Composition and responsibilities

The Liquidity Contingency Committee is composed of the following members:
- Chief Executive Officer;
- General Manager[35];
- Chief Financial Officer;
- Chief Operating Officer;
- Chief Legal Officer;
- Chief Risk Officer.

The Chief Risk Officer, or a person delegated by the Chief Risk Officer, performs the role of the Chairman of the Liquidity Contingency Committee.

The Liquidity Contingency Committee has the following responsibilities:
- correctly and promptly assessing the seriousness and severity of any (imminent) situation of liquidity strain;
- assessing CDP's actual funding capacity;
- proposing strategies to overcome alert/crisis situations and ensuring the instructions provided are properly executed;
- continually monitoring the progress of the situation of liquidity strain through a series of alert criteria and where necessary adopting further corrective measures, and assessing the effectiveness.

The Liquidity Contingency Committee did not need to meet during 2015.

ELIGIBILITY COMMITTEE

The Eligibility Committee is a collegial body that is responsible for expressing, in favour of the Proposing Bodies, non-binding opinions on transactions or new products in terms of eligibility.

Composition and responsibilities

The Eligibility Committee is composed of the following members:
- Chief Legal Officer;
- Chief Financial Officer;
- Chief Risk Officer.

34 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.
35 In August 2015, the Chief Executive Officer of CDP S.p.A. also assumed the office of General Manager of CDP S.p.A.

If the agenda includes discussions on new products, the Chief Operating Officer is included in the composition and has limited voting rights on these issues.
The Chief Executive Officer takes part in Eligibility Committee meetings and is responsible for appointing the Chairman for each financial year.
At the request of the Chairman and with the consent of the Chief Executive Officer, the composition of the Committee can be supplemented for decisions of particular relevance with one or more external experts with the appropriate professional qualifications for the issues to be dealt with.

The Eligibility Committee gives their non-binding opinion, in favour of the proposing bodies, on transactions or new products on:

- compliance of transactions with the law and the Articles of Association;
- viability of new products, among other things in terms of statutory compliance, financial and operational feasibility, administrative and accounting aspects and risks.

The Eligibility Committee held 3 meetings in 2015 until its activities were transferred to the Risk Committee[36].

36 April 2015.

9. RELATIONS OF THE PARENT COMPANY WITH THE MEF

RELATIONS WITH THE CENTRAL STATE TREASURY

CDP has an interest-bearing current account, no. 29814 denominated "Cassa DP S.p.A. - Gestione Separata", with the Central State Treasury on which it deposits most of its liquidity.

Pursuant to Article 6.2 of the decree of the Minister for the Economy and Finance (MEF) of 5 December 2003, interest on the funds is paid half-yearly at a floating rate equal to the simple arithmetic mean between the gross yield on six-month Treasury bills and the monthly Rendistato index.

AGREEMENTS WITH THE MEF

In accordance with the above mentioned decree, CDP continued to manage the administrative and accounting aspects of the relationships transferred to the MEF at the end of 2003. These activities are governed by two agreements with the MEF that set out the guidelines for the exercise of the functions performed by CDP and the fees due for such services.

The first agreement, renewed on 23 December 2014 until 31 December 2019, governs the methods by which CDP manages existing relations as of the transformation date, resulting from the Postal Savings Bonds transferred to the MEF (Article 3.4.c) under the Ministerial Decree cited above). Based on this agreement, in addition to settling cash flows and managing relations with Poste Italiane, CDP provides the following services to the MEF:
- financial reporting;
- periodic provision of information, both actual and forecasts, on bond redemptions and stocks;
- monitoring and management of the Treasury accounts established for the purpose.

The second agreement, which was renewed on 10 April 2015 until 31 December 2019, concerns the management of the loans and relations transferred to the MEF pursuant to Article 3.4, a), b), e), g), h) and i) in the above ministerial decree. Here, too, guidelines were provided to help with the management activities by surveying such activities. In line with Article 4.2 of the aforementioned decree, CDP's role as defined by this agreement includes carrying out disbursement, payment, and credit collection transactions, to represent the MEF in legal and other matters, to fulfil obligations, and to exercise powers and rights in the management of relations connected with the activities transferred. CDP also provides the MEF with the following services:
- a detailed report on the activities performed;
- periodic provision of information on developments in the transferred loans and relationships, both actual and forecast;
- monitoring and management of the Treasury accounts established for this purpose.

The MEF paid CDP €2.6 million in 2015 for the performance of these services.

On 12 April 2013 an *Addendum* to the above agreement was signed in order to ensure the immediate implementation of the provisions of Decree Law no. 35 of 8 April 2013, regarding the release of payments for government trade payables. As a result of the regulatory provisions introduced in Article 13, para. 1, 2 and 3 of Decree Law 102 of 31 August 2013, on 11 September 2013 a supplementary deed to the *Addendum* already entered into between CDP and MEF needed to be signed to establish the criteria and methods of access to the payment of the cash advances for 2014, which was then followed by 3 additional deeds.

A new agreement was signed on 30/12/2014 between CDP and MEF for the management of the "Government Securities Amortization Fund". Following the decisions of the Governing Council of the European Central Bank of 5 June 2014, as a result of which the remuneration of deposits placed by General Government at the national central banks (Bank of Italy) became negative and currently amounts to -0.20% per year, Article 1, paragraph 387 of Law no. 190 of 23 December 2014 provided for the transfer of management of this Fund from the Bank of Italy to CDP management.

On 23 December 2014, a new agreement was finalised for the financial, administrative and accounting management of the off-balance-sheet Revolving Fund for Cooperation and Development through which the MEF assigned CDP:

- the financial, administrative and accounting management of the Revolving Fund, pursuant to Article 26 of Law 227/1977, relating to: (i) concessional loans pursuant to Article 8 of Law 125/2014, which can be granted to finance specific bilateral cooperation projects and programmes; and (ii) subsidised loans pursuant to Article 27, paragraph 3, of Law 125/2014;
- the financial, administrative and accounting management of the Guarantee Fund pursuant to Article 27, paragraph 3, of Law 125/2014 for subsidised loans granted to Italian enterprises to ensure the financing of their equity investments, for the establishment of joint enterprises in partner countries.

An annual lump sum expenditure reimbursement of €1 million has been established for the performance of the service.

MANAGEMENT ON BEHALF OF THE MEF

The main assets managed are the loans granted by CDP and transferred to the MEF, the residual debt of which came to €8,011 million at 31 December 2015, compared with €9,626 million at the end of 2014. In addition, there are the cash advances granted for the payment of General Government trade payables (Decree Law 35 of 8 April 2013, Decree Law 66 of 24 April 2014, and Decree Law 78 of 19 June 2015), for which the debt as at 31 December 2015 amounted to €6,487 million, compared to €5,885 million at the end of 2014. The liabilities include the management of Postal Savings Bonds assigned to the MEF, which at year-end totalled €70,617 million, compared with €71,518 million at 31 December 2014.
In accordance with the above-mentioned ministerial decree, CDP continues to handle a number of activities established under specific legislative provisions, financed primarily with state funds. The funds appropriated for these activities are deposited in non-interest-bearing Treasury accounts held in the name of the MEF, and CDP is authorised to use them for the purposes envisaged in the laws establishing the programmes. Major programmes include the following: residential building, which had funds amounting to €2,944 million at 31 December 2015; the natural gas infrastructure programme for the South, which had resources totalling €201 million; and resources for territorial agreements and area contracts, which came to €570 million.

10. PROPOSAL FOR ALLOCATION OF THE NET INCOME FOR THE YEAR

We hereby submit for shareholder approval the financial statements for 2015, consisting of the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to the financial statements with related annexes. The financial statements are accompanied by the directors' report on operations.

The net income for the year 2015, of €892,969,789 will be allocated in full in accordance with the resolution passed by the Shareholders' Meeting. We note that no provision needs to be made to the legal reserve because it has already reached the amount of €700,000,000 corresponding to the limit of one-fifth of the share capital required by Article 2430 of the Civil Code.

Rome, 13 April 2016

The Chairman
Claudio Costamagna


cdp

3. Separate Financial Statements 2015

FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

The separate financial statements at 31 December 2015 have been prepared in accordance with the applicable regulations and are composed of:

- Balance sheet;
- Income statement;
- Statement of comprehensive income;
- Statement of changes in equity;
- Cash flow statement;
- Notes to the separate financial statements.

The notes to the separate financial statements are composed of:
Introduction

- Part A - Accounting policies;
- Part B - Information on the balance sheet;
- Part C - Information on the income statement;
- Part D - Comprehensive income;
- Part E - Information on risks and related hedging policies;
- Part F - Capital;
- Part H - Transactions with related parties;
- Part L - Operating segments.

The section "Annexes", which is an integral part of the separate financial statements, includes a list of equity investments held by CDP and the separate schedules showing the contribution of the Separate Account and the Ordinary Account to CDP results.

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Balance sheet

(euros)

Assets		31/12/2015	31/12/2014
10.	Cash and cash equivalents	2,932	3,431
20.	Financial assets held for trading	200,501,673	298,681,592
40.	Financial assets available for sale	7,578,552,942	6,907,788,220
50.	Financial assets held to maturity	24,577,265,251	21,339,001,554
60.	Loans to banks	25,207,955,489	26,507,878,599
	- *of which segregated asset pool*	*406,691,544*	*315,157,507*
70.	Loans to customers	257,105,038,483	263,886,601,722
80.	Hedging derivatives	789,378,295	683,756,741
100.	Equity investments	28,138,171,456	29,037,562,809
110.	Property, plant and equipment	252,558,181	231,831,135
120.	Intangible assets	5,349,273	5,653,001
130.	Tax assets:	809,946,549	914,169,425
	a) current	467,581,492	688,383,445
	b) deferred	342,365,057	225,785,980
150.	Other assets	234,235,232	391,703,034
	Total assets	**344,898,955,756**	**350,204,631,263**

(euros)

Liabilities and equity		31/12/2015	31/12/2014
10.	Due to banks	14,336,702,051	13,291,240,650
	- *of which secured by segregated asset pool*	*400,003,333*	-
20.	Due to customers	294,843,707,676	302,765,016,422
30.	Securities issued	14,381,591,253	9,989,572,140
40.	Financial liabilities held for trading	169,571,640	290,043,654
60.	Hedging derivatives	535,246,839	2,305,630,570
70.	Adjustment of financial liabilities hedged generically (+/-)	43,272,652	47,921,746
80.	Tax liabilities:	142,329,999	393,987,555
	a) current	35,304,568	228,138,672
	b) deferred	107,025,431	165,848,883
100.	Other liabilities	945,658,473	1,548,383,498
110.	Staff severance pay	930,077	887,491
120.	Provisions:	38,893,000	18,526,685
	b) other provisions	38,893,000	18,526,685
130.	Valuation reserves	940,469,993	1,073,171,925
160.	Reserves	14,184,832,430	12,867,358,117
180.	Share capital	3,500,000,000	3,500,000,000
190.	Treasury shares (-)	(57,220,116)	(57,220,116)
200.	Net income for the period (+/-)	892,969,789	2,170,110,926
	Total liabilities and equity	**344,898,955,756**	**350,204,631,263**

Income statement

(euros)

Items		31/12/2015	31/12/2014
10.	Interest income and similar revenues	5,906,932,765	6,924,344,105
20.	Interest expense and similar charges	(5,001,806,401)	(5,762,905,636)
30.	**Net interest income**	**905,126,364**	**1,161,438,469**
40.	Commission income	61,365,810	52,431,196
50.	Commission expense	(1,614,857,006)	(1,643,658,781)
60.	**Net commission income**	**(1,553,491,196)**	**(1,591,227,585)**
70.	Dividends and similar revenues	1,538,444,005	1,846,798,798
80.	Net gain (loss) on trading activities	69,670,039	13,164,361
90.	Net gain (loss) on hedging activities	4,504,139	(44,393,865)
100.	Gains (losses) on disposal or repurchase of:	399,986,163	339,792,976
	a) loans	67,284,144	57,922,885
	b) financial assets available for sale	332,691,751	281,870,091
	c) financial assets held to maturity	10,268	-
120.	**Gross income**	**1,364,239,514**	**1,725,573,154**
130.	Net impairment adjustments of:	(95,628,198)	(130,744,682)
	a) loans	(101,827,650)	(113,031,124)
	b) financial assets available for sale	(26,800)	-
	d) other financial transactions	6,226,252	(17,713,558)
140.	**Financial income (expense), net**	**1,268,611,316**	**1,594,828,472**
150.	Administrative expenses:	(130,723,327)	(128,240,736)
	a) staff costs	(71,653,920)	(65,479,924)
	b) other administrative expenses	(59,069,407)	(62,760,812)
160.	Net provisions	(18,486,007)	(1,628,032)
170.	Net adjustments of property, plant and equipment	(4,575,292)	(4,822,935)
180.	Net adjustments of intangible assets	(2,246,874)	(2,242,113)
190.	Other operating income (costs)	(18,383,217)	4,164,148
200.	**Operating costs**	**(174,414,717)**	**(132,769,668)**
210.	Gains (losses) on equity investments	(209,042,375)	938,066,437
240.	Gains (losses) on the disposal of investments	(5,479)	(5,217)
250.	**Income (loss) before tax from continuing operations**	**885,148,745**	**2,400,120,024**
260.	Income tax for the period on continuing operations	7,821,044	(230,009,098)
270.	**Income (loss) after tax on continuing operations**	**892,969,789**	**2,170,110,926**
290.	**Income (loss) for the period**	**892,969,789**	**2,170,110,926**

Statement of comprehensive income

(euros)

Items		31/12/2015	31/12/2014
10.	**Income (loss) for the period**	**892,969,789**	**2,170,110,926**
	Other comprehensive income net of taxes transferred to income statement		
90.	Cash flow hedges	(7,586,917)	11,676,230
100.	Financial assets available for sale	(125,115,015)	86,312,872
130.	**Total other comprehensive income net of taxes**	**(132,701,932)**	**97,989,102**
140.	**Comprehensive income (items 10 + 130)**	**760,267,857**	**2,268,100,028**

Statement of changes in equity: current period

(euros)	Balance at 31/12/2014	Changes in opening balance	Balance at 01/01/2015	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations
Share capital:					
a) ordinary shares	3,500,000,000		3,500,000,000		
b) preference shares					
Share premium reserve					
Reserves:					
a) income	12,867,358,117		12,867,358,117	1,317,474,313	
b) other					
Valuation reserves:					
a) available for sale	874,492,332		874,492,332		
b) cash flow hedges	31,107,591		31,107,591		
c) other reserves					
- revaluation of property	167,572,002		167,572,002		
Equity instruments					
Treasury shares	(57,220,116)		(57,220,116)		
Income (loss) for the period	2,170,110,926		2,170,110,926	(1,317,474,313)	(852,636,613)
Equity	**19,553,420,852**		**19,553,420,852**		**(852,636,613)**

Statement of changes in equity: previous period

(euros)	Balance at 31/12/2013	Changes in opening balance	Balance at 01/01/2014	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations
Share capital:					
a) ordinary shares	3,500,000,000		3,500,000,000		
b) preference shares					
Share premium reserve					
Reserves:					
a) income	11,371,230,455		11,371,230,455	1,496,127,662	
b) other					
Valuation reserves:					
a) available for sale	788,179,460		788,179,460		
b) cash flow hedges	19,431,361		19,431,361		
c) other reserves					
- revaluation of property	167,572,002		167,572,002		
Equity instruments					
Treasury shares	(57,220,116)		(57,220,116)		
Income (loss) for the period	2,348,764,274		2,348,764,274	(1,496,127,662)	(852,636,612)
Equity	**18,137,957,436**		**18,137,957,436**		**(852,636,612)**

Changes for the period								
	Equity transactions							
Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2015	Equity at 31/12/2015
								3,500,000,000
								14,184,832,430
							(125,115,015)	749,377,317
							(7,586,917)	23,520,674
								167,572,002
								(57,220,116)
							892,969,789	892,969,789
							760,267,857	**19,461,052,096**

Changes for the period								
	Equity transactions							
Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2014	Equity at 31/12/2014
								3,500,000,000
								12,867,358,117
							86,312,872	874,492,332
							11,676,230	31,107,591
								167,572,002
								(57,220,116)
							2,170,110,926	2,170,110,926
							2,268,100,028	**19,553,420,852**

Cash flow statement (indirect method)

(euros)	31/12/2015	31/12/2014
A. Operating activities		
1. Operations	**2,806,319,496**	**5,466,218,766**
Net income for the year (+/-)	892,969,789	2,170,110,926
Gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(11,394,727)	(13,854,897)
Gains (losses) on hedging activities (-/+)	(30,409,850)	(16,215,828)
Net impairment adjustments (+/-)	96,447,955	131,452,791
Net value adjustments to property, plant and equipment and intangible assets (+/-)	6,822,166	7,065,048
Net provisions and other costs/revenues (+/-)	26,984,734	11,014,868
Unpaid charges, taxes and tax credits (+/-)	(7,821,044)	230,009,098
Writedowns/writebacks of equity investments (+/-)	209,042,375	148,520,468
Other adjustments (+/-)	1,623,678,098	2,798,116,292
2. Cash generated by/used in financial assets	**10,880,405,446**	**(21,228,388,260)**
Financial assets held for trading	109,574,646	187,852,784
Financial assets available for sale	(747,339,010)	(1,641,091,987)
Loans to banks: other	1,206,126,987	(11,755,990,288)
Loans to customers	11,753,774,174	(8,255,737,138)
Other assets	(1,441,731,351)	236,578,369
3. Cash generated by/used in financial liabilities	**(5,427,789,724)**	**29,656,011,695**
Due to banks: other	1,115,550,807	(10,548,512,701)
Due to customers	(10,077,972,324)	38,226,338,562
Securities issued	4,447,785,599	2,661,322,998
Financial liabilities held for trading	(120,472,015)	(154,771,699)
Other liabilities	(792,681,791)	(528,365,465)
Cash generated by/used in operating activities	**8,258,935,218**	**13,893,842,201**
B. Investing activities		
1. Cash generated by	**26,594,969,788**	**25,717,180,187**
Sale of equity investments	798,925,680	2,815,240,512
Sale of financial instruments held to maturity	25,796,044,108	22,901,939,675
2. Cash used in	**(29,180,899,898)**	**(26,138,847,549)**
Purchase of equity investments	(108,576,702)	(221,921,860)
Purchase of financial assets held to maturity	(29,045,077,714)	(25,893,699,984)
Purchase of property, plant and equipment	(25,302,337)	(21,582,988)
Purchase of intangible assets	(1,943,145)	(1,642,717)
Cash generated by/used in investing activities	**(2,585,930,110)**	**(421,667,362)**
C. Financing activities		
Dividend distribution and other allocations	(852,636,613)	(852,636,612)
Cash generated by/used in financing activities	**(852,636,613)**	**(852,636,612)**
CASH GENERATED/USED DURING THE YEAR	**4,820,368,495**	**12,619,538,227**

Reconciliation

Items (*)	31/12/2015	31/12/2014
Cash and cash equivalents at beginning of year	148,754,145,889	136,134,607,662
Total cash generated/used during the year	4,820,368,495	12,619,538,227
Cash and cash equivalents: effects of changes in exchange rates	-	-
Cash and cash equivalents at end of year	153,574,514,384	148,754,145,889

(*) 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.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

Structure and content of the financial statements

As in previous years, the CDP financial statements have been prepared in accordance with the regulations of the Bank of Italy, which are set out in its circular concerning "Banking and financial service supervision" of 22 December 2005, updated to 15 December 2015, which set out the formats and rules for compiling bank financial statements, incorporating the introduction of International Financial Reporting Standards (IFRS) for bank financial reporting.
With Regulation (EC) 1606/2002 of 19 July 2002, the European Union made it compulsory, as of the 2006 financial year, to adopt the IAS/IFRS in preparing the financial statements of EU companies that issue equity or debt securities on a regulated market in the European Union.

Italian Legislative Decree 38 of 28 February 2005 was then issued in Italy in order to govern the application of:

- the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB);
- the International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC);

as well as the interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC, formerly the Standing Interpretations Committee, or SIC).

The financial statements are expressed in euros and include the Balance sheet, the Income statement, the Statement of comprehensive income, the Statement of changes in equity, the Cash flow statement and these explanatory Notes to the financial statements and related annexes, as well as the directors' report on operations.
The financial statements present a clear, true and fair overview of the company's financial performance and standing, correspond with the company's accounting records and fully reflect the transactions conducted during the year.

Basis of presentation

The Balance sheet, the Income statement and the other financial statements are expressed in euros, whereas the tables in the Notes to the financial statements are stated 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, income is indicated as positive numbers, while expenses are shown as negative numbers (in brackets).
The figures in the other financial statements and the tables of the Notes to the financial statements have been rounded to the nearest thousand, and 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

As detailed below, the Notes to the financial statements provide all of the information required by law, as well as any supplemental information deemed necessary in order to provide a true and fair presentation of the company's financial performance and standing.
The tables and other details required by the Bank of Italy have been numbered in accordance with the parts and sections specified in Annex "A" of the supervisory instructions issued by the Bank of Italy.
For the purposes of comparison, the tables in the Notes to the financial statements present the figures for both the 2015 and 2014 financial years.
Tables with no amounts for either 2015 or 2014 have been omitted.

CDP segregated asset pools

Separate account KfW

On 29 October 2014, the Board of Directors approved the establishment of a separate account, 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.
By subsequent resolution of the Board of Directors on 29 October 2015, the increase was approved for a total amount of €100 million, bringing it to a total of €400 million, in addition to the extension to 18 December 2015 of the period within which CDP could use the loan. The related consequent modifying addendum to the loan agreement was signed between CDP and KfW on 16 November 2015.
This funding is 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 €460 million.
At the reporting date the €400 million funding for the agreement between CDP and KfW had been fully disbursed.
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 financial statements

The statutory audit of the CDP financial statements pursuant to Legislative Decree 39/2010 was performed by the independent auditors PricewaterhouseCoopers S.p.A., following the engagement for the independent audit of the financial statements and accounts, for the period 2011-2019, granted by the Shareholders' Meeting on 25 May 2011.

Annexes

In order to provide suitable disclosure, a detailed list of the equity investments held by CDP is annexed to the Annual Report.
Statements showing the contribution of the Separate Account and the Ordinary Account of CDP are also annexed to this report.

PART A - ACCOUNTING POLICIES

A.1 - General information

SECTION 1 - DECLARATION OF CONFORMITY WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the IASB (and related IFRIC and SIC interpretations) endorsed by the European Commission and in force at 31 December 2015, and, to the extent applicable, with the Bank of Italy circular no. 262 of 22 December 2005 (and subsequent amendments of 18 November 2009, 21 January 2014, 22 December 2014, and 15 December 2015).

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 and 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 Notes to the financial statements also provide supplemental information for such purpose.

The 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 concerning disclosures on business continuity and in compliance with the requirements on the same issue contained in IAS 1 Revised, CDP 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, CDP feels that it is appropriate to prepare its financial statements on a going-concern basis.
No assets have been offset with liabilities, nor income with expenses, unless expressly required or allowed by the instructions of the Bank of Italy or by an accounting standard or a related interpretation.

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.

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 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 and interpretive issues concerning accounting treatment;
- the statistical and financial assumptions used in estimating repayment flows on postal savings products.

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 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date for the separate financial statements and their approval by the Board of Directors on 13 April 2016, no events occurred that would require an adjustment to the figures presented in the financial statements at 31 December 2015, or the provision of additional information.

SECTION 4 - OTHER ISSUES

IFRS in force since 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 involve the following accounting standards:
  - IFRS 3 - Business combinations
    The change clarifies that the formation of all types of joint arrangement, as defined by IFRS 11, is excluded from the scope of IFRS 3;
  - IFRS 13 - Fair value measurement
    The change clarifies that the exception in paragraph 48 of IFRS 13, on the ability to measure the fair value of a net position (when there are financial assets and liabilities with positions offsetting market risk and credit risk), applies to all contracts that fall within the scope of IAS 39 (and IFRS 9 in the future) regardless of whether they meet the definition of financial assets and financial liabilities provided by IAS 32;
  - IAS 40 - Investment property
    The change clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of IFRS 3 or IAS 40, reference must be made to the specific guidance given in the respective standards. In fact, an assessment needs to be made as to whether the acquisition of an investment property constitutes the acquisition of an asset, a group of assets or even a business combination pursuant to IFRS 3.

The adoption of the above-mentioned changes to the standards did not result in any significant impacts on the Company's financial statements.

New accounting standards and interpretations issued and approved by the European Commission, but not yet effective (date of entry into effect for accounting periods beginning from 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).

- European 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. In the absence of certain conditions, 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.
- European Commission Regulation (EU) 2015/2113 of 23 December 2015, published in the Italian Official Gazette as Law 306 of 24 November, adopting Amendments to IAS 16 - Property, plant and equipment and IAS 41 - Agriculture: bearer plants. Although this amendment is irrelevant for the Company, it is noted that this amendment consists of making the accounting treatment to be adopted for plants for the cultivation of agricultural products over various years, known as bearer plants, equivalent to the accounting treatment adopted for property, plant and equipment as per IAS 16 - "Property, plant and equipment".
- European Commission Regulation (EU) 2015/2173 of 24 November 2015, published in the Italian Official Gazette as Law 307 of 25 November 2015, adopting Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations. The amendments provide guidance on the accounting treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.
- European Commission Regulation (EU) 2015/2231 of 2 December 2015, published in the Italian Official Gazette as Law 317 of 3 December 2015, adopting Amendments to IAS 16 - Property, plant and equipment and IAS 38 - Intangible Assets. This amendment clarifies when it is appropriate to use an amortisation method based on revenue, i.e. based on a plan that amortises the property, plant and equipment and intangible assets based on the revenues generated from the use of those assets.
- Commission Regulation (EU) 2015/2343 of 15 December 2015, published in the Italian Official Gazette as Law 330 of 16 December, adopting the *Annual Improvements to International Financial Reporting Standards 2012-2014 Cycle*, whose main amendments related to:
  - IFRS 5 - Non-current assets held for sale and discontinued operations
    The amendment introduced a specific guidance to IFRS 5 for when an entity reclassifies an asset from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classification of an asset as held-for-distribution are no longer satisfied.
    The amendments established that:
    - these reclassifications do not constitute a change to a plan (for sale or for distribution) and therefore the classification and measurement criteria remain valid;
    - assets that no longer than meet the requirements for classification as held-for-distribution must be treated in the same way as an asset that ceases to be classified as held for sale.
  - IFRS 7 - Financial instruments: disclosures
    The amendment governs the introduction of further guidance to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purposes of the disclosures required for transferred assets.
    It also clarifies that the disclosure on the offsetting financial assets and financial liabilities is not strictly required for all interim financial reporting, however, this disclosure may be necessary to comply with the provisions of IAS 34, if the information is significant.
  - IAS 19 - Employee benefits
    This document clarifies that the rate used to discount post-employment benefits should be determined by reference to high quality corporate bonds issued in the currency used for the payment of the benefits and the depth of the related market must therefore be defined in terms of currency.
  - IAS 34 - Interim financial reporting
    This document introduces amendments to clarify some required information must be included in the interim financial statements or, at a minimum, in other parts of the accounts such as the interim financial report, whilst making sure to include cross references to the other section in the interim financial statements. In such case, the interim financial report must be made available to readers of the financial statements in the same manner and with the same timing as the interim financial statements, otherwise the latter shall be considered incomplete.
- Commission Regulation (EU) 2015/2406 of 18 December 2015, published in the Italian Official Gazette as Law 333 of 19 December 2015 adopting Amendments to IAS 1 Presentation of financial statements: Disclosure initiative. As part of the wider process of improvement of financial statement disclosure, this amendment makes minor changes to IAS 1 aimed at providing clarifications regarding elements that can be perceived as impediments to the clear and understandable preparation of financial statements.
- Commission Regulation (EU) 2015/2441 of 18 December 2015, published in the Italian Official Gazette as Law 336 of 23 December, adopting Amendments to IAS 27 - Separate Financial Statements: Equity method in separate financial statements. This amendment introduces the possibility, within the separate financial statements of the investor, of measuring investments in subsidiaries, joint ventures or associates, using the equity method.

Accounting standards, amendments and interpretations not yet endorsed at the date of these financial statements

At the date of approval of these financial statements, the IASB has issued, but the European Commission has not yet endorsed a number of accounting standards, amendments and interpretations, including specifically:
- IFRS 9 - Financial instruments;
- IFRS 14 - Regulatory deferral accounts;
- IFRS 15 - Revenue from contracts with customers;
- IFRS 16 - Leases;
- *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;
- *Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception (issued on 18 December 2014)*;
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses;
- Amendments to IAS 7: Disclosure Initiative.

IFRS 9 - Financial instruments

The new accounting standard, published by the IASB on 24 July 2014, replaced the previous versions published in 2009 and 2010, for the "classification and measurement" phase, and in 2013, for the "hedge accounting" phase. This publication represented the completion of the process of reform of IAS 39, which was divided into the three phases of "classification and measurement", "impairment", and "hedge accounting". The completion of the revision of the rules for macro hedge accounting still remains, for which the IASB has decided to initiate a separate project for IFRS 9.

Essentially, the main changes involve:
- the classification and measurement of financial assets, based on the business model and the characteristics of the cash flows of the financial instrument, which establishes three accounting categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income. With respect to the current IAS 39, the portfolios of financial assets available for sale and investments held to maturity have been eliminated, as well as the possibility of separating embedded derivatives for all financial assets. However, the current classification and measurement rules still apply for financial liabilities;
- the recognition of own credit risk, namely changes in fair value of the liabilities designated using the fair value option attributable to changes in own creditworthiness. The new standard establishes that those changes must be recognised in an equity reserve, rather than through profit or loss, as currently envisaged by IAS 39;
- the recognition and measurement of hedges through hedge accounting, in order to ensure greater alignment between the presentation of hedges and the underlying management approaches (risk management);
- a single impairment model, to be applied to all financial assets not measured at fair value through profit or loss, based on the concept of forward-looking expected loss). The objective of the new approach is to ensure more immediate recognition of losses compared to the incurred loss model provided for in IAS 39, according to which the losses must be recognised when there is objective evidence of a loss in value after initial recognition of the asset. More specifically, the model requires the exposures to be classified in three separate stages:
  - stage 1: to be measured based on expected loss of one year. These are performing assets for which no significant impairment has been observed since the initial recognition date;
  - stage 2: to be measured based on the expected loss over the remaining life. These are performing assets that have incurred a significant impairment with respect to the initial recognition;
  - stage 3: to be measured based on the expected loss on the remaining life, as they are considered as non-performing.

Mandatory application of the standard is required from 1 January 2018, with the possibility of early adoption of the entire standard or solely the amendments related to the accounting treatment of own credit risk for financial liabilities carried at fair value.
In the initial months of 2016, CDP started preparations for a project aimed at identifying the main areas of impact and establishing a methodological framework for the classification, measurement, and impairment of financial assets. The analyses conducted so far have shown that loans are the area most impacted. The new impairment model, in fact, establishes the requirement to measure an expected loss, not only for the non-performing assets, but also for performing assets for which there has been a significant deterioration with respect to the grant date.
These impacts are not limited to a likely increase in the cost of the loan, necessarily linked to the change from an incurred to an expected model, but also relate to the adaptations required in terms of organisational and IT procedures and processes, aimed at enabling the classification and monitoring of loans across the three stages, as well as the need to construct robust models for estimating probability of default over a time horizon aligned to the remaining life of the

loans, capable, on one hand, of maximising the synergies of the existing models and, on the other hand, of also incorporating forward-looking factors.

At the data preparation of these financial statements, the project was expected to be initiated by the first half of 2016 and CDP has, therefore, not reached a state of progress in the work and analysis to enable a reliable estimate of the financial statement impacts resulting from first-time adoption of the new standard.

IFRS 15 - Revenues from contracts with customers

This standard, published by the IASB on 28 May 2014, introduced a single model for the measurement of all revenues from contracts signed with customers and replaces the previous standards and interpretations on revenues (IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31). According to this model, the entity must recognise revenues based on the remuneration that is expected to be received from the goods and services provided, determined on the basis of five steps:

1) identifying the contract, defined as an agreement between two or more parties that creates enforceable rights and obligations;
2) identifying the performance obligations in the contract;
3) determining the transaction price, namely the expected consideration for the transfer of the goods or services to the customer;
4) allocating the transaction price to each of the performance obligations, based on the stand-alone selling prices of the individual obligations;
5) recognising revenues allocated to the individual obligation when it is satisfied, i.e. when the customer obtains control of the goods or services. This recognition takes account of the fact that some services may be provided in a specific moment or over a period of time.

Mandatory adoption of this standard is required from 1 January 2018, in line with the provisions contained in the document "*IFRS 15 - Effective Date*" published by the IASB on 11 September 2015. CDP has not yet started the formal assessment of the impacts, which, however, are not expected to be significant.

Amendment to the regulation on non-performing financial assets

On 20 January 2015, the Bank of Italy published the 7th update to circular 272 ("Accounts Matrix"), which amended the definitions of non-performing 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, non-performing financial assets have been split between the following categories with effect from 1 January 2015: bad debts, unlikely to pay, and non-performing past-due and/or overdrawn positions. The categories of substandard exposures and restructured exposures have been eliminated.
A new category of forbearance exposures has also been introduced, as defined in the ITS, applicable to both non-performing and performing assets.
The new notion of non-performing assets includes balance-sheet assets (loans and debt securities) and off-balance-sheet assets (guarantees issued, irrevocable commitments to disburse funds, etc.). It does not include financial instruments falling within the "Financial assets held for trading" portfolio and derivatives.
A description is provided below of the main characteristics of the new non-performing category of unlikely to pay, the new definition of past-due and/or overdrawn exposures, and the new notion of forbearance exposure.

Unlikely to pay

Classification in this category is, above all, the result of the assessment by the intermediary regarding the unlikelihood that, without resorting to actions such as the enforcement of guarantees, the debtor will fulfil their credit obligations (principal and/or interest). This assessment should be made independently of any past due or unpaid amounts (or instalments). The overall on-balance-sheet and off-balance-sheet exposures to the same debtor that is in the above situation is called "unlikely to pay", unless the conditions apply for classifying the debtor as bad debts.

Non-performing past-due and/or overdrawn exposures

This category includes on-balance-sheet exposures, other than those classified as bad debts or unlikely to pay, which, at the reporting date, are past-due or overdrawn. These exposures must be determined by referring to either the individual debtor or the individual transaction, as detailed below.

Individual debtor approach

The overall exposure of a debtor is considered to be non-performing past due and/or overdrawn when it has one or more positions continuously past due for over 90 days, when the greater of the two following values is equal to or above the threshold of 5%, at the reporting date:

a) average of the amounts past due and/or overdrawn on the entire position reported on a daily basis over the preceding quarter;
b) amount past due and/or overdrawn on the entire exposure on the reporting date.

For the purposes of determining the amount of past due and/or overdrawn exposure, it is possible to offset past-due positions and existing overdrafts on certain lines of credit with available margins against other lines of credit granted to the same debtor.

Individual transaction approach

Past-due and/or overdrawn exposures to retail customers can be determined at individual transaction level. To that end, individual transactions are considered past due when, at the reporting date, they have been continuously past due and/or overdrawn for over 90 days. Compared to the individual debtor approach, only the requirement of continuity is applied; no offsetting against existing margins on other lines of credit granted to the same debtor is permitted, or any materiality thresholds (therefore the entire transaction must be recognised as past due and/or overdrawn whatever amount is past due).
If the entire amount of an on-balance-sheet exposure past due for over 90 days in proportion to the overall on-balance-sheet exposures to the same debtor is equal to or more than 20%, the overall on-balance-sheet and off-balance-sheet exposures to that debtor must be considered as a past due and/or overdrawn exposure (so-called pulling effect).

The choice between the individual transaction approach and individual debtor approach must be made at the level of retail portfolio and not of individual counterparties.

Forbearance exposures

Forbearance exposures are divided between:

- non-performing forbearance exposures: these include individual exposures that meet the definition of "*Non-performing exposures with forbearance measures*" in Annex V, Part 2, paragraph 180 of the ITS. These exposures, depending on circumstances, come under bad debts, unlikely to pay or non-performing past due and/or overdrawn exposures and do not form their own category of non-performing assets;
- other forbearance exposures: these include the other credit exposures that come under the category "*Forborne performing exposures*" as defined in the ITS.

These are exposures that have been subject to concessions (forbearance) towards a debtor that has, or is about to have, difficulties in meeting their financial commitments.

The ITS define a concession as:

- a modification of the terms and conditions of a contract that the debtor is considered unable to comply with due to its financial difficulties, and that would not have been granted had the debtor not been experiencing financial difficulties;
- the total or partial refinancing of a troubled debt contract, that would not have been granted had the debtor not been experiencing financial difficulties.

For the purposes of comparison, the non-performing 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 non-performing financial assets at 31 December 2014, because it consisted of transferring the positions previously classified as substandard to the new unlikely to pay category (at 31 December 2014 CDP did not have any restructured exposures).

The consolidated taxation mechanism

At 31 December 2015, the Parent Company CDP had in place, in its capacity as the consolidating entity, the "consolidated taxation mechanism" introduced with Legislative Decree 344 of 12 December 2003 together with the subsidiaries: i) Fondo Strategico Italiano S.p.A. and CDP GAS S.r.l. (for the three-year period 2015-2017); ii) CDP RETI S.p.A., Fincantieri S.p.A., Fincantieri Oil & Gas S.p.A. and Isotta Fraschini Motori S.p.A. (for the three-year period 2013-2015); and iii) Fintecna S.p.A. and CDP Immobiliare S.r.l. (for the three-year period 2014-2016).

Other information

The Board of Directors meeting of 13 April 2016 approved CDP's draft financial statements 2015 authorising their publication and disclosure, which will comply with the timing and procedures set out in current regulations applicable to CDP.

Due to requirements relating to the preparation of the consolidated financial statements, in accordance with Article 2364 of the Italian Civil Code and the Articles of Association, approval of the financial statements of CDP and acknowledgement of the consolidated financial statements of the CDP Group by the Shareholders' Meeting will take place within 180 days after the end of the financial year.

A.2 - The main financial statement accounts

The financial statements at 31 December 2015 have been prepared by applying the same accounting standards as those used for the preparation of the financial statements for the previous year, plus the amendments endorsed and in force with effect from the year 2015, as described in the Section 4 – Other issues, A.1 General Information.

The following pages provide a description of the accounting policies adopted in preparing the financial statements.

1 - Financial assets held for trading

"Financial assets held for trading" includes all financial assets, regardless of type (debt securities, equity securities, UCITS units, 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 carried at fair value (under the fair value option) and derivatives with a positive value, which are not deemed to be effective for hedging purposes.

The item also includes derivatives embedded in financial instruments or other contracts, which have been recognised separately because:
- they have financial and risk characteristics not strictly correlated to the host instrument;
- the embedded instruments, even when separated, meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

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).

Initial recognition of the financial assets held for trading is carried out at the transaction date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is not settled on the basis of the conventions on the market concerned, for which initial recognition is at the subscription date.
Upon initial recognition, financial assets held for trading are measured at fair value, which generally equals the transaction price, net of transaction costs or income. Any derivatives embedded in compound contracts that have the above characteristics are recognised separately at fair value, after having separated the embedded derivative from the host contract, which instead follows the accounting rules for its classification 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. The fair value is determined based on the official prices as of the reporting date if the financial instruments 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 changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities" (item 80) of the Income statement. The income components are recognised following the results of the measurement of the financial assets held for trading.

2 - Financial assets available for sale

"Financial assets available for sale" are non-derivative financial assets (debt securities, equity securities, 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. In particular, in addition to the bonds that not traded and are not classified as assets held to maturity or carried at fair value or under Loans, this item also includes equity investments not held for trading and

not qualifying as subsidiaries, associates and joint ventures, including private equity investments and investments in private equity funds.
Financial assets available for sale are initially recognised on the settlement date for debt securities and equities or on the disbursement date for loans.
The financial assets are initially recognised at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction. Where the amount paid is different from the fair value, the financial asset is recognised at fair value, and the difference between the two amounts is recognised 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 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, and values recorded in recent similar transactions. If the fair value of financial instruments not listed on active markets cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.
Unrealised gains or losses on available-for-sale securities are recorded in a specific equity reserve (other comprehensive income – OCI), net of tax effects, until the financial asset is eliminated or an impairment loss is recognised. Interest on the debt securities and loans is recorded in the income statement on an at amortised cost basis.
Financial assets available for sale undergo impairment testing to determine whether there is objective evidence of impairment. Where the decline in the fair value of an available-for-sale financial asset 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. 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 recoverable amount 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 amortised cost that the instrument would have had in the absence of the prior writedowns.
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 of the Income statement).
Dividends on equity instruments that are available for sale are recognised through profit or loss when the right to receive payment is established.
Financial assets available for sale 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.
Where an available-for-sale security is disposed of or eliminated, the related cumulative unrealised change in value recorded in equity is recognised in the income statement under "Gains (losses) on the disposal or repurchase of financial assets available for sale" (item 100.b). In the event of a partial disposal, the valuation reserve is reversed to profit or loss on a FIFO basis.

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.
Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction. 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.
After initial recognition, the relationships classified under financial assets held to maturity are measured at amortised cost, equal to the initial recognition amount, net of principal repayments and amortisation of the difference between the initial amount and the amount repayable on maturity calculated to using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future payment flows for the expected duration of the financial asset, in order to obtain the precise net carrying amount upon initial recognition, which includes directly attributable transaction costs, as well as the fees paid or received by the contracting parties.
Financial assets held to maturity 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.

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.
If the contract date and the disbursement date are not the same, a commitment to disburse funds is recognised which terminates when the disbursement is made. 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 to public entities and public-law bodies under CDP's 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 public entities 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 entities in respect of suppliers as the work is performed. 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 CDP earn interest that can be treated as a reimbursement of the interest income earned by CDP on the non-disbursed portion. CDP'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. With certain exceptions, the loan repayment plan begins as from the 1 July or 1 January following the execution of the loan contract. CDP'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, regardless of the amount actually disbursed.
Any disbursements requested by debtors 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 IAS/IFRS, 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 CDP to debtors other than public entities or public-law bodies are treated in the same way as loans granted by banks.
After initial recognition, the relationships classified under the loan portfolio are measured at amortised cost, equal to the initial recognition amount plus or minus principal repayments, write-downs and write-backs, and amortisation of the difference between the amount disbursed and the amount repayable on maturity calculated using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future payment flows for the expected duration of the loan, in order to obtain the precise net carrying amount upon initial recognition which includes both directly attributable transaction costs and fees paid or received by the contracting parties.
The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. These loans are measured at historical cost. This measurement criterion is also used for loans without a specific expiry date or demand loans.
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.
Non-performing loans (bad debts, unlikely to pay, and non-performing past-due and/or overdrawn positions) are measured individually. The amount of the writedowns to be made to the loans is determined as the difference between the carrying amount of the loan at the time of measurement and the present value of the expected future cash flows, net of collection costs, taking account of any guarantees securing the positions and any advances received, calculated by applying the original effective interest rate.
The writedown 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 expected recovery and/or greater receipts have been recorded than the previously recorded carrying amount of the loan. Writebacks are made up to the amount of the amortised cost that the loan would have had in the absence of writedowns. In any event, given the method used to measure writedowns, as the due dates for credit collection approach with the passing of time, the value of the loan is "written back" (time value), 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 of the Income Statement).
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 internal parameters used for pricing loans.

The estimate of the incurred loss for the portfolio is determined by applying a number of corrective parameters to the 1-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 are derecognised when payment is received, when the contractual rights to the cash flows expire, when they are considered definitively irrecoverable 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 Balance Sheet item "Loans to customers" includes 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.
The Balance Sheet item "Loans to banks" includes 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).

6 - Hedging transactions

In accordance with IAS 39, hedging instruments are designated as 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 (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:
1) the relationship between the hedging instrument and the position hedged, including the risk management objectives;
2) the hedging strategy, which must be in line with established risk management policies;
3) 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%.
At each period end, the effectiveness is assessed through specific prospective and retrospective tests capable, respectively, of demonstrating the expected effectiveness and the level of effectiveness achieved.
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 original 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.

Hedging derivatives are measured at fair value. The main items under this heading are:
- for fair value hedges, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is accounted for by recognising the changes in value through profit or loss, relating both to the hedged item (for the changes generated by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently represents the net profit or loss effect. The recognition through profit or loss of the change in fair value of the hedged item, attributable to the risk hedged, is also applied if the hedged item is an available-for-sale financial asset; if there was no hedging, this change would be recognised in equity.
- for cash flow hedges, the changes in fair value of the derivative are recognised in equity, for the effective portion of the hedge, and are only recognised through profit or loss when there is a change in the cash flows to be offset for the hedged item. The amount of the gain or loss of the hedging instrument considered ineffective is recognised through profit or loss. This amount is equal to the excess of the accumulated fair value of the hedging instrument with respect to the related fair value of the instrument hedged; in any event, the fluctuation of the hedged item and the related hedge must be kept within the range of 80%-125%;
- hedges of an investment in a foreign currency are accounted for in the same way as cash flow hedges.

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, the expected hedged cash flows are no longer considered as highly probable, the portion of that instrument recognized as "reserves" is immediately recycled through profit or loss. Conversely, if the hedging instrument is transferred or no longer qualifies as an effective hedge, the item "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.
Asset item 80 and liability item 60 report hedging and credit derivatives (when not considered guarantees received in accordance with IAS 39), which at the reporting date have either a positive or negative fair value.

For macro hedges, IAS 39 allows the object of a fair value hedge against interest rate risk to be not only an individual financial asset or liability, but also a monetary amount, containing multiple financial assets and liabilities (or their portions), so that a set of derivatives may be used to reduce the fair value fluctuations of the hedged items in response to changes in market interest rates. Net amounts resulting from the mismatch of assets and liabilities cannot be designated as subject to macrohedging. In the same way as for micro fair value hedges, a macro hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the monetary amount hedged are offset by changes in the fair value of the hedge derivatives and if the actual results are within a range of 80% to 125%. The positive or negative amount of the fair value changes, respectively, of the assets and liabilities subject of fair value macro hedges measured with the reference to the risk hedged is recognised in Items 90 of the Assets or 70 of the Liabilities, with a contra entry in Item 90. "Net gain (loss) on hedging activities" of the Income Statement.
The ineffectiveness of the hedge consists of the difference between the change in fair value of the hedging instruments and the change in fair value of the monetary amount hedged. The ineffective portion of the hedge is in any case included under Item 90 "Net gain (loss) on hedging activities" of the Income Statement.
If the hedging relationship ends, for reasons other than the sale of the hedged items, the accumulated writeback/writedown recognised in Items 90 of the Liabilities or 70 of Liabilities is recognised through profit or loss under interest income or expense, along the remaining lifetime of the hedged financial asset or liability.
If these assets and liabilities are sold or redeemed, the amount of fair value not amortised is recognised immediately under Item 100 "Gains (Losses) on disposal/repurchase" of the Income Statement.

7 - Equity investments

The term "equity investments" refers to investments in subsidiaries (IFRS 10), in joint ventures (IFRS 11), and associates (IAS 28), other than financial assets held for trading (item 20) and financial assets at fair value (item 30) in accordance with IAS 28, paragraph 18.
Subsidiaries are companies in which CDP holds, either directly or indirectly, more than half of the voting rights for the purpose of appointing directors or, in any event, when CDP exercises the power to determine financial and operating policies (including situations of de facto control). Joint ventures are companies in which control is shared with other parties by contract. 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. Other equity investments are recognised as "Financial assets available for sale" (item 40) and are treated as described above.
In accordance with IAS 27, paragraph 10, equity investments are initially recognised and subsequently carried at cost at the settlement date, including costs and revenues that are directly attributable to the transaction.

In case of impairment indicators, an estimate of the recoverable amount of the equity investment is made in accordance with IAS 36.

The possible impairment indicators are:
- the posting of negative earnings or a significant divergence from budget targets or targets set in multi-year plans;
- the announcement/initiation of insolvency proceedings or restructuring plans;
- the receipt of a dividend that exceeds the overall earnings for the year or retained from previous years of the investee;
- a carrying amount of the equity investment in the separate financial statements that exceeds the amount, in the consolidated financial statements, of the corresponding portion of book equity, including any goodwill.

In addition, for equity investments in listed companies, CDP also considers the following as evidence of impairment:
- a book equity higher than the market capitalisation;

- a reduction in the market price with respect to the related carrying amount of more than 40% or for a period of more than 24 months.

The recoverable amount is determined by calculating the present value of future cash flows that the equity investment may generate, including the value of final disposal. If this value is lower than the carrying amount, the difference is recognised in the income statement as an impairment loss.
In the absence of market prices or valuation models, the value of the equity investment is prudentially written down by the amount of the loss reported in the financial statements of the investee where the loss is considered to be a reliable indicator of impairment.
Equity investments are derecognised when the contractual rights to the cash flows of the business terminate or when the financial asset is sold, transferring substantially all risks and rewards connected with it.

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). In order to determine whether a contract contains a lease, the provisions of IFRIC 4 are applied. The item includes the leasehold improvement costs, which can be separated from the assets and have their own functionality and utility.
Property, plant and equipment is recognised at purchase cost including incidental expenses, non-deductible VAT and costs for bringing the asset to working condition, increased by revaluations carried out under the provisions of specific laws. Maintenance and repair costs, incurred after initial recognition, which result in an increase in the future economic benefits, are recognised as an increase in the value of the assets. If there is no increase in future economic benefits, these costs are recognised through profit or loss.
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.
The carrying amount represents the book value of the assets net of depreciation. The depreciation rates used are felt to reflect the remaining useful economic lives of the assets.
Newly acquired assets are depreciated as from the period in which they enter service and are, therefore, ready for use.
Each item of property, plant and equipment that has a significant value compared to the overall value of the asset it belongs to is recognised and depreciated separately.
Property, plant and equipment held under finance leases that substantially transfer all the risks and rewards of ownership to CDP, 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 in the income statement over the term of the lease.
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.
Buildings are depreciated over a 33-year period, which is considered to be the useful life of the buildings themselves.
Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives.
If an impairment loss, independently of depreciation, is identified, the asset is written down, with the original value being restored if the reasons for the writedown no longer apply.
"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.
The carrying amount of a capital tangible asset is eliminated from the Balance Sheet upon disposal or when no future economic benefits are expected from its use or disposal.

9 - Intangible assets

"Intangible assets" pursuant to IAS 38 are non-monetary assets that are identifiable and do not have physical substance. Intangible assets include goodwill, corresponding to the difference between the price paid for a business combination and the fair value of the net identifiable assets acquired.
Goodwill is not amortised, but is tested periodically for impairment of the carrying amount.

An intangible asset is recognised if the following conditions are satisfied:
1) the asset is identifiable, i.e. it is separable from the rest of the enterprise;
2) the asset is controlled, i.e. it is subject to the control of the enterprise;
3) the asset generates future economic benefits.

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.
Intangible assets are therefore derecognised when sold or when future economic benefits are no longer expected.
CDP's intangible assets essentially consist of software.
Costs incurred for the purchase and development of software by third parties are amortised, usually on a straight-line basis, over the residual useful lives of the assets, which is no greater than 5 years.
Costs incurred for software development before the year in which the project is completed are capitalised when the development/implementation of the project is likely to be successful and the utility of the product extends over more than one year. In this case, the costs are amortised over a period of no more than 5 years. In the year in which the software is completed, the costs incurred and not yet amortised are imputed to the asset and the cost is amortised over 5 years.
If an impairment loss, independently of amortisation, is identified, the asset is written down, with the original value being restored if the reasons for the writedown no longer apply.
"Assets under development and advances" are composed of advances or expenses incurred in respect of assets that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company's production cycle, amortisation is suspended.

11 - Current and deferred taxation

Tax assets and liabilities are recognised in the balance sheet respectively under Asset Item 130 "Tax assets" and Liability Item 80 "Tax liabilities".
The accounting entries current and deferred taxation include: i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of temporarily deductible differences; and iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences.
Current taxes, consisting of corporate income tax (IRES) and the regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year and are calculated on the basis of the tax rates currently in force, amounting, for the year 2015, to 27.5% for IRES tax and 5.57% for IRAP tax.
Deferred tax assets and liabilities are recognised based on the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation.
The term "deferred" tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes.
Deferred taxes are recognised: i) under Tax assets, if they relate to "deductible temporary differences", which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered; and ii) under Tax liabilities, if they relate to "taxable temporary differences" representing liabilities because they are related to accounting entries that will become taxable in future tax periods.
If the deferred tax items regard operations that directly affected equity, they are recognised in equity.

12 - Provisions

"Provisions" (item 120) are recognised solely under following conditions:
a) there is a present (legal or constructive) obligation resulting from a past event;
b) it is probable/expected that a charge, i.e., an outflow of resources embodying economic benefits, will be required to settle the obligation;
c) 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.
CDP has no "provisions for retirement and similar obligations", while "other provisions" includes the provisions for liabilities and contingencies established in observance of international accounting standards, with the exception of writedowns due to the impairment of commitments to disburse funds, guarantees issued and credit derivatives treated as such in accordance with IAS 39, which, where applicable, are recognised under "other liabilities". 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" and "Amounts due to customers" 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", "Financial liabilities at fair value through profit or loss", and debt securities under "Securities issued". This includes operating payables. In particular, CDP includes in these items the amounts still to be disbursed for loans being repaid, as well as liabilities in respect of postal funding products.

Securities issued, both listed and unlisted, are measured at amortised cost. The item is reported net of repurchased securities. 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, which normally coincides with the issue price.

In hybrid debt instruments (indexed to equity instruments, indices, foreign currencies, etc.) the embedded derivative is separated from the host contract, when the criteria for separation apply, and is recognised at its fair value. The host contract is allocated an initial value corresponding to the difference between the overall amount of the proceeds received and the fair value allocated to the embedded derivative.

The financial liabilities are subsequently measured at amortised cost using the effective interest rate method. The payables are eliminated when they mature or are extinguished. The elimination also takes place when there is a repurchase of previously issued bonds. The difference between the carrying amount of the liability and the amount paid to purchase it is recognised in the income statement.

Postal savings bonds issued by CDP are reported under "Due to banks" and "Due to customers", including those that have matured but have not yet been redeemed at the reporting date. These instruments are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds can be redeemed at any time prior to the bond's contractual maturity, with principal and interest paid in accordance with the period for which the bond was held. For financial instruments such as postal savings bonds, IAS 39 calls for the adoption of the amortised cost method and states that the effective interest rate to be used in calculating amortised cost must be equal to the internal rate of return of the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. CDP has therefore developed a statistical model for forecasting early redemption of postal savings bonds based on a time series of redemptions, which is used to price the new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of postal savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in an adjustment to the remaining amortisation schedule. In such cases, the IFRS state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of postal savings bonds as the discount rate. The effective rate for floating-rate interest-bearing postal savings bonds is updated every time the estimated cash flows are revised due to changes in the benchmark indices and the review of the flow of redemptions.

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.

This liability category includes, in particular, the negative value of trading derivatives, as well as derivatives embedded in other financial instruments or contracts, which have financial and risk characteristics that are not strictly correlated with the host instrument or which meet the requirements to be classified themselves as derivatives. They are, therefore, recognised separately, after the embedded derivative has been separated from the host contract, which instead follows the accounting rules for its classification 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 liabilities are initially recognised at fair value, which generally equals the amount received net of transactions costs or revenues. In cases in which the amount paid differs from the fair value, the financial liability is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is effected at the contract date for derivative contracts and at the settlement date for debt securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Subsequent measurement is at fair value, with recognition of the measurement results through profit or loss. 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 to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial liability are 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 changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities" (Item 80) of the income statement. The income components are recognised following the results of the measurement of the financial liability held for trading.

16 - 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, by recognising exchange rate differences under "Net gain (loss) on trading activities" in the income statement (except for financial assets carried at fair value, those subject to fair value and cash flow hedges, and the related hedges, whose exchange rate differences are recognised respectively in item 110 of the income statement and item 90 of 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.

17 - Other information

Staff severance pay

Staff severance pay (TFR) covers the entire entitlement accrued by employees at the end of the financial year, in conformity with the provisions of law (Article 2120 of the Italian Civil Code) and applicable employment contracts. In accordance with IAS 19, TFR is considered a defined-benefit plan and, therefore, is recognised as the present value of the accumulating obligation (both the present value of the expected future payments related to benefits accrued during the current year and the present value of future payments resulting from amounts accrued in previous years).
It should be noted that the provision for staff severance pay is negligible given that employees on staff prior to the transformation of CDP into a joint-stock company maintained their participation the INPDAP pension scheme after the transformation; therefore, contributions are paid to that institution. As such, the amount shown for TFR is related solely to employees hired after the date of transformation (under the INPS pension scheme) for amounts accrued until 2006, given that the amounts accrued subsequently were not applied to this fund, but to the supplemental pension fund or to INPS in accordance with the applicable legislation.
Therefore, the effects of the application of IAS 19 are not significant.

Interest income and expense

Interest income and expense is recognised in the income statement, *pro rata temporis*, for all instruments based on amortised cost using the effective interest rate method, when amortised cost is applied.
Interest also includes the net positive or negative balance of the differences and margins related to financial hedging derivative.

Commissions

Commissions for revenues from services are recognised, based on the existence of contractual agreements, in the periods in which the services are provided. These commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, are recognised under interest.

Dividends

Dividends are recognised as income in the period in which they are approved for distribution.

A.4 - Disclosures on fair value measurement

QUALITATIVE DISCLOSURES

This section reports 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.
Valuation techniques used for Level 2 and Level 3 measurements are validated by CDP's Risk Management and Anti-Money Laundering area. The development and validation of the techniques, and their application, are set out in specific process documentation.

A.4.1 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.

CDP 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 CDP'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.
Specifically, in CDP'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, CDP 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. However, in view of the generalised 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 31 December 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 CDP's 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 bonds whose valuation depends on the conditions of use by CDP 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 securities that are measured using non-market parameters.

Portfolios measured at fair value on a recurring basis: details of the significant non-observable inputs for level 3 assets and liabilities

Category of financial instruments		Fair value assets (thousands of euros)	Fair value liabilities (thousands of euros)	Measurement techniques	Non-observable parameters
Financial derivatives	Equity		(97,391)	Option pricing models	Redemption profiles (ratio of expected principal at maturity to remaining payable)
	Inflation	1,210	(41,960)	Projection and discounting of cash flows	Term structure of expected inflation
Equity securities		12,565		Equity multiple	Equity multiple
Units in collective investment undertakings		1,419,013		Adjusted NAV	NAV Adjustment

A.4.2 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 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 updated on half-yearly basis by the Financial Engineering and Fair Value Measurement unit, within the Risk Management and Anti-Money Laundering Area. The valuations are performed through internal systems used by CDP 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 and the sensitivity of the fair value to changes in those inputs

Fair value measurements for which significant non-observable inputs are used (Level 3), a sensitivity analysis is conducted to obtain a range of possible and reasonable alternative valuations. In general, the impact of unobservable inputs on the Level 3 fair value measurement depends on the interaction among the various inputs used in the valuation process.

Redemption profiles

The redemption of postal savings bonds is a central estimate of the nominal amount of the bonds that will be redeemed within a series of future dates, between the valuation date and the final maturity date. The estimate is made by CDP 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 linked to the performance of the Dow Jones EuroStoxx 50 index. If the investor redeems the bond in advance they lose the entitlement to receive any component of remuneration linked to the index and as a result the equity 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.

The sensitivity analysis considered changes of 10% in the remaining principal, applied to the relevant expected percentage for the expiry of each option. If redemptions are lower than estimated, a condition has been established that the current level of remaining principal cannot be exceeded, and so the results of the analysis are asymmetric.

Sensitivity analysis to the redemption profile

(millions of euros)

Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded options in Premia and Europa bonds	+11.2	-8.6
Embedded options in indexed bonds	+2.4	-0.4

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. Given that the input is nevertheless observable in the market, even though it does not refer to the indexes to which the derivatives are linked, no sensitivity analysis is presented.

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 31 December 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 of 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 in Level 3, fair value adjustments may be needed to take account of certain specific characteristics; such adjustments would result in a transaction being priced below NAV. At 31 December 2015 adjustments of this kind were made to the NAVs of the some UCITS held in the portfolio determined on the basis of expert appraisal, taking into account the characteristics of limited liquidity of the units.

A.4.3 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).
For all classes of assets and liabilities, under the policy adopted by CDP the transfer from one level to another takes place at the end of the reporting period.
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 non-observability 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.
The transfers between levels during the year 2015 did not involve any significant amounts.

QUANTITATIVE DISCLOSURES

A.4.5 Hierarchy of fair value inputs

A.4.5.1 Assets and liabilities carried at fair value on a recurring basis: breakdown by level of fair value inputs

(thousands of euros)	31/12/2015			31/12/2014		
Assets/liabilities at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading		199,292	1,210		298,160	522
2. Financial assets at fair value						
3. Financial assets available for sale	6,146,975		1,431,578	5,598,034	1,543	1,308,211
4. Hedging derivatives		789,378			683,439	318
5. Property, plant and equipment						
6. Intangible assets						
Total	**6,146,975**	**988,670**	**1,432,788**	**5,598,034**	**983,142**	**1,309,051**
1. Financial liabilities held for trading		72,181	97,391		122,624	167,420
2. Financial liabilities at fair value						
3. Hedging derivatives		493,287	41,960		2,265,393	40,238
Total		**565,468**	**139,351**		**2,388,017**	**207,658**

As a result of the counterparty risk mitigation techniques used and the credit rating of the counterparties and of CDP, the Credit Value Adjustments (CVAs) and Debt Value Adjustments (DVAs) are negligible for the determination of the fair value of derivative financial instruments.

A.4.5.2 Change for the year in financial assets carried at fair value on a recurring basis (Level 3)

(thousands of euros)	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**		**1,308,211**	**318**		
2. Increases	**1,321**		**202,444**			
2.1 Purchases			162,854			
2.2 Profits taken to:	681		39,590			
2.2.1 Income statement	681					
- *of which capital gains*	*60*					
2.2.2 Equity	X	X	39,590			
2.3 Transfers from other levels						
2.4 Other increases	640					
3. Decreases	**633**		**79,077**	**318**		
3.1 Sales						
3.2 Repayments	633		59,541	242		
3.3 Losses taken to:			19,536	73		
3.3.1 Income statement			27	73		
- *of which capital losses*			*27*	*73*		
3.3.2 Equity	X	X	19,509			
3.4 Transfers to other levels				3		
3.5 Other decreases						
4. Closing balance	**1,210**		**1,431,578**			

A.4.5.3 Change for the year in financial liabilities carried at fair value on a recurring basis (Level 3)

(thousands of euros)	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance	**167,420**		**40,238**
2. Increases	**124,838**		**5,372**
2.1 Purchases	38,657		
2.2 Losses taken to:	86,181		5,372
2.2.1 Income statement	86,181		5,372
- *of which capital losses*	*5,049*		
2.2.2 Equity	X	X	
2.3 Transfers from other levels			
2.4 Other increases			
3. Decreases	**194,867**		**3,650**
3.1 Sales	144,928		
3.2 Repayments			
3.3 Profits taken to:	49,939		3,650
3.3.1 Income statement	49,939		
- *of which capital gains*	*38,082*		
3.3.2 Equity	X	X	3,650
3.4 Transfers to other levels			
3.5 Other decreases			
4. Closing balance	**97,391**		**41,960**

A.4.5.4 Assets and liabilities not carried at fair value or carried at fair value on a non-recurring basis: breakdown by level of fair value inputs

	31/12/2015				31/12/2014			
(thousands of euros)	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets held to maturity	24,577,265	28,078,638			21,339,002	24,724,809		
2. Loans to banks	25,207,955			29,831,520	26,507,879			27,098,091
3. Loans to customers	257,105,038		4,827,966	264,170,689	263,886,602		667,630	273,235,513
4. Investment property, plant and equipment								
5. Non current assets and disposal groups held for sale								
Total	**306,890,258**	**28,078,638**	**4,827,966**	**294,002,209**	**311,733,483**	**24,724,809**	**667,630**	**300,333,604**
1. Due to banks	14,336,702			14,344,578	13,291,241			13,291,241
2. Due to customers	294,843,708			294,843,708	302,765,016			302,765,016
3. Securities issued	14,381,591		14,847,839		9,989,572		10,256,048	23,684
4. Liabilities associated with assets held for sale								
Total	**323,562,001**		**14,847,839**	**309,188,286**	**326,045,829**		**10,256,048**	**316,079,941**

A.5 - 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.
CDP 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 IAS/IFRS provisions.

PART B - INFORMATION ON THE BALANCE SHEET

Assets

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10

1.1 Cash and cash equivalents: composition

(thousands of euros)	31/12/2015	31/12/2014
a) Cash	3	3
b) Free deposits with central banks		
Total	**3**	**3**

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

2.1 Financial assets held for trading: composition by type

(thousands of euros)	31/12/2015			31/12/2014		
Items	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities						
3. Units in collective investment undertakings						
4. Loans						
4.1 Repurchase agreements						
4.2 Other						
Total A						
B. Derivatives						
1. Financial derivatives		199,292	1,210		298,160	522
1.1 Trading						
1.2 Associated with fair value option						
1.3 Other		199,292	1,210		298,160	522
2. Credit derivatives						
2.1 Trading						
2.2 Associated with fair value option						
2.3 Other						
Total B		**199,292**	**1,210**		**298,160**	**522**
Total (A + B)		**199,292**	**1,210**		**298,160**	**522**

The financial derivatives shown in the table include:

- the value (around €128 million) of the options purchased, for operational purposes, to hedge the embedded option component of bonds indexed to baskets of shares. This option component was separated from the host instrument and was classified among financial liabilities held for trading;
- the positive fair value on interest rate derivatives (around €72 million).

2.2 Financial assets held for trading: composition by debtor/issuer

(thousands of euros)

Items	31/12/2015	31/12/2014
A. On-balance-sheet assets		
1. Debt securities		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other		
2. Equity securities		
a) Banks		
b) Other issuers:		
- insurance undertakings		
- financial companies		
- non-financial companies		
- other		
3. Units in collective investment undertakings		
4. Loans		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other		
Total A		
B. Derivatives		
a) Banks	186,716	254,362
b) Customers	13,786	44,320
Total B	**200,502**	**298,682**
Total (A + B)	**200,502**	**298,682**

SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: composition by type

(thousands of euros)

Items	31/12/2015			31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	6,146,975			5,598,034	1,543	
1.1 Structured securities						
1.2 Other debt securities	6,146,975			5,598,034	1,543	
2. Equity securities			12,565			10,896
2.1 At fair value			10,499			8,830
2.2 At cost			2,066			2,066
3. Units in collective investment undertakings			1,419,013			1,297,315
4. Loans						
Total	**6,146,975**		**1,431,578**	**5,598,034**	**1,543**	**1,308,211**

The increase in the item compared to the previous year mainly reflects the investments in the bonds issued by Italian banks.

4.2 Financial assets available for sale: composition by debtor/issuer

(thousands of euros)

Items	31/12/2015	31/12/202014
1. Debt securities	**6,146,975**	**5,599,577**
a) Governments and central banks	4,995,106	5,295,943
b) Other government agencies		1,543
c) Banks	810,690	302,091
d) Other	341,179	
2. Equity securities	**12,565**	**10,896**
a) Banks	2,066	2,066
b) Other issuers	10,499	8,830
- insurance undertakings		
- financial companies	4,513	2,844
- non financial companies	5,986	5,986
- other		
3. Units in collective investment undertakings	**1,419,013**	**1,297,315**
4. Loans		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other		
Total	**7,578,553**	**6,907,788**

SECTION 5 - FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: composition by type

	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
(thousands of euros)	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Debt securities	24,577,265	28,078,638			21,339,002	24,724,809		
- Structured								
- Other	24,577,265	28,078,638			21,339,002	24,724,809		
2. Loans								
Total	**24,577,265**	**28,078,638**			**21,339,002**	**24,724,809**		

The item includes Italian fixed-rate government securities with a carrying amount of about €20.6 billion, and inflation-linked government securities with a carrying amount of about €4.0 billion, the latter held to hedge the exposure connected to the issue of postal savings bonds indexed to inflation.

5.2 Financial assets held to maturity: composition by debtor/issuer

(thousands of euros) Type of operation	31/12/2015	31/12/2014
1. Debt securities	**24,577,265**	**21,339,002**
a) Governments and central banks	24,577,265	21,339,002
b) Other government agencies		
c) Banks		
d) Other		
2. Loans		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other		
Total	**24,577,265**	**21,339,002**
Total fair value	**28,078,638**	**24,724,809**

The increase over the previous year is attributable to the investment of a portion of liquidity in Italian government securities.

SECTION 6 - LOANS TO BANKS - ITEM 60

6.1 Loans to banks: composition by type

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of operation	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Claims on central banks	**3,949,073**			**3,949,073**	**1,890,989**			**1,890,989**
1. Fixed-term deposits		X	X	X		X	X	X
2. Reserve requirement	3,949,073	X	X	X	1,890,989	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Loans to banks	**21,258,882**			**25,882,447**	**24,616,890**			**25,207,102**
1. Loans	21,258,882			25,882,447	24,616,890			25,207,102
1.1 Current accounts and free deposits	1,176,528	X	X	X	1,238,004	X	X	X
1.2 Fixed-term deposits	269,613	X	X	X	2,044,437	X	X	X
1.3 Other financing:	19,812,741	X	X	X	21,334,449	X	X	X
- repurchase agreements	5,343,153	X	X	X	8,521,237	X	X	X
- finance leasing		X	X	X		X	X	X
- other	14,469,588	X	X	X	12,813,212	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total	**25,207,955**			**29,831,520**	**26,507,879**			**27,098,091**

Loans to banks are composed of:
- loans amounting to about €14,470 million;
- repurchase agreements amounting to about €5,343 million;
- the balance on the management account for the reserve requirement of about €3,949 million.
- current account balances totalling €1,177 million;
- deposits in respect of Credit Support Annexes (cash collateral) at banks to hedge the counterparty risk on derivatives of around €270 million.

The positive difference between the fair value and the carrying amount of loans to banks was due to the lower interest rates prevailing on the market.

6.2 Loans to banks: assets hedged specifically

(thousands of euros)

Type of operation	31/12/2015	31/12/2014
1. Loans with specific fair value hedges	**206,288**	**263,395**
a) Interest rate risk	206,288	263,395
b) Exchange rate risk		
c) Credit risk		
d) Multiple risks		
2. Loans with specific cash flow hedges		
a) Interest rate risk		
b) Exchange rate risk		
c) Other		
Total	**206,288**	**263,395**

SECTION 7 - LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: composition by type

	31/12/2015						31/12/2014					
	Carrying amount			Fair value			Carrying amount			Fair value		
(thousands of euros)	Performing	Non-performing		L1	L2	L3	Performing	Non-performing		L1	L2	L3
Type of operation		Acquired	Other					Acquired	Other			
Loans	**250,637,231**		**249,049**			**262,503,529**	**261,522,015**		**200,429**			**271,559,849**
1. Current accounts	259			X	X	X	227			X	X	X
1.1 Liquidity held with Central State Treasury	152,397,757			X	X	X	147,517,925			X	X	X
2. Repurchase agreements	5,165,503			X	X	X	18,651,109			X	X	X
3. Loans	89,514,842		243,062	X	X	X	90,949,197		200,242	X	X	X
4. Credit cards, personal loans and loans repaid by automatic deductions from wages				X	X	X				X	X	X
5. Finance leasing				X	X	X				X	X	X
6. Factoring				X	X	X				X	X	X
7. Other	3,558,870		5,987	X	X	X	4,403,557		187	X	X	X
Debt securities	**6,218,758**				**4,827,966**	**1,667,160**	**2,164,158**				**667,630**	**1,675,664**
8. Structured				X	X	X				X	X	X
9. Other debt securities	6,218,758			X	X	X	2,164,158			X	X	X
Total	**256,855,989**		**249,049**		**4,827,966**	**264,170,689**	**263,686,173**		**200,429**		**667,630**	**273,235,513**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

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

Liquidity held with the Central State Treasury in current account no. 29814 in the name of "Cassa DP S.p.A. Gestione Separata" comprises liquidity generated by Separate Account transactions performed by CDP. 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.

The reduction in the item, from €263.9 billion for 2014 to €257.1 billion for 2015, was mainly due to the reduction in the volume of repurchase agreement transactions (from €18.7 billion for 2014 to €5.2 billion for 2015) only partially offset by the increase in cash and cash equivalents held in the Treasury current account (from €147.6 billion for 2014 and €152.4 billion for 2015) and the increase in transactions in debt securities (from €2.2 billion for 2014 to €6.2 billion for 2015).

The positive difference between the fair value and the carrying amount of loans to customers was due to the lower interest rates prevailing on the market.

7.2 Loans to customers: composition by debtor/issuer

(thousands of euros)	31/12/2015			31/12/2014		
	Performing	Non-performing		Performing	Non-performing	
Type of operation		Acquired	Other		Acquired	Other
1. Debt securities	**6,218,758**			**2,164,158**		
a) Governments	4,895,450			834,691		
b) Other government agencies	412,453			540,904		
c) Other issuers:	910,855			788,563		
- non financial companies	393,847			334,730		
- financial companies	517,008			453,833		
- insurance undertakings						
- other						
2. Loans to	**250,637,231**		**249,049**	**261,522,015**		**200,429**
a) Governments	188,618,684			185,430,323		
b) Other government agencies	45,911,633		37,593	46,464,738		8,281
c) Other issuers:	16,106,914		211,456	29,626,954		192,148
- non financial companies	9,167,238		209,289	8,557,166		192,148
- financial companies	6,916,479			21,042,777		
- insurance undertakings						
- other	23,197		2,167	27,011		
Total	**256,855,989**		**249,049**	**263,686,173**		**200,429**

7.3 Loans to customers: assets hedged specifically

(thousands of euros) Type of operation	31/12/2015	31/12/2014
1. Loans with specific fair value hedges	**20,203,934**	**8,592,681**
a) Interest rate risk	20,078,950	8,592,681
b) Exchange rate risk		
c) Credit risk		
d) Multiple risks	124,984	
2. Loans with specific cash flow hedges:	**421,833**	**372,255**
a) Interest rate risk		
b) Exchange rate risk		
c) Other	421,833	372,255
Total	**20,625,767**	**8,964,936**

SECTION 8 - HEDGING DERIVATIVES - ITEM 80

8.1 Hedging derivatives: composition by type of hedge and level of inputs

(thousands of euros)	Fair value 31/12/2015 Level 1	Fair value 31/12/2015 Level 2	Fair value 31/12/2015 Level 3	31/12/2015 NV	Fair value 31/12/2014 Level 1	Fair value 31/12/2014 Level 2	Fair value 31/12/2014 Level 3	31/12/2014 NV
A. Financial derivatives		**789,378**		**18,193,661**		**683,439**	**318**	**8,679,308**
1) Fair value		665,487		17,735,890		506,036	318	8,266,170
2) Cash flow		123,891		457,771		177,403		413,138
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
Total		**789,378**		**18,193,661**		**683,439**	**318**	**8,679,308**

Key
NV = notional value

8.2 Hedging derivatives: composition by hedged portfolio and type of hedge

(thousands of euros) Operations/Type of hedging	Fair value Specific Interest rate risk	Fair value Specific Exchange rate risk	Fair value Specific Credit risk	Fair value Specific Price risk	Fair value Specific Multiple risks	Fair value Generic	Cash flow Specific	Cash flow Generic	Investment in foreign operation
1. Financial assets available for sale						X		X	X
2. Loans	206,810			X		X	123,891	X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other						X		X	
Total assets	**206,810**						**123,891**		
1. Financial liabilities	458,677			X		X		X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities	**458,677**								
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

SECTION 10 - EQUITY INVESTMENTS - ITEM 100

10.1 Equity investments: information on investments

(thousands of euros) Company name	Registered office	Headquarters	% holding	% of votes	Carrying amount
A. Wholly-owned subsidiaries					
1. CDP Investimenti SGR S.p.A.	Rome	Rome	70.00%	70.00%	1,400
2. SIMEST S.p.A.	Rome	Rome	76.00%	76.00%	232,500
3. Fondo Strategico Italiano S.p.A.	Milan	Milan	77.70%	77.70%	3,419,512
4. SACE S.p.A.	Rome	Rome	100.00%	100.00%	4,351,574
5. Fintecna S.p.A.	Rome	Rome	100.00%	100.00%	1,864,000
6. CDP GAS S.r.l.	Rome	Rome	100.00%	100.00%	467,366
7. CDP RETI S.p.A.	Rome	Rome	59.10%	59.10%	2,017,339
8. CDP Immobiliare S.r.l.	Rome	Rome	100.00%	100.00%	500,500
B. Joint ventures					
C. Companies under significant influence					
1. ENI S.p.A.	Rome	Rome	25.76%	25.76%	15,281,632
2. Galaxy S.àr.l. SICAR	Luxembourg	Luxembourg	40.00%	40.00%	2,348
3. Europrogetti & Finanza S.p.A. in liquidazione	Rome	Rome	31.80%	31.80%	
Total					**28,138,171**

The value of the equity investments at 31 December 2015 stood at around €28.1 billion, slightly down on the figure for 2014 (around €29 billion).

The following transactions took place in 2015 that had a significant impact on the value of the equity investment portfolio:
- reduction of the share capital of SACE, which took place in the first half of 2015, with a distribution of capital funds to CDP of around €798.9 million;
- capital contributions made into CDP Immobiliare, of around €108.6 million to support the development of real estate projects by the company and its investees;
- impairment writedowns on the equity investments in Fintecna (around €145.4 million) and CDP Immobiliare (around €63.6 million).

With effect from 1 January 2015, the merger of Quadrante into CDP Immobiliare also took place, without any impact on the equity investment portfolio, carried out to consolidate the real estate assets held by CDP Immobiliare.

10.2 Significant equity investments: carrying amount, fair value and dividends received

For information on this paragraph see the content in the same section of the notes to the consolidated financial statements.

10.3 Significant equity investments: accounting data

For information on this paragraph see the content in the same section of the notes to the consolidated financial statements.

10.4 Non significant equity investments: accounting data

For information on this paragraph see the content in the same section of the notes to the consolidated financial statements.

10.5 Equity investments: change for the year

(thousands of euros)	31/12/2015	31/12/2014
A. Opening balance	**29,037,563**	**31,769,038**
B. Increases	**108,576**	**1,318,873**
B.1 Purchases	108,576	224,781
B.2 Writebacks		
B.3 Revaluations		
B.4 Other increases		1,094,092
C. Decreases	**1,007,968**	**4,050,348**
C.1 Sales		2,414,500
C.2 Writedowns	209,042	148,521
C.3 Other decreases	798,926	1,487,327
D. Closing balance	**28,138,171**	**29,037,563**
E. Total revaluations		
F. Total writedowns	**1,383,478**	**1,174,436**

Sub-item B.1 "Purchases", amounting to around €108.6 million, relates entirely to the capital contribution made in favour of CDP Immobiliare.
Sub-item C.2 "Writedowns", amounting to around €209 million, relates to the impairment of the equity investments held in Fintecna S.p.A. (€145.4 million) and CDP Immobiliare S.r.l. (€63.6 million).
Sub-item C.3 "Other decreases", amounting to around €798.9 million, relates entirely to the capital distribution made by SACE S.p.A. during 2015.

10.7 Commitments in respect of associates

For information on this paragraph see the content in the same section of the notes to the consolidated financial statements.

Impairment testing of equity investments

In compliance with the provisions of the applicable accounting standards, the Company, at each reporting date, conducts assessments to verify whether there is objective evidence indicating that the initial recognition amount of the assets may not be fully recoverable.
The identification of this evidence, based on the existence of qualitative and quantitative indicators, as described in the accounting policies, and set out in detail in the internal policies, differs according to whether or not they are equity investments in companies whose shares listed in active markets.
If the above-mentioned indicators are identified, an impairment test is conducted in accordance with the provisions of IAS 36 to estimate the recoverable amount of the equity investment and compare it against its carrying amount to determine whether an impairment writedown needs to be recognised.
The impairment testing resulted in the recognition, during the year, of impairment writedowns in the equity investment in Fintecna for around €145.4 million and in the equity investment in CDP Immobiliare for around €63.6 million.
In general, when the tests required the use of the expected cash flows, the information in the most recent business plans approved by the respective Boards of Directors was used. If the business plans were still being completed, the best estimates produced by the management of the respective companies, taking into account the financial reports at 31 December 2015, the strategic policies already agreed with the Parent Company, and the current market situation, were used.

For equity investments, for which writedowns had been recognised in previous years, an assessment was made to verify whether any writebacks needed to be recognised as a result of changes in the estimates used to determine the previous impairment losses. The assessments did not give rise to any writebacks.

The interest in ENI features significantly in CDP's equity investment portfolio, so CDP's risk profile is linked to the main factors that determine ENI's value and profitability. Of these, the price of oil, which fell significantly in 2015, is particularly significant.
In view of this market movement, as well as the presence of a market capitalisation below the associate's book equity, the equity investment was tested for impairment.

Specifically, in accordance with IAS 36, a value in use was calculated, using the Discounted Cash Flow (DCF) method, as required by the accounting standard.
The plan used to construct the cash flows and the other information needed to calculate the DCF was taken from public sources.
The impairment test identified that the value in use was higher than the carrying amount and, consequently, the carrying amount of the associate was confirmed.

SECTION 11 - PROPERTY, PLANT AND EQUIPMENT - ITEM 110

11.1 Operating property, plant and equipment: composition of assets measured at cost

(thousands of euros)

Assets	31/12/2015	31/12/2014
1. Owned	**252,558**	**231,831**
a) Land	117,406	117,406
b) Buildings	62,301	59,640
c) Movables	2,005	1,720
d) Electrical plant	877	998
e) Other	69,969	52,067
2. Acquired under finance leases		
a) Land		
b) Buildings		
c) Movables		
d) Electrical plant		
e) Other		
Total	**252,558**	**231,831**

11.5 Operating property, plant and equipment: change for the year

(thousands of euros)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**117,406**	**85,253**	**12,764**	**10,675**	**74,086**	**300,184**
A.1 Total net writedowns		(25,613)	(11,044)	(9,677)	(22,019)	(68,353)
A.2 Opening net balance	**117,406**	**59,640**	**1,720**	**998**	**52,067**	**231,831**
B. Increases		**5,377**	**903**	**267**	**24,761**	**31,308**
B.1 Purchases			188	263	24,755	25,206
B.2 Capitalised improvement costs		101				101
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences						
B.6 Transfers from investment property						
B.7 Other changes		5,276	715	4	6	6,001
C. Decreases		**2,716**	**618**	**388**	**6,859**	**10,581**
C.1 Sales						
C.2 Depreciation		2,716	614	386	859	4,575
C.3 Writedowns for impairment recognised in:						
a) equity						
b) income statement						
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences						
C.6 Transfers to:						
a) investment property						
b) assets held for sale						
C.7 Other changes			4	2	6,000	6,006
D. Closing net balance	**117,406**	**62,301**	**2,005**	**877**	**69,969**	**252,558**
D.1 Total net writedowns		(28,329)	(11,461)	(10,056)	(22,867)	(72,713)
D.2 Closing gross balance	**117,406**	**90,630**	**13,466**	**10,933**	**92,836**	**325,271**
E. Measurement at cost						

SECTION 12 - INTANGIBLE ASSETS - ITEM 120

12.1 Intangible assets: composition by category

(thousands of euros)	31/12/2015		31/12/2014	
Assets	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**X**		**X**	
A.2 Other intangible assets	**5,349**		**5,653**	
A.2.1 Assets carried at cost:	5,349		5,653	
a) internally-generated intangible assets				
b) other assets	5,349		5,653	
A.2.2 Assets carried at fair value:				
a) internally-generated intangible assets				
b) other assets				
Total	**5,349**		**5,653**	

12.2 Intangible assets: change for the year

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
(thousands of euros)		DEF	INDEF	DEF	INDEF	
A. Opening gross balance				**25,294**		**25,294**
A.1 Total net writedowns				(19,641)		(19,641)
A.2 Opening net balance				**5,653**		**5,653**
B. Increases				**1,943**		**1,943**
B.1 Purchases				1,943		1,943
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
- equity	X					
- income statement	X					
B.5 Positive exchange rate differences						
B.6 Other changes						
C. Decreases				**2,247**		**2,247**
C.1 Sales						
C.2 Writedowns:				2,247		2,247
- Amortisation				2,247		2,247
- Impairment:	X					
+ equity						
+ income statement	X					
C.3 Fair value losses:						
- equity						
- income statement	X					
C.4 Transfer to non-current assets held for sale	X					
C.5 Negative exchange rate differences						
C.6 Other changes						
D. Closing net balance				**5,349**		**5,349**
D.1 Total net writedowns				(21,888)		(21,888)
E. Closing gross balance				**27,237**		**27,237**
F. Measurement at cost						

Key
DEF: definite life
INDEF: indefinite life

12.3 Other information

With regard to the disclosures required under international accounting standards, it should be noted that:

a) intangible assets were not revalued;
b) no intangible assets acquired by way of government grants are held (IAS 38, paragraph 122, letter c);
c) no intangible assets are pledged as security for liabilities (IAS 38, paragraph 122, letter d);
d) there are no especially significant contractual commitments for the purchase of intangible assets (IAS 38, paragraph 122, letter e);
e) no intangible assets are the object of leasing transactions.

SECTION 13 - TAX ASSETS AND LIABILITIES - ITEM 130 OF ASSETS AND ITEM 80 OF LIABILITIES

13.1 Deferred tax assets: composition

(thousands of euros)	31/12/2015	31/12/2014
Deferred tax assets recognised in income statement	**283,249**	**174,010**
Loss carryforwards	32,938	
Loss carryforwards from subsidiaries	67,509	
Debts		116
Provisions for risks and charges	18,306	4,727
Writedowns on loans	56,424	48,930
Property, plant and equipment/intangible assets	3,690	3,690
realignment of values pursuant to Decree Law 98/2011	98,051	
Other temporary differences	6,331	116,547
Deferred tax assets recognised in equity	**59,116**	**51,776**
Assets available for sale	55,275	46,728
Cash flow hedge	3,841	5,048
Total	**342,365**	**225,786**

Deferred tax assets arise in respect of taxes calculated on temporary differences in the values reported for tax purposes and those used for financial reporting that will become deductible in periods following the period in which they are recognised. They mainly regard :i) accruals to the provision for risks and the provision for future employee expenses; ii) depreciation/amortisation charges with deferred deductibility; iii) writedowns of loans: iv) realignment of the higher values - allocated to the goodwill and other intangible assets in the consolidated financial statements - of equity investments in subsidiaries pursuant to Decree Law 98/2011; v) IRES tax losses, for CDP and some of the companies subject to the consolidated taxation mechanism, accrued for the tax period 2015 that are eligible to be carried forward to future tax periods; vi) and the fair value measurements of financial assets available for sale and cash flow hedges.

13.2 Deferred tax liabilities: composition

(thousands of euros)	31/12/2015	31/12/2014
Deferred tax liabilities recognised in income statement	**55**	
Other temporary differences	55	
Deferred tax liabilities recognised in equity	**106,970**	**165,849**
Assets available for sale	91,508	145,431
Other	15,462	20,418
Total	**107,025**	**165,849**

13.3 Changes in deferred tax assets (recognised in income statement)

(thousands of euros)	31/12/2015	31/12/2014
1. Opening balance	**174,010**	**129,614**
2. Increases	**115,809**	**50,687**
2.1 Deferred tax assets recognised during the year:	48,300	50,687
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other	48,300	50,687
2.2 New taxes or increases in tax rates		
2.3 Other increases	67,509	
3. Decreases	**6,570**	**6,291**
3.1 Deferred tax assets derecognised during the year:	6,570	6,291
a) reversals	6,570	6,291
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases:		
a) transformation into tax credits under Law 214/2011		
b) other		
4. Closing balance	**283,249**	**174,010**

13.4 Changes in deferred tax liabilities (recognised in income statement)

(thousands of euros)	31/12/2015	31/12/2014
1. Opening balance		
2. Increases	**55**	
2.1 Deferred tax liabilities recognised during the year:	55	
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	55	
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases		
3.1 Deferred tax liabilities derecognised during the year:		
a) reversals		
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**55**	

13.5 Changes in deferred tax assets (recognised in equity)

(thousands of euros)	31/12/2015	31/12/2014
1. Opening balance	**51,776**	**38,109**
2. Increases	**12,439**	**18,871**
2.1 Deferred tax assets recognised during the year:	12,439	18,871
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	12,439	18,871
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**5,099**	**5,204**
3.1 Deferred tax assets derecognised during the year:	5,099	5,204
a) reversals	5,099	5,204
b) writedowns for supervening non-recoverability		
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**59,116**	**51,776**

13.6 Changes in deferred tax liabilities (recognised in equity)

(thousands of euros)	31/12/2015	31/12/2014
1. Opening balance	**165,849**	**103,429**
2. Increases	**23,591**	**86,857**
2.1 Deferred tax liabilities recognised during the year:	23,591	86,857
a) in respect of previous periods		
b) due to change in accounting policies		
c) other	23,591	86,857
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**82,470**	**24,437**
3.1 Deferred tax liabilities derecognised during the year:	82,470	24,437
a) reversals	82,470	24,437
b) due to change in accounting policies		
c) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**106,970**	**165,849**

SECTION 15 - OTHER ASSETS - ITEM 150

15.1 Other assets: composition

(thousands of euros)

Type of operation	31/12/2015	31/12/2014
Payments on account for withholding tax on postal savings passbooks	205,550	238,419
Receivables due from investees	12,962	2,322
Trade receivables and advances to public entities	12,805	6,433
Other items	1,653	142,418
Accrued income and prepaid expenses	981	2,067
Advances to suppliers	265	35
Advances to personnel	11	7
Other tax receivables	8	2
Total	**234,235**	**391,703**

The item reports assets not otherwise classified under the previous items.

The main items under this heading are:
- "Payments on account for withholding tax on interest on passbook savings accounts": the balance relates to payments on account of the withholding tax levied on interest accrued on passbook savings accounts;
- "Trade receivables and advances to public entities": this reports receivables in respect of accrued fees or expenses paid in advance under agreements with ministries;
- "Receivables due from investees": the balance relates to receivables in respect of investees for services rendered and expense reimbursements and receivables resulting from the adoption of the "consolidated taxation mechanism";
- The "Other items" mainly relate to items being manufactured that were completed after the reporting date.

Liabilities

SECTION 1 - DUE TO BANKS - ITEM 10

1.1 Due to banks: composition by type

(thousands of euros)

Type of operation	31/12/2015	31/12/2014
1. Due to central banks	**4,677,343**	**5,597,974**
2. Due to banks	**9,659,359**	**7,693,267**
2.1 Current accounts and demand deposits		
2.2 Fixed-term deposits	2,362,513	1,927,773
2.3 Loans:	7,296,846	5,765,494
2.3.1 Repurchase agreements	2,270,553	1,566,210
2.3.2 Other	5,026,293	4,199,284
2.4 Liabilities in respect of commitments to repurchase own equity instruments		
2.5 Other payables		
Total	**14,336,702**	**13,291,241**
Fair value - Level 1		
Fair value - Level 2		
Fair value - Level 3	14,344,578	13,291,241
Total fair value	**14,344,578**	**13,291,241**

The item "Due to central banks" mainly refers to lines of credit extended by the ECB. In the first half of 2015, the ECB three-year loan (LTRO) expired for an amount of €4.8 billion. The amount was almost entirely refinanced with €4 billion raised through the ECB's short-term funding auctions (MRO), for a total amount of €4 billion.

Fixed-term deposits mainly include:
- the balance of the passbook savings accounts and the postal savings bonds held by banks (around €1,359 million);
- the cash collateral under Credit Support Annexes securing the counterparty risk on derivatives (around €576 million);
- the payables for interbank deposits (€427.5 million).

Payables for loans mainly relate to repurchase agreements (€2,271 million), and loans from the EIB (around €4,616 million) and from KfW (around €400 million).

1.3 Details of item 10 "Due to banks": structured liabilities

Structured liabilities with banks at 31 December 2015 amounted to about €494 thousand and include postal savings bonds indexed to baskets of shares, for which the embedded option has been separated from the host contract.

SECTION 2 - DUE TO CUSTOMERS - ITEM 20

2.1 Due to customers: composition by type

(thousands of euros)

Type of operation	31/12/2015	31/12/2014
1. Current accounts and demand deposits	18,934	724,322
2. Fixed-term deposits	284,732,031	295,460,762
3. Loans:	4,409,596	309,033
3.1 Repurchase agreements	4,409,596	309,033
3.2 Other		
4. Liabilities in respect of commitments to repurchase own equity instruments		
5. Other payables	5,683,147	6,270,899
Total	**294,843,708**	**302,765,016**
Fair value - Level 1		
Fair value - Level 2		
Fair value - Level 3	294,843,708	302,765,016
Total fair value	**294,843,708**	**302,765,016**

This item mainly consists of:

- the value at amortised cost of Postal Savings Bonds (around €132 billion), net of the amount held by banks;
- the balance of the passbook savings accounts (around €118.5 billion), net of the amount held by banks;
- the balance of the transactions for the management of the MEF's liquidity (OPTES) (around €30 billion);
- amounts not yet disbursed at the end of the year on loans being repaid granted to public entities and public-law bodies (around €5.4 billion, recognised under sub-item "5. Other payables");
- fixed-term deposits of investee companies (around €3.7 billion);
- repurchase agreements outstanding with the Cassa di Compensazione e Garanzia (central counterparty guarantee system) (around €4.4 billion);
- stock of the Government Securities Amortisation Fund (around €0.5 billion).

The fair value reported above, for the part relating to postal savings bonds, is equal to the carrying amount. In theory, for postal savings bonds it would be possible, using statistical models of redemptions, to apply valuation techniques that incorporate a credit risk premium in line with that on medium/long-term government securities. The application of these valuation techniques would lead to a fair value greater than the carrying amount in cases where the rates paid to savers are higher than market rates, taking also into account early redemption options.
The effect of these differences may offset the positive differences recognized between the fair value and the carrying amount of loans.
However, the fair value assessments based on a combination of statistical predictions on redemptions and technical assessment of the options, are not very reliable due to the uncertainty affecting market conditions at 31 December 2015. These elements are the high percentage of credit spreads compared to overall interest rates, given that interest rates, net of credit spreads, are particularly low and, for many maturities, even negative. Taking into account the considerable uncertainty about redemption forecasts in the presence of these conditions, it was decided that the best estimate of the fair value of postal savings bonds is their carrying amount.

2.3 Breakdown of item 20 "Due to customers": structured liabilities

Structured liabilities at 31 December 2015 amounted to about €6,718 million (€5,483 million at 31 December 2014) and include postal savings bonds indexed to baskets of shares, for which the embedded option has been separated from the host contract.

2.4 Due to customers: liabilities hedged specifically

(thousands of euros)	31/12/2015	31/12/2014
1. Liabilities covered specifically by fair value hedges		
a) Interest rate risk		
b) Exchange rate risk		
c) Multiple risks		
2. Liabilities covered specifically by cash flow hedges	**449,231**	**442,163**
a) Interest rate risk	449,231	442,163
b) Exchange rate risk		
c) Other		
Total	**449,231**	**442,163**

Amounts due to customers covered by cash flow hedges refer to part of the inflation-linked postal savings bonds.

SECTION 3 - SECURITIES ISSUED - ITEM 30

3.1 Securities issued: composition by type

	31/12/2015				31/12/2014			
(thousands of euros)	Carrying	Fair value			Carrying	Fair value		
Type of securities	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds	12,417,747		12,883,995		9,478,877		9,745,353	23,684
1.1 Structured	51,212		51,748		52,734		47,018	
1.2 Other	12,366,535		12,832,247		9,426,143		9,698,335	23,684
2. Other securities	1,963,844		1,963,844		510,695		510,695	
2.1 Structured								
2.2 Other	1,963,844		1,963,844		510,695		510,695	
Total	**14,381,591**		**14,847,839**		**9,989,572**		**10,256,048**	**23,684**

The figure for securities issued at 31 December 2015, amounting to €14.4 billion, mainly relates to the bonds issued under the "Euro Medium Term Notes" programme, with a stock of around €9.4 billion. Under this programme, during year new issues were made for a total nominal amount of €1 billion (of which €250 million raised for the Separate Account and €750 million raised for the Ordinary Account).

The balance of the item was also attributable to:
- the first retail bond issue carried out in March 2015 for €1.5 billion, with a view to diversifying funding streams earmarked for projects of public interest (for the Separate Account);
- two bond issues in December 2015, guaranteed by the Italian government, entirely subscribed by Poste Italiane S.p.A., for a total amount of €1.5 billion (for the Separate Account);
- the stock of commercial paper, totalling around €2 billion, relating to the "Multi-Currency Commercial Paper Programme".

3.3 Securities issued: securities hedged specifically

(thousands of euros)	31/12/2015	31/12/2014
1. Securities covered by specific fair value hedges	**12,073,969**	**8,631,029**
a) Interest rate risk	12,073,969	8,631,029
b) Exchange rate risk		
c) Multiple risks		
2. Securities covered by specific cash flow hedges		
a) Interest rate risk		
b) Exchange rate risk		
c) Other		
Total	**12,073,969**	**8,631,029**

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: composition by type

	31/12/2015					31/12/2014				
(thousands of euros)	NV	Fair value			FV (*)	NV	Fair value			FV (*)
Type of operation		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks										
2. Due to customers										
3. Debt securities										
3.1 Bonds										
3.1.1 Structured					X					X
3.1.2 Other					X					X
3.2 Other securities										
3.2.1 Structured					X					X
3.2.2 Other					X					X
Total A										
B. Derivatives										
1. Financial derivatives			72,181	97,391				122,624	167,420	
1.1 Trading	X				X	X				X
1.2 Associated with fair value option	X				X	X				X
1.3 Other	X		72,181	97,391	X	X		122,624	167,420	X
2. Credit derivatives										
2.1 Trading	X				X	X				X
2.2 Associated with fair value option	X				X	X				X
2.3 Other	X				X	X				X
Total B	**X**		**72,181**	**97,391**	**X**	**X**		**122,624**	**167,420**	**X**
Total (A + B)	**X**		**72,181**	**97,391**	**X**	**X**		**122,624**	**167,420**	**X**

Key
FV (*) = fair value calculated excluding changes in value due to changes in the issuer's creditworthiness since the issue date
NV = nominal or notional value

This item includes:

- the value of the embedded option component of bonds indexed to baskets of shares that was separated from the host contract (around €97.4 million);
- the negative fair value on interest rate derivatives (around €71.5 million).

SECTION 6 - HEDGING DERIVATIVES - ITEM 60

6.1 Hedging derivatives: composition by type of hedge and level of inputs

	Fair value 31/12/2015			NV 31/12/2015	Fair value 31/12/2014			NV 31/12/2014
(thousands of euros)	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives		**493,287**	**41,960**	**6,949,484**		**2,265,393**	**40,238**	**7,104,220**
1) Fair value		493,287		6,563,484		2,265,393		6,718,220
2) Cash flow			41,960	386,000			40,238	386,000
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
Total		**493,287**	**41,960**	**6,949,484**		**2,265,393**	**40,238**	**7,104,220**

Key
NV = notional value

6.2 Hedging derivatives: composition by hedged portfolio and type of hedge

	Fair value						Cash flow		Investment in foreign operation
	Specific					Generic	Specific	Generic	
(thousands of euros) Operation/Type of hedging	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans	467,697			X	1,377	X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other						X		X	
Total assets	**467,697**				**1,377**				
1. Financial liabilities	24,213			X		X	41,960	X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities	**24,213**						**41,960**		
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

SECTION 7 - ADJUSTMENT OF FINANCIAL LIABILITIES HEDGED GENERICALLY - ITEM 70

7.1 Value adjustments of hedged financial liabilities

(thousands of euros)	31/12/2015	31/12/2014
1. Positive adjustments of financial liabilities	43,273	47,922
2. Negative adjustment of financial liabilities		
Total	**43,273**	**47,922**

7.2 Liabilities covered by macro-hedges against interest rate risk: composition

This item reports the net change in the value of the postal savings bonds portfolio hedged generically against interest rate risk. The hedging relationship was interrupted in 2009 in view of the closure of the derivative hedging instruments. 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.

SECTION 8 - TAX LIABILITIES - ITEM 80

For more information on this item please see Section 13 of assets.

SECTION 10 - OTHER LIABILITIES - ITEM 100

10.1 Other liabilities: composition

(thousands of euros)

Type of operation	31/12/2015	31/12/2014
Charges for postal funding service	396,696	901,119
Tax payables	352,342	366,583
Amounts due to subsidiaries on consolidated taxation mechanism	73,052	50,284
Other	56,060	72,445
Trade payables	24,774	27,152
Items being processed	18,837	101,019
Adjustments to guarantees issued and commitments to disburse funds	17,386	23,612
Due to social security institutions	3,327	3,354
Amounts due to employees	3,184	2,815
Total	**945,658**	**1,548,383**

The item reports liabilities not otherwise classified under the previous items and mainly consists of:

- the payable to Poste Italiane of about €397 million, relating to the portion of commissions due in respect of the postal savings funding service not yet paid at the reporting date;
- tax payables totalling about €352 million, mainly regarding the tax on interest paid on postal savings products.

SECTION 11 - STAFF SEVERANCE PAY - ITEM 110

11.1 Staff severance pay: change for the year

(thousands of euros)	31/12/2015	31/12/2014
A. Opening balance	**887**	**756**
B. Increases	**1,826**	**1,538**
B.1 Provision for the year	1,787	1,359
B.2 Other increases	39	179
C. Decreases	**1,783**	**1,407**
C.1 Severance payments		
C.2 Other decreases	1,783	1,407
D. Closing balance	**930**	**887**

SECTION 12 - PROVISIONS - ITEM 120

12.1 Provisions: composition

(thousands of euros)

Items	31/12/2015	31/12/2014
1. Company pension plans		
2. Other provisions	38,893	18,527
2.1 Legal disputes	22,191	3,763
2.2 Staff costs	13,919	11,553
2.3 Other	2,783	3,211
Total	**38,893**	**18,527**

The increase in Provisions compared to the previous year was mainly attributable to the risk - considered likely - of the occurrence of a future liability connected to the request received from an investee with which an agreement had been entered into according to which CDP would repay the dividends, received in excess, in the proportional amount established in the civil proceedings, by final ruling, to be paid by the private shareholders.
CDP considered the occurrence of a liability to be likely because the administrative judicial bodies (Regional Administrative Court and Council of State) had ruled against it.

12.2 Provisions: change for the year

(thousands of euros)	Pensions	Other provisions	Total
A. Opening balance		**18,527**	**18,527**
B. Increases		**32,205**	**32,205**
B.1 Provision for the year		20,846	20,846
B.2 Changes due to passage of time			
B.3 Changes due to changes in discount rate			
B.4 Other increases		11,359	11,359
C. Decreases		**11,839**	**11,839**
C.1 Use during the year		6,957	6,957
C.2 Changes due to changes in discount rate			
C.3 Other decreases		4,882	4,882
D. Closing balance		**38,893**	**38,893**

12.4 Provisions - Other provisions

Other provisions regard provisions accrued for legal disputes, employee leaving incentives, charges in respect of variable remuneration and bonuses to directors and employees, in addition to likely tax liabilities. For more details see Part E - Section 4 - Operational risks - of these Notes to the financial statements.

SECTION 14 - CAPITAL - ITEMS 130, 150, 160, 170, 180, 190 AND 200

14.1 "Share capital" and "Treasury shares": composition

The share capital of €3,500,000,000 at 31 December 2015 is fully paid up and is composed of 296,450,000 ordinary shares, without par value.

At 31 December 2015 the parent company held treasury shares with a value of €57,220,116.

14.2 Share capital Number of shares: change for the year

Items	Ordinary	Other
A. Shares at start of the year	**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 year	296,450,000	
- fully paid	296,450,000	
- partly paid		

14.4 Income reserves: additional information

(thousands of euros)

Items	31/12/2015	31/12/2014
Income reserves	**14,184,832**	**12,867,358**
Legal reserve	700,000	700,000
Other	13,484,832	12,167,358

We provide the following information required by Article 2427, point 7-*bis*, of the Italian Civil Code.

(thousands of euros) Items	Balance at 31/12/2015		Possible uses (*)	Amount available
Share capital		3,500,000		
Reserves		14,127,612		
- Legal reserve	700,000		B	700,000
- Other income reserves (net of treasury shares)	13,427,612		A, B, C	13,427,612
Valuation reserves		940,470		
- AFS reserve	749,377			
- Property revaluation reserve	167,572		A, B	167,572
- CFH reserve	23,521			
Total		**18,568,082**		**14,295,184**

(*) A = capital increase; B = loss coverage; C = distribution to shareholders

OTHER INFORMATION

1. Guarantees issued and commitments

(thousands of euros)

Operations	31/12/2015	31/12/2014
1) Financial guarantees issued	2,719,853	951,251
a) Banks	1,550,000	
b) Customers	1,169,853	951,251
2) Commercial guarantees issued		
a) Banks		
b) Customers		
3) Irrevocable commitments to disburse funds	18,751,943	16,162,532
a) Banks:	413,979	438,790
i) certain use	413,979	438,790
ii) uncertain use		
b) Customers:	18,337,964	15,723,742
i) certain use	18,337,964	15,723,742
ii) uncertain use		
4) Commitments underlying credit derivatives: sales of protection		
5) Assets pledged as collateral for third-party debts		
6) Other commitments	2,389,230	2,175,335
Total	**23,861,026**	**19,289,118**

2. Assets pledged as collateral for own debts and commitments

(thousands of euros)

Portfolios	31/12/2015	31/12/2014
1. Financial assets held for trading		
2. Financial assets at fair value		
3. Financial assets available for sale	766,000	1,018,500
4. Financial assets held to maturity	14,518,000	9,798,500
5. Loans to banks	1,035,836	202,273
6. Loans to customers	39,862,303	33,512,179
7. Property, plant and equipment		

The assets pledged as collateral for own debts are mainly represented by receivables and securities pledged as collateral in refinancing operations with the ECB. The item also includes securities in repurchase agreements used for funding and receivables pledged as security for loans from the EIB and the KfW.

4. Management and intermediation on behalf of third parties

(thousands of euros) Type of service	31/12/2015
1) Order execution on behalf of customers	
a) Purchases:	
1. settled	
2. not yet settled	
b) Sales:	
1. settled	
2. not yet settled	
2) Asset management	
a) Individual	
b) Collective	
3) Custody and administration of securities	
a) Third-party securities held as part of depository bank services (excluding asset management):	
1. securities issued by the reporting bank	
2. other securities	
b) Other third-party securities on deposit (excluding asset management) - other:	13,149,161
1. securities issued by the reporting bank	
2. other securities	13,149,161
c) Third-party securities deposited with third parties	13,149,161
d) Securities owned by bank deposited with third parties	36,684,573
4) Other transactions	
Management on behalf of third parties on the basis of specific agreements:	
- Postal savings bonds managed on behalf of the MEF (1)	70,616,687
- Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	8,011,164
- Payment of public administration debts (Legislative Decree 35 of 8 April 2013; Legislative Decree 66 of 24 April 2014; Legislative Decree 78 of 19 June 2015) (3)	6,526,753
- Funds for Social and Public Residential Building (4)	2,943,941
- Funds for Territorial Agreements and Area Contracts - Law 662/1996, Article 2 (270) (4)	569,833
- Funds of Public Entities and Other Entities deposited pursuant to Legislative Decree 1058/1919 and Law 1041/1971 (4)	823,790
- Kyoto Fund (3)	629,130
- Funds for the natural gas infrastructure programme for the South Law 784/1980, Law 266/1977 and Law 73/1998 (4)	201,242
- Ministry of Universities and Research - Student Housing - Law 388/2000 (4)	130,485
- Minimal Environmental Impact Fund (4)	28,497
- Residential Building Loans - Law 179/1982 Article 5 (2)	50
- Other funds (4)	232,572

(1) The figure shown represents the amount at the reporting date.
(2) The figure shown represents the outstanding principal, at the reporting date, of the loans managed on behalf of the MEF.
(3) The figure shown represents the sum of outstanding principal of the loans disbursed and the remaining funds available on the dedicated current accounts at the reporting date.
(4) The figure shown represents the remaining funds available on the dedicated current accounts at the reporting date.

5. Financial assets offset in the financial statements, or subject to master netting agreements or similar agreements

(thousands of euros) Type	Gross amount of financial assets (A)	Amount of financial assets subject to on-balance sheet netting (B)	Net amount of financial assets reported in balance sheet (C = A - B)	Related amounts not subject to on-balance sheet netting: Financial instruments (D)	Related amounts not subject to on-balance sheet netting: Cash collateral received (E)	Net amount 31/12/2015 (F = C - D - E)	Net amount 31/12/2014
1. Derivatives	981,824		981,824	393,381	572,900	15,543	6,400
2. Repurchase agreements	10,508,656		10,508,656	10,508,656			
3. Stock lending							
4. Other							
Total 31/12/2015	**11,490,480**		**11,490,480**	**10,902,037**	**572,900**	**15,543**	**X**
Total 31/12/2014	**28,144,802**		**28,144,802**	**27,624,571**	**513,831**	**X**	**6,400**

The table below shows the placement of the amounts shown in column c) of the table above, in the relevant items of the balance sheet

(thousands of euros) Type	Balance sheet items	Net amount of financial assets reported in balance sheet (C = A - B)
1. Derivatives		981,824
	20. Financial assets held for trading	*192,446*
	80. Hedging derivatives	*789,378*
2. Repurchase agreements		10,508,656
	60. Loans to banks	*5,343,153*
	70. Loans to customers	*5,165,503*
3. Stock lending		
4. Other		

For details of the valuation criteria used for the financial assets shown in the table above, see Part A of the Accounting Policies.

6. Financial liabilities offset in the financial statements, or subject to master netting agreements or similar agreements

(thousands of euros) Type	Gross amount of financial liabilities (A)	Amount of financial liabilities subject to on-balance sheet netting (B)	Net amount of financial liabilities reported in balance sheet (C = A - B)	Related amounts not subject to on-balance sheet netting: Financial instruments (D)	Related amounts not subject to on-balance sheet netting: Cash collateral pledged (E)	Net amount 31/12/2015 (F = C - D - E)	Net amount 31/12/2014
1. Derivatives	607,427		607,427	393,382	213,638	407	6,782
2. Repurchase agreements	6,680,149		6,680,149	6,568,589	111,560		
3. Stock lending							
4. Other							
Total 31/12/2015	**7,287,576**		**7,287,576**	**6,961,971**	**325,198**	**407**	**X**
Total 31/12/2014	**4,303,497**		**4,303,497**	**2,327,468**	**1,969,247**	**X**	**6,782**

The table below shows the placement of the amounts shown in column c) of the table above, in the relevant items of the balance sheet

(thousands of euros) Type	Balance sheet items	Net amount of financial liabilities reported in balance sheet (C = A - B)
1. Derivatives		607,427
	40. Financial liabilities held for trading	*72,180*
	60. Hedging derivatives	*535,247*
2. Repurchase agreements		6,680,149
	10. Due to banks	*2,270,553*
	20. Due to customers	*4,409,596*
3. Stock lending		
4. Other		

For details of the valuation criteria used for the financial liabilities shown in the table above, see Part A of the Accounting Policies.

PART C - INFORMATION ON THE INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar revenues: composition

(thousands of euros)

Items/Type	Debt securities	Loans	Other	31/12/2015	31/12/2014
1. Financial assets held for trading					
2. Financial assets available for sale	82,752			82,752	102,401
3. Financial assets held to maturity	921,061			921,061	911,247
4. Loans to banks		301,244		301,244	335,790
5. Loans to customers	141,911	4,452,752		4,594,663	5,574,906
6. Financial assets at fair value					
7. Hedging derivatives	X	X			
8. Other assets	X	X	7,213	7,213	
Total	**1,145,724**	**4,753,996**	**7,213**	**5,906,933**	**6,924,344**

Interest income accrued in 2015 essentially consisted of:

- interest income on loans to banks and customers, amounting to about €3,856 million (down by around €257 million compared to 2014);
- interest income accrued on cash and cash equivalents held at the Central State Treasury, c/a no. 29814, amounting to about €898 million (down by around €802 million compared to 2014);
- interest income on debt securities, amounting to about €1,146 million (essentially stable compared to 2014).

The item includes interest income accrued on non-performing assets of about €7.9 million.

The sub-item "8. Other assets" also includes the interest accrued on financial liabilities, which had a component in the opposite direction (interest income) due to negative remuneration. This treatment is consistent with the recent guidance issued by the EBA which favours the direction of the financial component against the nature of the financial statement item.

1.3 Interest income and similar revenues: additional information

1.3.1 Interest income on financial assets in foreign currency

Interest income on financial assets in foreign currency amounted to about €17,760 thousand.

1.4 Interest expense and similar charges: composition

(thousands of euros)

Items/Type	Payables	Securities	Other	31/12/2015	31/12/2014
1. Due to central banks	3,296	X		3,296	25,067
2. Due to banks	71,233	X		71,233	70,965
3. Due to customers	4,536,482	X		4,536,482	5,211,489
4. Securities issued	X	298,063		298,063	273,267
5. Financial liabilities held for trading					
6. Financial liabilities at fair value					
7. Other liabilities and funds	X	X	37,342	37,342	66
8. Hedging derivatives	X	X	55,390	55,390	182,052
Total	**4,611,011**	**298,063**	**92,732**	**5,001,806**	**5,762,906**

The balance of the item at 31 December 2015 mainly consists of:

- interest expense on postal savings bonds and passbook savings accounts, amounting to about €4,497 million (down by around €609 million compared to 2014);

- interest expense on securities issued, amounting to about €298 million (up by around €25 million compared to 2014);
- interest expense on deposits of investees, amounting to about €68 million (down by around €24 million compared to 2014);
- the negative difference on the hedges, amounting to about €55 million (down by around €127 million compared to 2014).

Interest on amounts due to central banks regards financing from the ECB.

The sub-item "7. Other liabilities and funds" also includes the interest accrued on financial assets, which had a component in the opposite direction (interest expense) due to negative remuneration. This treatment is consistent with the recent guidance issued by the EBA which favours the direction of the financial component against the nature of the financial statement item.

1.5 Interest expense and similar charges: differences on hedging transactions

(thousands of euros)

Items		31/12/2015	31/12/2014
A.	Positive differences on hedging transactions	131,864	112,372
B.	Negatives differences on hedging transactions	187,254	294,424
C.	**Balance (A - B)**	**(55,390)**	**(182,052)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 Commission income: composition

(thousands of euros)

Type of services		31/12/2015	31/12/2014
a)	Guarantees issued	12,328	6,557
b)	Credit derivatives		
c)	Management, intermediation and advisory services		
	1. Trading in financial instruments		
	2. Foreign exchange		
	3. Asset management:		
	3.1 individual		
	3.2 collective		
	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		
g)	Tax collection services		
h)	Management of multilateral trading systems		
i)	Holding and management of current accounts		
j)	Other services	49,038	45,874
Total		**61,366**	**52,431**

Commission income earned by CDP during the year mainly relate to the disbursement of loans, in the amount of about €44.7 million.

This item also includes commission income relating to the agreements signed with the Ministry for the Economy and Finance for the management of the assets and liabilities of the MEF (€2.6 million), commission income for the management of the Kyoto Fund and the Revolving fund for support to enterprises and investment in research (FRI), and for other services provided (totalling around €1.7 million).

Commission income of around €12.3 million was accrued on guarantees given.

2.3 Commission expense: composition

(thousands of euros) Services	31/12/2015	31/12/2014
a) Guarantees received	1,744	984
b) Credit derivatives		
c) Management and intermediation services:	1,610,418	1,640,267
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	1,610,418	1,640,267
6. Off-premises distribution of securities, products and services		
d) Collection and payment services	1,903	1,410
e) Other services	792	998
Total	**1,614,857**	**1,643,659**

Commission expense mainly regards the charge for the period, equal to about €1,610.4 million, of the remuneration paid to Poste Italiane S.p.A. for managing postal savings.
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.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 Dividends and similar revenues: composition

	31/12/2015		31/12/2014	
(thousands of euros) Items	Dividends	Income from units in collective investment undertakings	Dividends	Income from units in collective investment undertakings
A. Financial assets held for trading				
B. Financial assets available for sale	36	6,346		4,506
C. Financial assets at fair value				
D. Equity investments	1,532,062	X	1,842,293	X
Total	**1,532,098**	**6,346**	**1,842,293**	**4,506**

The balance includes dividends and similar income authorised for distribution in the year 2015 from equity investments in ENI (about €898.7 million), SACE (€280 million), FSI (about €128.6 million), CDP RETI (about €111.8 million), Fintecna (€85 million), CDP GAS (about €24.9 million), SIMEST (about €2.4 million), CDPI SGR (€0.7 million) and SINLOC (about €36 thousand).
Income from units in collective investment undertakings amounts to about €6.3 million.

SECTION 4 - NET GAIN (LOSS) ON TRADING ACTIVITIES - ITEM 80

4.1 Net gain (loss) on trading activities: composition

(thousands of euros) Type of operations/P&L items	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A + B) - (C + D)]
1. Financial assets held for trading					
1.1 Debt securities					
1.2 Equity securities					
1.3 Units in collective investment undertakings					
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Payables					
2.3 Other					
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**(5,765)**
4. Derivatives	**57,962**	**220,871**	**46,541**	**162,596**	**75,435**
4.1 Financial derivatives:	57,962	220,871	46,541	162,596	75,435
- on debt securities and interest rates	11,613	65,550	11,553	9,041	56,569
- on equity securities and equity indices	46,349	155,321	34,988	153,555	13,127
- on foreign currencies and gold	X	X	X	X	5,739
- other					
4.2 Credit derivatives					
Total	**57,962**	**220,871**	**46,541**	**162,596**	**69,670**

The net gain (loss) on trading activities, amounting to a gain of €69.7 million, was mainly attributable to a swap previously classified as a hedge, which, following the renegotiation of the loan hedged, no longer passed the test of effectiveness and was therefore reclassified to trading and subsequently terminated. In the period between the renegotiation date of the loan and the termination date of the swap, the derivative recorded a positive change in fair value of around €56 million.
The remainder, amounting to €13.1 million, relates to operational hedges of the embedded option in the "Premia" and "Indexed" postal savings bonds established with the purchase of options mirroring the exposure.

SECTION 5 - NET GAIN (LOSS) ON HEDGING ACTIVITIES - ITEM 90

5.1 Net gain (loss) on hedging activities: composition

(thousands of euros) P&L items	31/12/2015	31/12/2014
A. Income on:		
A.1 Fair value hedges	354,582	385,793
A.2 Hedged financial assets (fair value)	80,852	1,005,852
A.3 Hedged financial liabilities (fair value)	89,828	19,577
A.4 Cash flow hedges		
A.5 Assets and liabilities in foreign currencies	37,935	31,351
Total income on hedging activities (A)	**563,197**	**1,442,573**
B. Expense on:		
B.1 Fair value hedges	165,940	1,073,239
B.2 Hedged financial assets (fair value)	339,216	7,585
B.3 Hedged financial liabilities (fair value)	15,568	374,792
B.4 Cash flow hedges		
B.5 Assets and liabilities in foreign currencies	37,969	31,351
Total expense on hedging activities (B)	**558,693**	**1,486,967**
C. Net gain (loss) on hedging activities (A - B)	**4,504**	**(44,394)**

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

6.1 Gains (losses) on disposal or repurchase: composition

(thousands of euros)	31/12/2015			31/12/2014		
P&L items	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Loans to banks	245		245	492		492
2. Loans to customers	70,926	(3,887)	67,039	57,718	(287)	57,431
3. Financial assets available for sale	332,692		332,692	281,870		281,870
3.1 Debt securities	332,692		332,692	281,870		281,870
3.2 Equity securities						
3.3 Units in collective investment undertakings						
3.4 Loans						
4. Financial assets held to maturity	10		10			
Total assets	**403,873**	**(3,887)**	**399,986**	**340,080**	**(287)**	**339,793**
Financial liabilities						
1. Due to banks						
2. Due to customers						
3. Securities issued						
Total liabilities						

The balance of this item at 31 December 2015 mainly relates to income earned from the trading of debt securities classified under Financial assets available for sale. The remainder comes from gains realised on the sale of debt securities recognised as loans to customers and penalties received from customers for early loan terminations.

SECTION 8 - NET IMPAIRMENT ADJUSTMENTS - ITEM 130

The balance, totalling €95.6 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 write-backs 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.

8.1 Net impairment adjustments of loans: composition

(thousands of euros)	Writedowns			Writebacks				31/12/2015	31/12/2014
Type of operations/ P&L	Specific		Portfolio	Specific		Portfolio			
items	Writeoffs	Other		A	B	A	B		
A. Loans to banks			**(4,847)**					**(4,847)**	**(3,915)**
Loans			(4,847)					(4,847)	(3,915)
Debt securities									
B. Loans to customers		**(32,999)**	**(64,982)**	**174**	**826**			**(96,981)**	**(109,116)**
Purchased impaired receivables:									
- loans		X					X		
- debt securities		X					X		
Other receivables:									
- loans		(32,999)	(64,639)	174	826			(96,638)	(108,994)
- debt securities			(343)					(343)	(122)
C. Total		**(32,999)**	**(69,829)**	**174**	**826**			**(101,828)**	**(113,031)**

Key
A = interest
B = other writebacks

8.2 Net impairment adjustments on financial assets available for sale: composition

(thousands of euros)	Writedowns		Writebacks		31/12/2015	31/12/2014
	Specific		Specific			
Type of operations/ P&L items	Writeoffs	Other	A	B		
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						
F. Total		**(27)**			**(27)**	

Key
A = interest
B = Other writebacks

8.4 Net impairment adjustments of other financial transactions: composition

(thousands of euros)	Writedowns			Writebacks				31/12/2015	31/12/2014
Type of operations/ P&L	Specific		Portfolio	Specific		Portfolio			
items	Writeoffs	Other		A	B	A	B		
A. Guarantees issued					45		18	63	(332)
B. Credit derivatives									
C. Commitments to disburse funds		(298)	(419)		5,057		1,823	6,163	(17,382)
D. Other transactions									
E. Total		**(298)**	**(419)**		**5,102**		**1,841**	**6,226**	**(17,714)**

Key
A = interest
B = other writebacks

SECTION 9 - ADMINISTRATIVE EXPENSES - ITEM 150

9.1 Staff costs: composition

(thousands of euros) Type of expenses	31/12/2015	31/12/2014
1) Employees	**68,449**	**63,430**
a) Wages and salaries	48,223	44,849
b) Social security contributions	138	177
c) Severance pay		
d) Pensions	12,375	11,538
e) Allocation to staff severance pay provision	1,787	1,359
f) Allocation to provision for pensions and similar liabilities:		
- defined contribution		
- defined benefit		
g) Payments to external pension funds:	1,855	1,508
- defined contribution	1,855	1,508
- defined benefit		
h) Costs in respect of agreements to make payments in own equity instruments		
i) Other employee benefits	4,071	3,999
2) Other personnel in service	**867**	**810**
3) Board of Directors and Board of Statutory Auditors	**3,214**	**1,691**
4) Retired personnel		
5) Recovery of expenses for employees seconded to other companies	**(1,019)**	**(761)**
6) Reimbursement of expenses for third-party employees seconded to the company	**143**	**310**
Total	**71,654**	**65,480**

9.2 Average number of employees by category

(number)	
Employees	**608**
a) Senior management	48
b) Middle management	270
- *of which grade 3rd and 4th*	*155*
c) Other employees	290
Other personnel	**14**

9.4 Other employees benefits

(thousands of euros) Type of benefits	31/12/2015	31/12/2014
Lunch vouchers	951	878
Staff insurance	1,594	1,102
Interest subsidies on loans	144	72
Early retirement incentives	988	1,703
Other benefits	394	244
Total	**4,071**	**3,999**

9.5 Other administrative expenses: composition

(thousands of euros) Type of expenses	31/12/2015	31/12/2014
Professional and financial services	10,953	8,681
IT costs	21,198	26,230
General services	7,799	8,671
Advertising and marketing	9,067	7,773
- *of which mandatory publicity*	*1,230*	*1,090*
Information resources and databases	1,794	1,460
Utilities, duties and other expenses	6,466	8,423
Corporate bodies	475	342
Other personnel costs	1,317	1,181
Total	**59,069**	**62,761**

Pursuant to Article 149-*duodecies* of the Consob Issuers Regulation, the following table reports the fees for 2015 paid for services provided by PricewaterhouseCoopers S.p.A., the independent auditors.

Fees for auditing and non-audit services

(thousands of euros) Type	Service provider	Fees for the year
Auditing and financial statements	PricewaterhouseCoopers S.p.A.	844
Certification	PricewaterhouseCoopers S.p.A.	110
Total		**954**

The fees paid in 2015 to the independent auditors PricewaterhouseCoopers S.p.A. regard auditing of the annual separate and consolidated financial statements, limited auditing of the condensed half-year financial statements, and certification of the statements for the separated accounts, and the provision of comfort letters related to the retail bond issue and the EMTN issue programme.

SECTION 10 - NET PROVISIONS - ITEM 160

10.1 Net provisions: composition

(thousands of euros)	31/12/2015			31/12/2014
Type	Accruals	Reversal of excess	Total	Total
Review of existing provision for litigation	(20,788)	2,360	(18,428)	130
Provision for tax liabilities	(58)		(58)	(1,758)
Total	**(20,846)**	**2,360**	**(18,486)**	**(1,628)**

The item mainly relates to the risk - considered likely - of the occurrence of a future liability connected to the request received from an investee, with which an agreement had been entered to according to which CDP would repay the dividends, received in excess, in the proportional amount established in the civil proceedings, by final ruling, to be paid by the private shareholders.
CDP considered the occurrence of a liability to be likely because the administrative judicial bodies (Regional Administrative Court and Council of State) had ruled against it.

SECTION 11 - NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT - ITEM 170

11.1 Net adjustments of property, plant and equipment: composition

(thousands of euros) Assets/P&L items	Depreciation (A)	Writedowns for impairment (B)	Writebacks (C)	Net adjustments (A + B - C)
A. Property, plant and equipment				
A.1 Owned:	(4,575)			(4,575)
- operating assets	(4,575)			(4,575)
- investment property				
A.2 Acquired under finance leases:				
- operating assets				
- investment property				
Total	**(4,575)**			**(4,575)**

SECTION 12 - NET ADJUSTMENTS OF INTANGIBLE ASSETS - ITEM 180

12.1 Net adjustments of intangible assets: composition

(thousands of euros) Assets/P&L items	Amortisation (A)	Writedowns for impairment (B)	Writebacks (C)	Net adjustments (A + B - C)
A. Intangible assets				
A.1 Owned:	(2,247)			(2,247)
- internally generated				
- other	(2,247)			(2,247)
A.2 Acquired under finance leases				
Total	**(2,247)**			**(2,247)**

SECTION 13 - OTHER OPERATING INCOME (COSTS) - ITEM 190

13.1 Other operating costs: composition

(thousands of euros)

Type	31/12/2015	31/12/2014
Operating costs in respect of supply chain	2	1
Charges from adjustment of asset items	46	2
Other costs	21,959	
Total	**22,007**	**3**

The sub-item "Other costs", amounting to around €22 million, includes the cost related to the repayment to the holders of a ordinary registered postal savings passbook account, under certain conditions, of the amount of the stamp duty due for the year 2015 exceeding the amount of net interest accrued on the passbook account.

13.2 Other operating income: composition

(thousands of euros)

Type	31/12/2015	31/12/2014
Income for corporate offices paid to employees	749	831
Sundry reimbursements	497	380
Rent		20
Other income from services	2,378	2,936
Total	**3,624**	**4,167**

SECTION 14 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 210

14.1 Gains (losses) on equity investments: composition

(thousands of euros)

P&L items	31/12/2015	31/12/2014
A. Gains		**1,086,587**
1. Revaluations		
2. Gains on disposals		1,086,587
3. Writebacks		
4. Other		
B. Losses	**(209,042)**	**(148,521)**
1. Writedowns	(209,042)	(148,521)
2. Impairments		
3. Losses on disposals		
4. Other		
Net gain (loss)	**(209,042)**	**938,066**

The balance of the item, which shows a loss of around €209 million, is due to the writedowns of the equity investments held in Fintecna (around €145.4 million) and CDP Immobiliare (around €63.6 million) as a result of the impairment testing conducted on those investments.

SECTION 17 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 240

17.1 Gains (losses) on disposal of investments: composition

(thousands of euros)

P&L items	31/12/2015	31/12/2014
A. Property		
Gains from disposal		
Losses from disposal		
B. Other assets		
Gains from disposal		
Losses from disposal	(5)	(5)
Net gain (loss)	**(5)**	**(5)**

SECTION 18 - INCOME TAX FOR THE PERIOD ON CONTINUING OPERATIONS - ITEM 260

18.1 Income tax for the period on continuing operations: composition

(thousands of euros)

Items	31/12/2015	31/12/2014
1. Current taxes (-)	(33,854)	(274,877)
2. Change in current taxes from previous years (+/-)		472
3. Reduction of current taxes for the year (+)		
3.*bis* Reduction of current taxes for tax credits pursuant to Law 214/2011 (+)		
4. Change in deferred tax assets (+/-)	41,730	44,396
5. Change in deferred tax liabilities (+/-)	(55)	
6. Taxes for the year (-) (- 1 +/- 2 + 3 + 3.*bis* +/- 4 +/- 5)	**7,821**	**(230,009)**

Current taxes for 2015 consist of the regional business tax (IRAP tax) calculated using the rate in force of 5.57%.

For 2015, the change in deferred tax assets shows an increase, essentially attributable to the allocations to the risk provision and the provision for future employees costs and to the writedowns of loans.

18.2 Reconciliation of theoretical tax liability and actual tax liability recognised

(thousands of euros)	31/12/2015	Tax rate
Income (loss) before taxes	**885,149**	
IRES - Theoretical tax liability (27.5% rate)	**(243,416)**	**-27.5%**
Permanent increases		
- non-deductible interest expense	(55,016)	-6.2%
- writedowns on equity investments	(57,487)	-6.5%
- other non-deductible costs	(5,818)	-0.7%
Temporary increases:		
- impairment adjustments of loans	(6,146)	-0.7%
- other temporarily non-deductible costs	(6,937)	-0.8%
Permanent decreases:		
- tax exempt dividends	400,261	45.2%
- other changes	971	0.1%
Temporary decreases	6,526	0.7%
IRES - Actual tax liability	**32,938**	**n.s.**

(thousands of euros)	31/12/2015	Tax rate
Taxable income for IRAP purposes	**466,257**	
IRAP - Theoretical tax liability (5.57% rate)	**(25,971)**	**-5.57%**
Non-deductible interest 4%	(11,144)	-2.4%
Deductible costs from prior years	44	0.01%
Deductible costs in respect of staff	3,535	0.8%
Other non-deductible costs	(318)	-0.1%
IRAP - Actual tax liability	**(33,854)**	**-7.3%**

SECTION 20 - OTHER INFORMATION

There is no other information to report other than the information already provided in the previous sections.

PART D - COMPREHENSIVE INCOME

DETAILED BREAKDOWN OF COMPREHENSIVE INCOME

(thousands of euros)

Items	Gross amount	Income taxes	Net amount
10. Net income (loss) for the period	**885,149**	**7,821**	**892,970**
Other comprehensive income not transferred to income statement			
20. Property, plant and equipment			
30. Intangible assets			
40. Defined-benefit plans			
50. Non-current assets held for sale			
60. Valuation reserves of equity investments accounted for with equity method			
Other comprehensive income transferred to income statement			
70. Hedging of investment in foreign operation:			
a) Fair value changes			
b) Reversal to income statement			
c) Other changes			
80. Exchange rate differences:			
a) Changes in values			
b) Reversal to income statement			
c) Other changes			
90. Cash flow hedges:	(11,336)	3,749	(7,587)
a) Fair value changes	(11,336)	3,749	(7,587)
b) Reversal to income statement			
c) Other changes			
100. Financial assets available for sale:	(187,585)	62,470	(125,115)
a) Fair value changes	39,004	(12,463)	26,541
b) Reversal to income statement:	(226,589)	74,933	(151,656)
- impairment adjustments			
- gain/loss on realisation	(226,589)	74,933	(151,656)
c) Other changes			
110. Non-current assets held for sale			
a) Fair value changes			
b) Reversal to income statement			
c) Other changes			
120. Valuation reserves of equity investments accounted for with equity method			
a) Fair value changes			
b) Reversal to income statement:			
- impairment adjustments			
- gain/loss on realisation			
c) Other changes			
130. Total other comprehensive income	**(198,921)**	**66,219**	**(132,702)**
140. Comprehensive income (items 10+130)	**686,228**	**74,040**	**760,268**

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Within CDP's organizational structure, the Chief Risk Officer, who reports directly to the CEO, is responsible for the governance of all types of risk and the clear representation to the top management and to the Board of Directors of CDP's overall risk profile and solidity. As part of this mandate, the CRO coordinates the activities of the Risk Management and Anti-Money Laundering (RMA) Area, of the Compliance Service and of the Credit Area. RMA is responsible for supporting the CRO with the governance and monitoring of all types of risks, rendering transparent CDP's overall risk profile and the capital requirements associated with each category of risk.
These risk categories are defined in the Risk Policy approved by the Board of Directors in 2010, as subsequently updated according to needs, and comprise market risks (which includes equity risk, interest rate risk, inflation risk and exchange rate risk), liquidity risk, credit risk (which includes concentration risk and counterparty risk), operational risks and reputational risk. The Risk Policy 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 Board of Directors to set CDP's risk appetite, the thresholds of tolerance, the risk limits, the risk governance policies and the overall framework of organizational 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 Risk Management and Anti-Money Laundering area is structured into the following Services:
1) Credit and Counterparty Risk;
2) Financial Engineering and Fair Value Measurement;
3) Market and Liquidity Risks (ALM);
4) Operational risks;
5) Equity Investment Risks;
6) Loan monitoring and control;
7) Anti-Money Laundering.

The Head of the Equity Investments Risk Service is also attributed the role of coordinating risk management at group level.

The Board Risk Committee is set up within the Board of Directors and has control and guidance functions with respect to risk management and the assessment of the adoption of new products. The Chief Executive Officer, instead, is supported by the Internal Risk Committee, which is a technical-advisory collegial body that provides opinions on issues concerning CDP's overall risk policy, as well as operational assessment of particularly significant risks.

The RMA verifies compliance with the limits set by the Board of Directors and the operational limits established by the Chief Executive Officer, recommending correction actions to the Risk Committee that might be necessary to ensure compliance with the Risk Policy and the risk profile chosen by CDP, monitoring the use of economic capital with respect to capital requirements and participating in capital management activities.
The Financial Engineering and Fair Value Measurement unit is also responsible for providing the company with certified calculation models.

SECTION 1 - CREDIT RISK

QUALITATIVE DISCLOSURES

1. General aspects

Credit risk arises primarily in relation to lending activity – both under the Separate Account and the Ordinary Account – and on a secondary level in hedging operations involving derivatives and treasury activities (in the form of counterparty risk).
The Separate Account, which easily has the largest stock of assets, is primarily exposed to Central Government and local authorities.
In the last three years, an increasingly important role is being played by exposures under the Separate Account to the main banking groups operating in Italy, through which CDP channels various types of financing, in particular loans to SMEs and in support of the real estate market.
Although still accounting for a minority share, exposures under the Separate Account to private-sector parties involved in public interest projects promoted by public entities are also significant. Other exposures include those in respect of the Revolving Fund for enterprises, which at present are essentially immunised for credit risk (as they are secured by the Central Government as the guarantor of last resort), and those assumed under "Export Bank" operations. 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 grants corporate and project financing for initiatives concerning the delivery of public services, in competition with banks. Loans from the Ordinary Account are mainly aimed at the provision of public services and at investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and green economy.

2. Credit risk management policies

2.1 Organisational aspects

The principles followed by CDP in its lending activities are set out in the Lending Rules, which also govern the lending process and the roles of the units involved. At the beginning of 2015 an update of Credit Regulations was approved, which regarded in particular the review of the credit process, with a refocussing of the Credit Committee and the Internal Risk Committee as well as the introduction of the CRO's opinion in specific cases. As a result, the Internal 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.
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 defined.
The Lending department, which performs loan review activities, is responsible, among other things, for the assignment of internal ratings and estimating loss given default, parameters that are used for management purposes and are determined in accordance with the Risk Policy and the Rating and Recovery Rate Policy, a document approved by the CEO that sets out the methodologies used by CDP in assigning internal ratings to counterparties and in generating internal estimates of recovery rates for individual lending transactions. The Lending department is also responsible for monitoring existing loans, as regards performance of the loans themselves and the evolution of the counterparty's financial situation and developments in their industry.
RMA is responsible for risk-adjusted pricing, monitoring risk-adjusted returns and identifying exposure concentrations. The RMA periodically monitors overall developments in the risk level of the loan portfolio, partly with a view to identifying any necessary corrective actions to optimise the risk/return profile.

The RMA's responsibilities concerning credit risk also include:
- specific checks on the correct monitoring of individual exposures, particularly with regard to non-performing positions, on the assessment of ratings consistency, on provisions adequacy and on the effectiveness of the recovery process;
- the preparation of Guidelines, Regulations and Policies on ratings and recovery rate;
- the definition, selection and implementation of models, methods and tools of the internal rating system, guaranteeing their ongoing monitoring and updating.

With respect to non-performing loans, the Credit Area is responsible for initiating restructuring proposals - where required with the support of other Areas for more complex cases - whereas RMA performs a second-level control activity, which consists in expressing an opinion on submitted proposals. Contractual amendment requests for performing loans (so-called waivers), instead, are managed by the Loan Management Area.
The Credit Committee is a collegial body that provides technical information and advice to decision-making bodies as well as mandatory and non-binding opinions on financing operations, both in terms of creditworthiness and of the adequacy of applied conditions. The composition of the Credit Committee includes both members of the Credit Area, RMA and of the Legal and Financial Areas.
Where predetermined concentration thresholds are exceeded and the Credit Committee does not express a unanimous opinion, a non-binding opinion of the CRO is also required on lending transactions.

2.2 Management, measurement and control systems

As part of its credit risk management and control policies for the Separate Account, CDP adopts a system for lending to local governments, under which each loan is allocated to a uniform risk category, defining the level of risk associated with individual authorities appropriately with the aid of specific quantitative parameters for each type and size of authority.

The lending system makes it possible to identify cases in which a more extensive assessment of the borrower's creditworthiness is necessary, using qualitative and quantitative criteria.

For the Ordinary Account and lending for projects promoted by public entities pursuant to Decree Law 185 of 29 November 2008, CDP uses a validated proprietary model to calculate portfolio credit risk. With the same system CDP also calculated the economic capital associated with the entire loan portfolio, with the sole exception of positions associated with country risk.

RMA monitors compliance with the limits framework and the guidelines for the composition of the loan portfolio, which are in integral part of the Risk Policy. The limits are set according to the credit rating of each counterparty, and become more rigorous as the rating and recovery rate decrease, according to proportions based on the extent of capital being used.
RMA also conducts stress tests on the level of risk in the loan portfolio, based on assumptions of generalized deterioration in the portfolio's creditworthiness, increased probability of default, decreased recovery rates and increase in correlation parameters.

The RMA regularly monitors the net current and contingent exposure to banks in respect of derivatives transactions in order to prevent the emergence of concentrated exposures. The RMA also monitors the compliance with minimum rating requirement for counterparties and limits based on the maximum notional amounts of transactions and credit equivalents, by counterparty or groups of connected counterparties, established in the CDP's Risk Policy. Similarly, the RMA provides for the monitoring of exposures to counterparties in treasury activities, verifying compliance with the limits and criteria set out in the Risk Policy.

The methods adopted for the allocation of internal ratings aim to ensure compliance with an adequate level of transparency and consistency, including through traceability of the allocation process.
In the internal rating assignment process, CDP makes use of rating models developed by specialized 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; In addition there is one class for counterparties in default. Given the types of borrowers and the limited number of historical defaults on CDP's portfolio, default probabilities are calibrated on the basis of long-term default rates (*through the cycle*) calculated using data bases acquired from a specialized provider.
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 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.

2.3 Credit risk mitigation techniques

CDP mitigates the credit risk in respect of lending operations using techniques commonly adopted in the banking industry. CDP's credit exposures under the Separate Account are, to a significant extent, accounted for by specific-purpose loans secured by delegation of payment.

Financing under the Ordinary Account and that involving non-public entities under the Separate Account can be secured by security interests in property or unsecured guarantees. Specifically, some of the products in support of the economy, which are channelled through the banking system and targeted at SMEs (e.g. the New SME Fund), and in support of the housing market, are secured through the sale of the underlying loans to CDP and the creation of Pledges on Government Bonds in favour of CDP.
In addition to normal guarantee requirements, mainly in transactions under the Ordinary Account and those for non-public entities under the Separate Account, other options include requiring borrowers to comply with financial covenants and other contractual clauses, which are standard for these types of transactions, which enable CPD to monitor credit risk more effectively over the life of the transaction.

With reference to loans to private-sector parties, in order to reduce the risk of involvement of criminal organizations, CDP takes part in the financing alongside the banking system, assuming a share that does not usually exceed 50% of the entire transaction.

In project finance operations, the support provided by the project's sponsors plays a significant role during the construction phase, both in terms of commitment to provide additional resources, if necessary, and in maintaining their presence as shareholders until completion of the works and start-up of operations.

As regards bank counterparties in transactions in hedging derivatives, in view of the ISDA contracts signed, netting arrangements are also used. All the contracts are based on the 2002 ISDA agreement.
Credit Support Annexes, which involve the periodic exchange of collateral, are also used to strengthen credit risk mitigation.
The arrangement is based on the standard format recommended by ISDA.
CDP intends to use Global Master Repurchase Agreements (GMRA - ISMA 2000 version) for securities financing transactions; In addition, CDP joined the central counterparty system Cassa di Compensazione e Garanzia, through which it carries out repurchase transactions backed by sound counterparty risk protection mechanisms.

2.4 Non-performing financial assets

Non-performing financial assets are measured and classified in accordance with supervisory regulations issued by the Bank of Italy for banks.
The main events monitored in analysing the financial soundness of counterparties and the consequent valuation of the credit exposure in the financial statements regard failure to make payments (or other contractual breaches), declarations of financial crisis by local authorities or the initiation of bankruptcy proceedings for other borrowers.
The measurement of non-performing positions is based on an estimate of the loan recovery plan, discounted at the effective interest rate of the specific loan. In estimating the recovery plan and the consequent write-down, any collateral or unsecured guarantees received are taken into account. These include amounts granted but not yet disbursed on specific-purpose loans, which are disbursed on a state-of-completion basis. Borrowers with substantial arrears are disqualified from accessing new CDP financing and any remaining amounts to be disbursed on problem loans are frozen.
The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure. In order to ensure that such events are reflected promptly, the information on the financial and economic situation of borrowers is monitored periodically and developments in any out-of-court arrangements being negotiated and the various stages of court proceedings involving customers are tracked constantly.
Non-performing assets are classified in order to identify – based on information about the counterparty's financial position, the age of the past-due amounts, the materiality thresholds indicated by supervisory regulations and any debt restructuring authorised by CDP – the positions to be reported under bad debts, unlikely to pay and non-performing past-due exposures.
In the pre-litigation stage, non-performing positions are monitored and managed by the Lending department in coordination with the other organisational structures involved. Actions for the recovery of these exposures aims to maximize the financial return, making use of out-of-court arrangements, including settlements, where appropriate, in order to improve recovery times and minimise costs incurred.
The restoration of non-performing exposures to performing status is subject to verification that the problem conditions or insolvency have been eliminated and to the binding opinion, where envisaged, of the credit monitoring unit.

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: stocks, writedowns, changes, economic and geographical distribution

A.1.1 Distribution of credit exposures by portfolio and credit quality (carrying amounts)

(thousands of euros) Portfolios/Quality	Bad debts	Unlikely to pay	Non-performing past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets available for sale					6,146,975	6,146,975
2. Financial assets held to maturity					24,577,265	24,577,265
3. Loans to banks					25,207,955	25,207,955
4. Loans to customers	30,371	153,992	64,686	119,685	256,736,304	257,105,038
5. Financial assets at fair value						
6. Financial assets held for disposal						
Total at 31/12/2015	**30,371**	**153,992**	**64,686**	**119,685**	**312,668,499**	**313,037,233**
Total at 31/12/2014	**26,350**	**148,070**	**26,009**	**99,107**	**317,033,524**	**317,333,060**

Following changes to the definition of non-performing assets introduced by the Bank of Italy starting from 1 January 2015, in order to align the new definitions 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, the exposure pertaining to the comparison figure at 31 December 2014 of the previous substandard positions was included into "Unlikely to pay".

The table below shows the detail of on-balance-sheet credit forborne exposures (both non-performing and performing).

Forborne exposures: breakdown by portfolio and credit quality

(thousands of euros) Type of exposition	Gross exposure	Specific writedowns	Portfolio adjustments	Net exposure at 31/12/2015
Forborne loans to customers				
Bad debts			X	
Unlikely to pay	74,930	(39,034)	X	35,896
Non-performing past-due exposures			X	
Performing past-due exposures		X		
Other performing exposures	35,452	X	(326)	35,126
Total forborne exposures at 31/12/2015	**110,382**	**(39,034)**	**(326)**	**71,022**

The following table shows the breakdown by portfolio and period overdue of performing past-due exposures. The amounts highlighted refer to the total amount of the exposure recorded in the Financial Statements, including not yet past due amounts, as well as counterparties who have at least one past-due instalment and do not fulfil the requirements for classification into non-performing past-due exposures.

Past-due performing credit exposures: breakdown by period overdue

(thousands of euros) Portfolios	Performing past-due exposures: Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year	Total performing past-due net exposures 31/12/2015	Total performing past-due net exposures 31/12/2014
1. Financial assets available for sale						
2. Financial assets held to maturity						
3. Loans to banks						
4. Loans to customers	53,468	45,176	165	20,876	119,685	99,107
- *of which forborne exposures*						
5. Financial assets at fair value						
6. Financial assets held for disposal						
Total at 31/12/2015	**53,468**	**45,176**	**165**	**20,876**	**119,685**	**X**
Total at 31/12/2014	**20,130**		**29,417**	**49,560**	**X**	**99,107**

A.1.2 Distribution of credit exposures by portfolio and credit quality (gross and net values)

(thousands of euros) Portfolios/Quality	Non-performing assets: Gross exposure	Non-performing assets: Specific writedowns	Non-performing assets: Net exposure	Performing assets: Gross exposure	Performing assets: Portfolio adjustments	Performing assets: Net exposure	Total (net exposure)
1. Financial assets available for sale				6,146,975		6,146,975	6,146,975
2. Financial assets held to maturity				24,577,265		24,577,265	24,577,265
3. Loans to banks				25,242,059	(34,104)	25,207,955	25,207,955
4. Loans to customers	404,882	(155,833)	249,049	256,986,230	(130,241)	256,855,989	257,105,038
5. Financial assets at fair value				X	X		
6. Financial assets held for disposal							
Total at 31/12/2015	**404,882**	**(155,833)**	**249,049**	**312,952,529**	**(164,345)**	**312,788,184**	**313,037,233**
Total at 31/12/2014	**365,025**	**(164,596)**	**200,429**	**317,227,146**	**(94,515)**	**317,132,631**	**317,333,060**

(thousands of euros) Portfolios/Quality	Assets with markedly poor credit quality: Accumulated losses	Assets with markedly poor credit quality: Net exposure	Other assets: Net exposure
1. Financial assets held for trading			200,502
2. Hedging derivatives			789,378
Total at 31/12/2015			**989,880**
Total at 31/12/2014			**982,439**

A.1.3 On-balance-sheet and off-balance-sheet credit exposures to banks: gross and net amounts and overdue bands

(thousands of euros) Type of exposure	Gross exposure: Non-performing assets: Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year	Performing assets	Specific writedowns	Portfolio adjustments	Net exposure
A. On-balance-sheet exposures								
a) Bad debts					X		X	
- *of which: forborne exposures*					*X*		*X*	
b) Unlikely to pay					X		X	
- *of which: forborne exposures*					*X*		*X*	
c) Non-performing past-due exposures					X		X	
- *of which forborne exposures*					*X*		*X*	
d) Performing past-due exposures	X	X	X	X		X		
- *of which: forborne exposures*	*X*	*X*	*X*	*X*		*X*		
e) Other performing exposures	X	X	X	X	26,052,749	X	(34,104)	26,018,645
- *of which: forborne exposures*	*X*	*X*	*X*	*X*		*X*		
Total A					**26,052,749**		**(34,104)**	**26,018,645**
B. Off-balance-sheet exposures								
a) Non-performing					X		X	
b) Performing	X	X	X	X	2,080,026	X	(791)	2,079,235
Total B					**2,080,026**		**(791)**	**2,079,235**
Total (A + B)					**28,132,775**		**(34,895)**	**28,097,880**

A.1.6 On-balance-sheet and off-balance-sheet credit exposures to customers: gross and net amounts and overdue bands

(thousands of euros) Type of exposure	Gross exposure: Non-performing assets: Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year	Performing assets	Specific writedowns	Portfolio adjustments	Net exposure
A. On-balance-sheet exposures								
a) Bad debts		431	1,359	86,418	X	(57,837)	X	30,371
- *of which: forborne exposures*					*X*		*X*	
b) Unlikely to pay	74,946	21,752	15,352	139,938	X	(97,996)	X	153,992
- *of which: forborne exposures*	*74,930*				*X*	*(39,034)*	*X*	*35,896*
c) Non-performing past-due exposures	15,660	43,808	4,314	904	X		X	64,686
- *of which: forborne exposures*					*X*		*X*	
d) Performing past-due exposures	X	X	X	X	119,685	X		119,685
- *of which: forborne exposures*	*X*	*X*	*X*	*X*		*X*		
e) Other performing exposures	X	X	X	X	286,780,095	X	(130,241)	286,649,854
- *of which: forborne exposures*	*X*	*X*	*X*	*X*	*35,452*	*X*	*(326)*	*35,126*
Total A	**90,606**	**65,991**	**21,025**	**227,260**	**286,899,780**	**(155,833)**	**(130,241)**	**287,018,588**
B. Off-balance-sheet exposures								
a) Non-performing	34,899				X	(304)	X	34,595
b) Performing	X	X	X	X	19,745,231	X	(16,291)	19,728,940
Total B	**34,899**				**19,745,231**	**(304)**	**(16,291)**	**19,763,535**
Total (A + B)	**125,505**	**65,991**	**21,025**	**227,260**	**306,645,011**	**(156,137)**	**(146,532)**	**306,782,123**

A.1.7 On-balance-sheet exposures to customers: changes in gross non-performing positions

(thousands of euros) Items/Categories	Bad debts	Unlikely to pay	Non-performing past-due exposures
A. Opening gross exposure	**78,930**	**260,074**	**26,021**
- *of which exposures assigned but not derecognised*			
B. Increases	**9,848**	**50,219**	**69,295**
B.1 Transfers from performing positions	3,117	21,193	67,479
B.2 Transfers from other categories of non-performing positions	5,683	25,104	1,358
B.3 Other increases	1,048	3,922	458
C. Decreases	**570**	**58,305**	**30,630**
C.1 To performing loans		2,635	2,712
C.2 Writeoffs			
C.3 Collections	570	6,825	2,092
C.4 Assignments			
C.5 Losses on disposal			
C.6 Transfers to other categories of non-performing positions		6,319	25,826
C.7 Other decreases		42,526	
D. Closing gross exposure	**88,208**	**251,988**	**64,686**
- *of which exposures assigned but not derecognised*			

Following changes to the definition of non-performing assets introduced by the Bank of Italy starting from 1 January 2015, in order to align the new definitions 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, the exposure pertaining 31 December 2014 of the previous substandard positions was included into reason "A. Opening gross exposure" of Unlikely to pay.

The amount shown in the item "C.7 Other decreases" of Unlikely to pay represents the conversion of credit exposure into equity financial instruments pursuant to Article 2346, paragraph 6, of the Italian Civil Code and into convertible debenture loans issue within restructuring agreements pursuant to Article 182-bis of the Bankruptcy Law, effected during the year.

A.1.8 On-balance-sheet credit exposures to non-performing customers: changes in total adjustments

(thousands of euros) Items/Categories	Bad debts	Unlikely to pay	Non-performing past-due exposures
A. Total opening adjustments	**52,580**	**112,004**	**12**
- *of which exposures assigned but not derecognised*			
B. Increases	**5,514**	**29,268**	**-**
B.1 Writedowns	4,799	28,200	
B.2 Losses on disposal			
B.3 Transfers from other categories of non-performing positions		6	
B.4 Other increases	715	1,062	
C. Decreases	**257**	**43,276**	**12**
C.1 Writebacks from valuations	174	1	6
C.2 Writebacks from collection	83	737	
C.3 Gains on disposal			
C.4 Writeoffs			
C.5 Transfers to other categories of non-performing positions			6
C.6 Other decreases		42,538	
D. Total closing adjustments	**57,837**	**97,996**	
- *of which exposures assigned but not derecognised*			

Following changes to the definition of non-performing assets introduced by the Bank of Italy starting from 1 January 2015, in order to align the new definitions 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, writedowns pertaining to 31 December 2014 of the previous substandard positions were included into reason "A. Total opening adjustments" of Unlikely to pay.

The amount shown in the item "C.6 Other decreases" of Unlikely to pay represents the use of the existing writedown provision for credit exposures that were converted into equity financial instruments pursuant to Article 2346, paragraph 6, of the Italian Civil Code and into convertible debenture loans issue within restructuring agreements pursuant to Article 182-*bis* of the Bankruptcy Law, effected during the year.

A.2 Classification of exposures on the basis of external and internal ratings

A.2.1 Distribution of on-balance-sheet and off-balance-sheet credit exposures by external rating grades

(thousands of euros)	External rating grades						Not rated	Total
Exposures	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. On-balance-sheet credit exposures	**24,384**	**1,811,257**	**254,927,474**	**7,379,207**	**3,616,660**	**40,541**	**46,656,723**	**314,456,246**
B. Derivatives	**202**	**11,811**	**3,243**				**8,343**	**23,599**
B.1 Financial derivatives	202	11,811	3,243				8,343	23,599
B.2 Credit derivatives								
C. Guarantees issued			**763,488**	**157,287**			**1,799,078**	**2,719,853**
D. Commitments to disburse funds		**696,407**	**14,044,734**	**336,073**	**90,811**	**568**	**3,930,725**	**19,099,318**
E. Other								
Total	**24,586**	**2,519,475**	**269,738,939**	**7,872,567**	**3,707,471**	**41,109**	**52,394,869**	**336,299,016**

The following table maps the rating grades and the agency ratings used.

Rating grades	ECAI		
	Moody's	Fitch	Standard & Poor's
Class 1	from Aaa to Aa3	from AAA to AA-	from AAA to AA-
Class 2	from A1 to A3	from A+ to A-	from A+ to A-
Class 3	from Baa1 to Baa3	from BBB+ to BBB-	from BBB+ to BBB-
Class 4	from Ba1 to Ba3	from BB+ to BB-	from BB+ to BB-
Class 5	from B1 to B3	from B+ to B-	from B+ to B-
Class 6	Caa1 and lower	CCC+ and lower	CCC+ and lower

A.3 Distribution of secured exposures by type of guarantee

A.3.1 Secured credit exposures to banks

(thousands of euros)	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1) + (2)
						Credit derivatives					Guarantees				
							Other derivatives								
		Land and buildings - mortgages	Land and buildings - finance lease	Securities	Other assets	CLN	Governments and central banks	Other government agencies	Banks	Other	Governments and central banks	Other government agencies	Banks	Other	
1. Secured on-balance-sheet credit exposures															
1.1 Fully secured	18,278,742			5,343,153	9,248,471						3,613,432			73,686	18,278,742
- *of which non-performing*															
1.2 Partially secured	18,419										18,418				18,418
- *of which non-performing*															
2. Secured off-balance-sheet credit exposures															
2.1 Fully secured	231,090				19,862						8,610			202,618	231,090
- *of which non-performing*															
2.2 Partially secured															
- *of which non-performing*															

A.3.2 Secured credit exposures to customers

(thousands of euros)	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1) + (2)
						Credit derivatives					Guarantees				
							Other derivatives								
		Land and buildings - mortgages	Land and buildings - finance lease	Securities	Other assets	CLN	Governments and central banks	Other government agencies	Banks	Other	Governments and central banks	Other government agencies	Banks	Other	
1. Secured on-balance-sheet credit exposures:															
1.1 fully secured	10,596,108	75,916		5,545,125	678,257						1,190,164	738,860	32,776	2,335,010	10,596,108
- *of which non-performing*	*32,767*	*12,689*									*20,078*				*32,767*
1.2 partially secured	81,051,264	22,662		432,389	5,594,473						357,556	3	101,066	777,624	7,285,773
- *of which non-performing*	*170,359*				*1,586*						*134,511*				*136,097*
2. Secured off-balance-sheet credit exposures:															
2.1 Fully secured	4,637,450	473		38,364	113,755						563,325			3,921,533	4,637,450
- *of which non-performing*	*27,438*										*27,438*				*27,438*
2.2 Partially secured	297,881			32,556	33,494							120,000	16,442		202,492
- *of which non-performing*															

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 On-balance-sheet and off-balance sheet credit exposures to customers by sector (carrying amount)

(thousands of euros) Exposures/Counterparties	Governments			Other government agencies			Financial companies			Insurance undertakings			Non-financial companies			Other		
	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments
A. On-balance-sheet exposures																		
A.1 Bad debts			X	2,525	(2,242)	X		(3,906)	X			X	26,536	(51,546)	X	1,310	(143)	X
- *of which: forborne exposures*			*X*			*X*			*X*			*X*			*X*			*X*
A.2 Unlikely to pay			X	1,985	(41,999)	X		(10)	X			X	151,149	(55,987)	X	858		X
- *of which: forborne exposures*			*X*			*X*		*(10)*	*X*			*X*	*35,896*	*(39,024)*	*X*			*X*
A.3 Non-performing past-due positions			X	33,083		X			X			X	31,603		X			X
- *of which: forborne exposures*			*X*			*X*			*X*			*X*			*X*			*X*
A.4 Performing exposures	223,086,505	X		46,324,086	X	(2)	7,774,666	X	(287)		X		9,561,085	X	(129,952)	23,197	X	
- *of which: forborne exposures*		*X*			*X*			*X*			*X*		*35,126*	*X*	*(326)*		*X*	
Total A	**223,086,505**			**46,361,679**	**(44,241)**	**(2)**	**7,774,666**	**(3,916)**	**(287)**				**9,770,373**	**(107,533)**	**(129,952)**	**25,365**	**(143)**	
B. Off-balance-sheet exposures																		
B.1 Bad debts			X			X		(304)	X			X	879		X	2,144		X
B.2 Unlikely to pay			X			X			X			X	15,616		X			X
B.3 Other non-performing assets			X			X			X			X	15,956		X			X
B.4 Performing exposures	7,504,154	X		3,275,288	X		271,529	X			X		8,665,311	X	(16,291)	12,658	X	
Total B	**7,504,154**			**3,275,288**			**271,529**	**(304)**					**8,697,762**		**(16,291)**	**14,802**		
Total (A + B) at 31/12/2015	**230,590,659**			**49,636,967**	**(44,241)**	**(2)**	**8,046,195**	**(4,220)**	**(287)**				**18,468,135**	**(107,533)**	**(146,243)**	**40,167**	**(143)**	
Total (A + B) at 31/12/2014	**219,976,098**			**49,636,905**	**(36,431)**		**21,515,249**	**(3,911)**	**(35)**				**16,172,729**	**(129,243)**	**(83,269)**	**31,157**	**(119)**	

B.2 On-balance sheet and off-balance sheet credit exposures to customers by geographical area (carrying amount)

(thousands of euros) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of world	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet exposures										
A.1 Bad debts	30,371	(57,837)								
A.2 Unlikely to pay	153,992	(97,996)								
A.3 Non-performing past-due positions	64,686									
A.4 Performing exposures	285,476,833	(130,241)	864,164		234,020		178,092		16,430	
Total A	**285,725,882**	**(286,074)**	**864,164**		**234,020**		**178,092**		**16,430**	
B. Off-balance-sheet exposures										
B.1 Bad debts	3,023	(304)								
B.2 Unlikely to pay	15,616									
B.3 Other non-performing assets	15,956									
B.4 Performing exposures	16,207,120	(16,291)	250,287		3,098,205		56,465		116,863	
Total B	**16,241,715**	**(16,595)**	**250,287**		**3,098,205**		**56,465**		**116,863**	
Total (A + B) at 31/12/2015	**301,967,597**	**(302,669)**	**1,114,451**		**3,332,225**		**234,557**		**133,293**	
Total (A + B) at 31/12/2014	**304,573,810**	**(253,008)**	**409,580**		**1,979,253**		**234,377**		**135,118**	

B.3 On-balance sheet and off-balance sheet credit exposures to banks by geographical area (carrying amount)

(thousands of euros) Exposures/Geographical area	Italy		Other European countries		Americas		Asia		Rest of world	
	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet exposures										
A.1 Bad debts										
A.2 Unlikely to pay										
A.3 Non-performing past-due positions										
A.4 Performing exposures	25,725,841	(34,104)	292,804							
Total A	**25,725,841**	**(34,104)**	**292,804**							
B. Off-balance-sheet exposures										
B.1 Bad debts										
B.2 Unlikely to pay										
B.3 Other non-performing assets										
B.4 Performing exposures	1,858,290	(791)	220,945							
Total B	**1,858,290**	**(791)**	**220,945**							
Total (A + B) at 31/12/2015	**27,584,131**	**(34,895)**	**513,749**							
Total (A + B) at 31/12/2014	**24,940,478**	**(29,716)**	**2,324,664**							

C. SECURITISATIONS

QUALITATIVE DISCLOSURES

At the end of 2002, CDP, then a public entity, carried out a securitisation with the assignment without recourse of six portfolios of claims on customers in respect of loans to the following types of borrowers:
1) special corporations or consortiums operated by local authorities, consortiums of local authorities, and public or private limited companies operating public services (portfolio extinguished);
2) departments of the State, the regions, the autonomous provinces or local authorities (portfolio extinguished);
3) A2A S.p.A. (portfolio extinguished);
4) Acea Distribuzione S.p.A. (portfolio extinguished);
5) RFI S.p.A.;
6) Poste Italiane S.p.A. (portfolio extinguished).

At 31 December 2015, there was only one portfolio of securitised loans (RFI S.p.A.) outstanding. The transaction and the associated cash flows are proceeding as envisaged.
It should be noted that the loans underlying this transaction were fully derecognised, since CDP applied the provisions of paragraph 2, Appendix B, of IFRS 1, which requires first-time adopters to apply rules for the prospective derecognition of financial assets effected as from 1 January 2004.

QUANTITATIVE DISCLOSURES

C.5 Servicer activity - own securitisations: collections on securitised assets and redemption of securities issued by the securitisation vehicle

	Securitised assets (end-period figure)		Collections in the year		% of securities redeemed (end-period figure)					
					Senior		Mezzanine		Junior	
(thousands of euros) Securitisation vehicle	Non-performing	Performing	Non-performing	Performing	Non-performing assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets
CPG - Società di cartolarizzazione a r.l.		197,527		31,938						

E. ASSET DISPOSALS

A. FINANCIAL ASSETS ASSIGNED BUT NOT DERECOGNISED

QUALITATIVE DISCLOSURES

Financial assets assigned but not derecognised regard Government securities classified as "Financial assets available for sale" and "Financial assets held to maturity" involved in repurchase agreements.

QUANTITATIVE DISCLOSURES

E.1 Financial assets assigned but not derecognised: carrying amount and total value

(thousands of euros)	Financial assets held for trading			Financial assets at fair value			Financial assets available for sale			Financial assets held to maturity			Loans to banks			Loans to customers			Total	
Type/Portfolio	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2015	31/12/2014
A. On-balance-sheet assets							**680,093**			**4,947,596**									**5,627,689**	**1,660,037**
1. Debt securities							680,093			4,947,596									5,627,689	1,660,037
2. Equity securities										X	X	X	X	X	X	X	X	X		
3. Units in collective investment undertakings										X	X	X	X	X	X	X	X	X		
4. Loans																				
B. Derivatives				**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
Total 31/12/2015							**680,093**			**4,947,596**									**5,627,689**	**X**
- *of which: non-performing*																				*X*
Total 31/12/2014							**294,714**			**1,365,323**									**X**	**1,660,037**
- *of which: non-performing*																			*X*	

Key:
A = Assigned financial assets fully recognised (carrying amount).
B = Assigned financial assets partially recognised (carrying amount).
C = Assigned financial assets partially recognised (total value).

E.2 Financial liabilities in respect of financial assets assigned but not derecognised: carrying amount

(thousands of euros) Liabilities/Assets portfolio	Financial assets held for trading	Financial assets at fair value	Financial assets available for sale	Financial assets held to maturity	Loans to banks	Loans to customers	Total
1. Due to customers			**394,830**	**3,906,476**			**4,301,306**
a) In respect of assets fully recognised			394,830	3,906,476			4,301,306
b) In respect of assets partially recognised							
2. Due to banks			**284,304**	**1,986,249**			**2,270,553**
a) In respect of assets fully recognised			284,304	1,986,249			2,270,553
b) In respect of assets partially recognised							
Total 31/12/2015			**679,134**	**5,892,725**			**6,571,859**
Total 31/12/2014			**294,234**	**1,581,009**			**1,875,243**

E.3 Disposals with liabilities with recourse only on divested assets: fair value

(thousands of euros)	Financial assets held for trading		Financial assets at fair value		Financial assets available for sale		Financial assets held to maturity (fair value)		Loans to banks (fair value)		Loans to customers (fair value)		Total	
Type/Portfolio	A	B	A	B	A	B	A	B	A	B	A	B	31/12/2015	31/12/2014
A. On-balance-sheet assets					**680,093**		**5,888,496**						**6,568,589**	**1,885,583**
1. Debt securities					680,093		5,888,496						6,568,589	1,885,583
2. Equity securities							X	X	X	X	X	X		
3. Units in collective investment undertakings							X	X	X	X	X	X		
4. Loans														
B. Derivatives			**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
Total assets					**680,093**		**5,888,496**						**6,568,589**	**1,885,583**
C. Associated liabilities					**679,134**		**5,892,725**						**X**	**X**
1. Due to customers					394,830		3,906,476						X	X
2. Due to banks					284,304		1,986,249						X	X
Total liabilities					**679,134**		**5,892,725**						**6,571,859**	**1,875,243**
Net value 31/12/2015					**959**		**(4,229)**						**(3,270)**	**X**
Net value 31/12/2014					**480**		**9,860**						**X**	**10,340**

Key:
A = Assigned financial assets fully recognised.
B = Assigned financial assets partially recognised.

B. FINANCIAL ASSETS ASSIGNED AND DERECOGNISED WITH RECOGNITION OF CONTINUING INVOLVEMENT

QUALITATIVE DISCLOSURES

CDP does not have any transactions classified in the portfolio of financial assets assigned and derecognised with recognition of continuing involvement.

E.4 Covered bond transactions

At the date of the Financial Statements, no covered bond transactions have been carried out by CDP.

SECTION 2 - MARKET RISKS

2.1 Interest rate risk and price risk - Supervisory trading book

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS

In 2015, CDP did not undertake any transactions qualifying for allocation to the supervisory trading book.

2.2 Interest rate and price risk - Banking book

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

As part of its activities, CDP is exposed to interest rate risk in all its forms: repricing, yield curve, basis and optionality. CDP also monitors inflation risk within the same conceptual and analytical framework as interest rate risk on the banking book.
These risks can affect the profits and economic value of CDP.

CDP faces a substantial level of interest rate risk due to the presence of large unhedged volumes of assets and liabilities predating its transformation into a joint-stock company and to the structure of assets and liabilities: a considerable portion of CDP's balance sheet consists of funding through Ordinary Fixed-rate Bonds with an early redemption option, while the stock of loans is mainly fixed rate. Other types of postal bonds also include an early redemption option whose value is significantly affected by interest rates and inflation.

CDP's basic approach to measuring and managing interest rate risk is an "economic value perspective", which complements the "profitability perspective". The economic value perspective corresponds to the long-term representation of the profitability perspective, as economic value is essentially equal to the discounted sequence of future net income.
From this perspective, CDP analyses its exposure and risk profile by assessing balance sheet items that are sensitive to interest rates, quantifying their reaction to small changes (sensitivity analysis) and major shocks (stress testing) to the risk factors. The transition from exposure metrics (derived from the sensitivity analyses and stress testing) to risk metrics is carried out by assigning a probability to possible market scenarios. This gives a statistical distribution of the value of the balance sheet items and composite indicators representing the economic capital necessary for the risks involved.
This monitoring structure is translated into the calculation of value at risk (VaR), which CDP calculates using methods based on historical simulation.
To quantify and monitor the interest rate risk of the banking book, CDP measures VaR both over short time horizons – such as over one day or ten days – and annually, which is more suited to internal assessment of capital adequacy, with particular regard to risk pertaining to the banking book. The short-term and annual measures of VaR share the same combination of models for valuing balance sheet items and measuring sensitivity, and they use the same input data. The daily VaR is used for backtesting, because there is a larger pool of figures available over that interval.

VaR summarises in a single figure the results of the simulation of many scenarios generated in accordance with the statistical characteristics of the risk factors. While aware of the limits of any composite metric based on historical scenarios, VaR also has two significant strengths:
- it captures the consequences of complex market and product features (volatility, correlation, optionality and asymmetry) in a single value;
- it makes it possible, by way of back-testing, to check the assumptions underpinning not only the calculation of the daily VaR but also the entire simulation.

CDP's Risk Policy sets specific limits to manage the exposure to interest rate and inflation risk. More specifically, limits have been established on the impact on the economic value of parallel shifts (+/100 basis points) in the yield curve and the inflation curve. In addition to these limits, further, more granular limits are in place, which are set by the Chief Executive Officer.

CDP also assesses the impact of interest rate risk on income for shorter horizons using internal planning and ALM systems, specifically quantifying the impact of parallel shifts in the yield curve on net interest income.

CDP's ALM approach seeks to limit the volume of hedging derivatives by exploiting "operational hedges" between fixed-rate assets and liabilities. Hedging therefore regards subsets of those items, depending on the sign of the net exposure, with a view to containing the overall risk exposure.
Operational responsibility for managing interest rate risk lies with the Finance Area.
The measurement and the monitoring of interest rate risk are performed by the RMA and are discussed within the Risk Committee. The Board of Directors approves risk management policies and the associated monitoring methods and received periodic reports on the results achieved.

Price risk regards the possibility that the net economic value, profitability or the book equity of CDP could be adversely affected by variables associated with shares, in particular the market prices of such securities and related derivatives, or changes in the current and future profitability of the investment in such instruments. For these purposes, investments in units of investment funds, including real estate funds, are treated like shares by CDP. With respect to the above, it should be noted that, as part of the co-sourcing agreement, CDP provides risk management support to CDPI SGR, the company that manages "*Fondo Investimenti per l'Abitare*" and "*Fondo Investimenti per la Valorizzazione*"; responsibility for the Function, previously with the acting Chief Risk Officer of the Parent Company, now resides with a CDPI SGR employee.
In line with the net economic value approach, equity risk is quantified in terms of VaR (with a one-year time horizon). VaR provides a proxy of the risk that liquid, listed securities – including those not recognised at fair value – will not recover any impairment losses over time. It is calculated on the basis of hypotheses about the statistical distribution of the prices of shares, the related derivatives (where present) and the fair value of unlisted securities. Risk is quantified by assuming continuity in the business model of CDP, which expects to hold most of its stock investments for the long term.
An additional source of price risk lies in CDP's funding operations, namely the issue of indexed postal bonds and Premia bonds, whose yield is linked to developments in the Dow Jones Euro Stoxx 50 Index. The RMA monitors the net exposure to such risk.

B. FAIR VALUE HEDGES

The strategies underlying fair value hedging are aimed at reducing interest rate and inflation risk metrics and differ in part for the two Accounts.

The Ordinary Account is normally hedged against interest rate risk at the origination stage.
On the liability side of the Ordinary Account, this hedging involves specific hedges of fixed-rate, variable-rate and/or structured issues in Euro and other currencies, carried out using Interest Rate Swaps (IRS) and Cross Currency Swaps (CCS) indexed to 6-month Euribor.
As regards assets, fixed-rate loans are generally hedged using amortising IRSs in which CDP pays fixed and receives floating. In this case, the hedge may regard a homogeneous aggregate of loans.
The hedges in place as of today are classified as micro fair value hedges.
The Separate Account adopts a different hedging approach, due to the very large volumes of liabilities incorporating the early redemption option. As result of the sensitivity profile for these options, CDP's overall exposure to interest rate risk under the Separate Account undergoes significant fluctuations in relation to the level of interest rates. When the exposure reaches levels deemed excessive, it is necessary to activate the mechanisms available, such as entering into new derivative contracts, early termination of existing derivatives, and the purchase of fixed-rate government securities.

With respect to financial liabilities, fair value hedges are currently in place for bonds issued to Institutional and Retail Customers, in some cases supported by State guarantees, established through IRSs indexed to 6-month Euribor plus a spread.
As regard financial assets, at the start of 2006, following the renegotiation of fixed-rate loans charged to the State, CDP had a negative exposure to a rate increase. CDP responded with a programme of micro-hedges of the interest rate risk on portfolios of loans with uniform rate and maturity features.
The programme was implemented using plain vanilla amortising IRSs in which CDP pays a fixed rate and receives 6-month Euribor plus a spread.

Subsequently, CDP continued to hedge part of its new fixed-rate loans, using one-to-one hedges.
Part of the hedges on fixed-rate assets were terminated early in 2010, following the renegotiation of fixed-rate loans. A number of other hedges on fixed-rate assets were also early terminated in subsequent years to contain the total exposure to the yield curve.
At the end of 2015, fair value hedges for loans charged to the Government established in 2006 were all terminated early, also as a result of the loan renegotiation programmes proposed over the course of the year. Exchange rate hedging activity continued with the establishment of new hedges for renegotiated and new loans, in some cases favouring the a so-called "Partial-term" hedge, in order to put in place targeted exchange rate hedges for particular portions of the discount curve.

Moreover, interest rate and exchange rate risks linked to a loan granted within the Export Bank activity that entails repayment in US Dollars were hedged. The hedge through Currency Swap is classed a micro fair value hedge from an accounting viewpoint.

The equity risk linked to postal bonds indexed to the Euro Stoxx 50 Index ("Index Linked at maturity" and "*Premia*" and "Europe") is immunised through the purchase of options that mirror those embedded in the bonds, taking into account the risk profile resulting from the periodic monitoring and putting in place hedges from a portfolio perspective. The financial characteristics of the most recent issues make it possible to take advantage of partial over-hedges on other positions in the portfolio with the same characteristics. More specifically, the hedges of options embedded in the Europa bonds, issued in June 2013, are put in place by either purchasing matching options[37], or through long positions in options already in the portfolio for the pre-existing "Premia" bonds, where the financial characteristics in terms of strike, fixing dates, expiration coincide. The metrics introduced in the monitoring of the risk arising from equity options enable the verification of hedges both on a "one to one" basis and on an aggregated basis for similar positions according to the above characteristics.
These transactions are not subject to hedge accounting: the embedded options sold and the options purchased are both recognised at fair value and qualify as operational hedges.
During 2015, in order to minimize the exposure arising from hedge discrepancies resulting from redemptions differing from estimates, CPD continued to pursue the programme to unwind the options it had purchased to hedge the embedded options of the "Indexed-linked at maturity" and "Premia" bonds. In line with this strategy, it only hedged the new issues for the optional amounts not hedged in the portfolio.

C. CASH FLOW HEDGES

During 2010 CDP launched a hedging programme for issues of postal bonds indexed to the consumer price index for blue-collar and office worker households (FOI), a leading source of exposure to inflation that is only partially mitigated by the operational hedge against loans with the same type of indexing. The hedges, which are classified as cash flow hedges, are implemented using zero-coupon inflation swaps with the notional determined on a conservative basis, estimating the nominal amount that CDP expects to reach at maturity for each series of hedged bond. In most of the transactions in this category, CDP retains the basis risk in respect of any differences between European and Italian inflation.
CDP has also used derivatives to hedge exchange rate risk, which were designated as cash flow hedging relationships.
As regards the assets of the Separate Account, two hedges are currently in place through Cross Currency Swaps in which CDP converts the cash flows of two floating-rate securities in yen (issued by the Republic of Italy) into fixed rate securities in euros.

37 The notional purchased as hedge is estimated on the basis of the proprietary model of customer redemption behaviour.

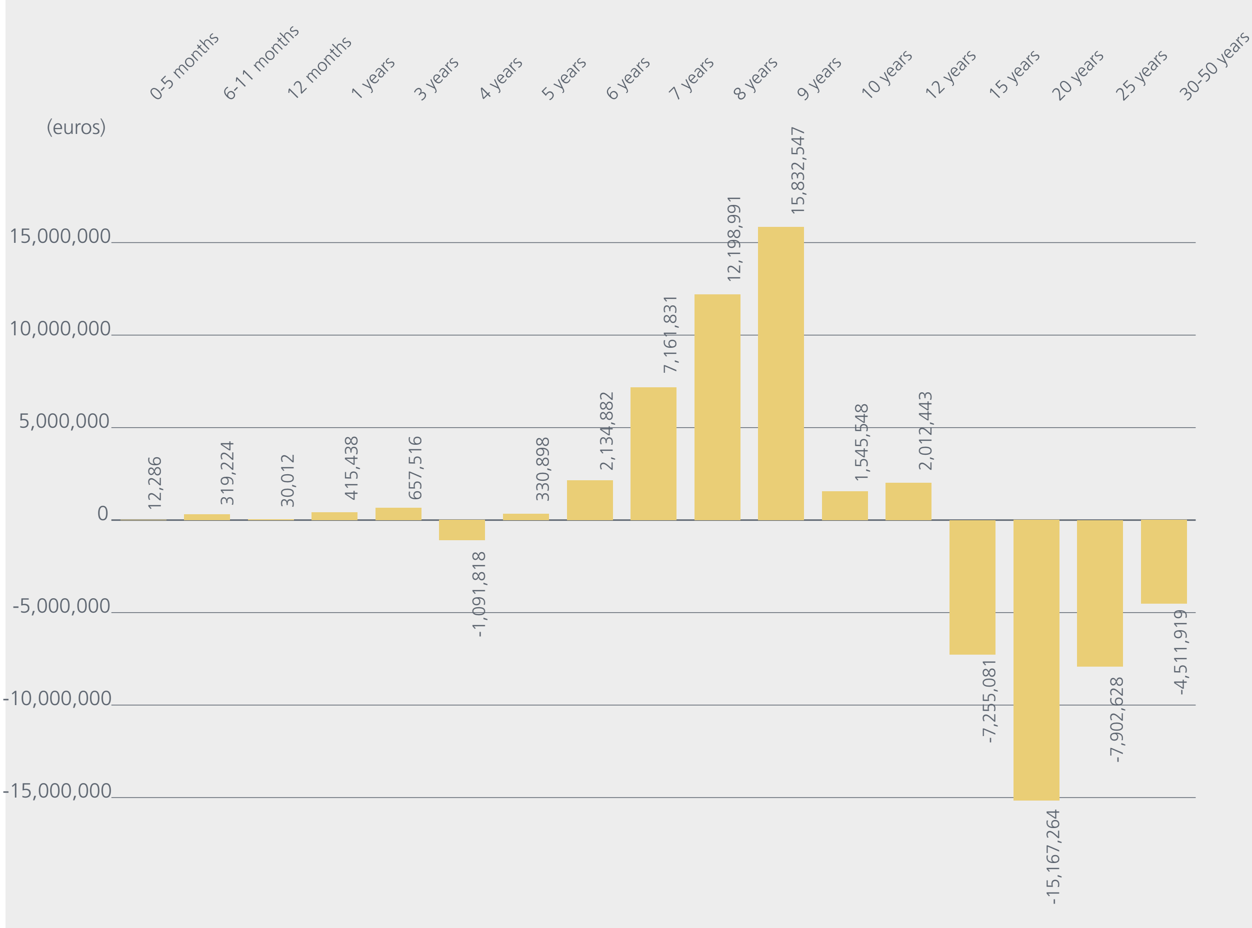
QUANTITATIVE DISCLOSURES

1. Banking book: distribution of financial assets and liabilities by residual maturity (repricing date)

The following figure shows an analysis of interest rate risk sensitivity developed on the basis of internal models.

Sensitivity to Euro zero-coupon rates by maturity

Market figures at 31/12/2015



2.3 Exchange rate risk

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF EXCHANGE RATE RISK

Exchange rate risk is the risk that changes in exchange rates might have a negative impact on the net income or economic value of CDP.
Certain activities of CDP can generate exchange rate risk. CDP undertakes such activities only if covered by appropriate exchange rate hedges.
The activities of CDP that can engender such exposure are normally associated with the issue of bonds denominated in foreign currencies, equity investments the value of which can be exposed to changes in exchange rates, the purchase of bonds denominated in foreign currencies and the granting of loans denominated in currencies other than the Euro under the "Export Bank" system.

B. HEDGING EXCHANGE RATE RISK

CDP's liabilities currently do not entail exchange rate risk resulting from foreign currency issues (the lasts Cross Currency in the portfolio, resulting from an issue under the EMTN programme in the Ordinary Accounted denominated in Yen, expired on 15 January 2015).

In CDP's assets, exchange rate risks linked to the purchase of bonds denominated in foreign currencies (currently two Yen-denominated bonds issued by the Italian Republic) and to the granting of a loan within the Export Bank activity that entails repayment in US Dollars were hedged. The Italian Republic bonds issue in Yen was hedged through Cross Currency Swaps that make CDPs cashflows equal to those of fixed-rate bonds denominated in Euro. The loan, instead, was hedged through a Cross Currency Swap in which CDP exchanges USD cashflows with variable-rate cashflows indexed to the Euribor 6M index.

QUANTITATIVE DISCLOSURES

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euros) Items	Currency US dollar	Pound sterling	Yen	Canadian dollar	Swiss franc	Other
A. Financial assets	**123,855**		**458,065**			
A.1 Debt securities			458,065			
A.2 Equity securities						
A.3 Loans to banks						
A.4 Loans to customers	123,855					
A.5 Other financial assets						
B. Other assets						
C. Financial liabilities						
C.1 Due to banks						
C.2 Due to customers						
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities						
E. Financial derivatives:						
- Options:						
+ long positions						
+ short positions						
- Other derivatives:						
+ long positions						
+ short positions	123,855		458,065			
Total assets	**123,855**		**458,065**			
Total liabilities	**123,855**		**458,065**			
Difference (+/-)						

2.4 Derivatives

A. FINANCIAL DERIVATIVES

A.2 Banking book: end-period notional values

A.2.1 Banking book: end-period notional values - Hedges

(thousands of euros) Underlying assets/Type of derivatives	31/12/2015 Over the counter	31/12/2015 Central counterparties	31/12/2014 Over the counter	31/12/2014 Central counterparties
1. Debt securities and interest rates	**24,563,055**		**15,370,390**	
a) Options				
b) Swaps	24,563,055		15,370,390	
c) Forwards				
d) Futures				
e) Other				
2. Equity securities and equity indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Foreign currencies and gold	**580,090**		**413,138**	
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other	580,090		413,138	
4. Commodities				
5. Other underlyings				
Total	**25,143,145**		**15,783,528**	

A.2.2 Banking book: end-period notional values - Other derivatives

(thousands of euros) Underlying assets/Type of derivatives	31/12/2015 Over the counter	31/12/2015 Central counterparties	31/12/2014 Over the counter	31/12/2014 Central counterparties
1. Debt securities and interest rates	**2,179,080**		**1,158,750**	
a) Options				
b) Swaps	2,099,080		1,078,750	
c) Forwards				
d) Futures				
e) Other	80,000		80,000	
2. Equity securities and equity indices	**34,054,732**		**27,480,737**	
a) Options	34,054,732		27,400,737	
b) Swaps				
c) Forwards			80,000	
d) Futures				
e) Other				
3. Foreign currencies and gold			**89,513**	
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other			89,513	
4. Commodities				
5. Other underlyings				
Total	**36,233,812**		**28,729,000**	

A.3 Financial derivatives: gross positive fair value - Breakdown by product

(thousands of euros)	Positive fair value			
	31/12/2015		31/12/2014	
Portfolios/Type of derivatives	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Supervisory trading book				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking book - hedging	**789,378**		**683,757**	
a) Options				
b) Interest rate swaps	665,487		506,354	
c) Cross currency swaps	123,891		177,403	
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking book - other derivatives	**200,502**		**298,682**	
a) Options	127,761		189,418	
b) Interest rate swaps	64,685		66,140	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards			33,141	
f) Futures				
g) Other	8,056		9,983	
Total	**989,880**		**982,439**	

A.4 Financial derivatives: gross negative fair value - Breakdown by product

(thousands of euros)	Negative fair value			
	31/12/2015		31/12/2014	
Portfolios/Type of derivatives	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Supervisory trading book				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
B. Banking book - hedging	**535,247**		**2,305,631**	
a) Options				
b) Interest rate swaps	535,247		2,305,631	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Other				
C. Banking book - other derivatives	**169,572**		**290,044**	
a) Options	98,041		169,463	
b) Interest rate swaps	63,475		64,978	
c) Cross currency swaps			12,479	
d) Equity swaps				
e) Forwards			33,141	
f) Futures				
g) Other	8,056		9,983	
Total	**704,819**		**2,595,675**	

A.7 Over-the-counter financial derivatives banking book: notional values, gross positive and negative fair values by counterparty - contracts not covered by netting arrangements

(thousands of euros) Contracts not covered by netting arrangements	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance undertakings	Non-financial companies	Other
1) Debt securities and interest rates							
Notional value							40,000
Positive fair value							8,056
Negative fair value							
Future exposure							
2) Equity securities and equity indices							
Notional value							19,313,082
Positive fair value							
Negative fair value							97,391
Future exposure							
3) Foreign currencies and gold							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							
4) Other							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							

A.8 Over-the-counter financial derivatives banking book: notional values, gross positive and negative fair values by counterparty - contracts covered by netting arrangements

(thousands of euros) Contracts covered by netting arrangements	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance undertakings	Non-financial companies	Other
1) Debt securities and interest rates							
Notional value			25,019,428	1,682,707			
Positive fair value			704,735	25,437			
Negative fair value			602,340	3,060			
2) Equity securities and equity indices							
Notional value			14,344,150	397,500			
Positive fair value			126,056	1,706			
Negative fair value			650				
3) Foreign currencies and gold							
Notional value			580,090				
Positive fair value			123,890				
Negative fair value			1,378				
4) Other							
Notional value							
Positive fair value							
Negative fair value							

A.9 Residual life of over-the-counter financial derivatives: notional values

(thousands of euros) Underlyings/Residual maturity	To 1 year	From 1 to 5 years	More than 5 years	Total
A. Supervisory trading book				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other assets				
B. Banking book	**12,831,104**	**31,075,558**	**17,470,295**	**61,376,957**
B.1 Financial derivatives on debt securities and interest rates	940,566	8,453,593	17,347,976	26,742,135
B.2 Financial derivatives on equity securities and equity indices	11,890,538	22,164,194		34,054,732
B.3 Financial derivatives on exchange rates and gold		457,771	122,319	580,090
B.4 Financial derivatives on other assets				
Total at 31/12/2015	**12,831,104**	**31,075,558**	**17,470,295**	**61,376,957**
Total at 31/12/2014	**10,693,361**	**23,587,126**	**10,232,041**	**44,512,528**

C. FINANCIAL AND CREDIT DERIVATIVES

C.1 Over-the-counter financial and credit derivatives: net fair value and future exposure by counterparty

(thousands of euros)	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance undertakings	Non-financial companies	Other
1) Bilateral financial derivatives agreements							
Positive fair value			564,360	24,082			
Negative fair value			214,046				
Future exposure			227,010	10,529			
Net counterparty risk			276,528	10,816			
2) Bilateral credit derivatives agreements							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							
Net counterparty risk							
3) Cross product agreements							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							
Net counterparty risk							

SECTION 3 - LIQUIDITY RISK

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

CDP's exposure to liquidity risk in the form of asset liquidity risk[38] is limited as it does not engage in trading.
For CDP, liquidity risk becomes significant mainly in the form of funding liquidity risk[39], in view of the dominant weight of demand deposits (passbook savings accounts) and bonds redeemable on demand (postal savings bonds) in the liabilities of the Separate Account.
In order to ensure that any scenario of uncontrolled redemptions remains remote, CDP benefits from the mitigating effect of the state guarantee on postal savings. In addition to the key function of that guarantee, the ability of CDP to ensure that such a scenario does in fact remain remote is based on its capital strength, on the protection and promotion of the reputation of postal savings with the public, on safeguarding CDP's reputation in the market and on liquidity management. With regard to the latter, CDP adopts a series of specific measures to prevent the emergence of unexpected funding requirements and to be able to meet them if it should prove necessary.
To this end, a lower limit on the stock of liquid assets has been established, which is monitored by the RMA, together with a number of aggregates that represent CDP's capacity to cope with potential crisis situations. As an operational protection measure for liquidity risk CDP adopted a Contingency Funding Plan (CFP). The CFP sets out the processes and strategies used by CDP 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.

As regards the Ordinary Account, CDP raises funds through the market or the EIB, adopting approaches, opportunities and constraints more similar to those of ordinary banks.

CDP prevents the emergence of unexpected liquidity requirements by developing effective loan disbursement forecasting systems, setting structural limits on maturity transformation, monitoring the short term liquidity position, carried out on a continuous basis by the Finance area, and monitoring liquidity gaps at short, medium and long term, which is performed by the RMA.

Management of treasury activities by Finance enables CDP to raise funds using repos, for both the Separate and Ordinary Accounts.
CDP can also take part in European Central Bank refinancing operations, as it holds a significant stock of eligible negotiable and non-negotiable assets.
As a further control, both for the Separate and the Ordinary Account, RMA monitors and incremental available liquidity buffer, in a stress scenario, through transaction with the European Central Bank and refinancing on the liquid securities market.

The controls put in place are corroborated by a stress test used in order to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

38 Asset liquidity risk means the impossibility, for a financial institution or a generic investor, of monetizing assets on the market without significantly reducing their price.
39 Funding liquidity risk means the impossibility, for a financial institution, to meet its obligations by collecting liquidity at non-penalizing conditions or monetizing assets held.

QUANTITATIVE DISCLOSURES

C. 1 Distribution of financial assets and liabilities by residual maturity

(thousands of euros) Items/Maturities	On demand	More than 1 day to 7 days	More than 7 days to 15 days	More than 15 days to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year to 5 years	More than 5 years	Indefinite life
A. On-balance-sheet assets	**157,515,794**	**10,458,723**	**100,285**	**73,050**	**626,530**	**2,264,443**	**6,960,457**	**31,794,618**	**96,872,522**	**3,948,937**
A.1 Government securities			100,285	20,001	464,036	2,214,524	3,187,134	6,176,271	22,154,318	
A.2 Other debt securities				2,812	4,027	28,507	95,146	407,601	1,958,610	
A.3 Units in collective investment undertakings	1,419,013									
A.4 Loans:	156,096,781	10,458,723		50,237	158,467	21,412	3,678,177	25,210,746	72,759,594	3,948,937
- banks	1,738,918	5,343,198			2,000	1,375	1,432,322	8,328,991	4,719,911	3,948,937
- customers	154,357,863	5,115,525		50,237	156,467	20,037	2,245,855	16,881,755	68,039,683	
B. On-balance-sheet liabilities	**246,989,138**	**20,956,896**	**210,117**	**2,149,001**	**18,718,411**	**2,435,990**	**2,005,160**	**8,023,246**	**15,514,339**	
B.1 Deposits:	246,941,708	16,165,000			14,130,000	2,035,001	168,187	1,077,236	5,444,216	
- banks	1,877,723									
- customers	245,063,985	16,165,000			14,130,000	2,035,001	168,187	1,077,236	5,444,216	
B.2 Debt securities			8,750	11,670	1,062,985	211,256	1,764,321	5,630,000	6,179,000	
B.3 Other liabilities	47,430	4,791,896	201,367	2,137,331	3,525,426	189,733	72,652	1,316,010	3,891,123	
C. Off-balance-sheet transactions										
C.1 Financial derivatives with exchange of principal:										
- long positions			3,292		7,976		11,234	581,072	68,979	
- short positions					5,318	453	5,318	500,317	69,137	
C.2 Financial derivatives without exchange of principal:										
- long positions	127,761		2,044	8,910		14,478	81,614			
- short positions	98,041				29,364					
C.3 Deposits and loans to receive:										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds:										
- long positions							10,168	41,268	18,966,880	
- short positions	19,018,316									
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of principal:										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of principal:										
- long positions										
- short positions										

SECTION 4 - OPERATIONAL RISKS

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

Definition of operational risk

CDP has adopted the guidelines established by the Basel Committee for the banking industry and incorporated by the Bank of Italy in circular no. 285 of 17 December 2013 as the benchmark for managing operational risk.
Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such risk includes losses resulting from internal or external fraud, human error, employment relationships and workplace safety, business disruption, system unavailability, breach of contract, process management, damage to company assets and natural disasters.
Operational risk includes legal risk but not strategic or reputational risk.
The "legal risk" is the risk of incurring losses resulting from violations of laws or regulations, from contractual or constructive liability or from other disputes.

System for managing operational risks

The operational risk management system is a structured set of processes, functions and resources for identifying, assessing and controlling the mentioned risks. Its main objective is to ensure effective prevention and mitigation of such risks.
Apart from adopting best practice in the banking sector as a reference, CDP pays particular attention to industrial sector benchmarks for the management of operational risks. The methodological and organizational framework implemented is aimed at capturing the company's actual risk profile, similarly to what happens in the most advanced corporates, which actively manage operational risks even if not subject to capital requirements.
The objective is that of improving corporate processes and the Internal Control System, so as to lay the foundations of both more targeted remediation measures and a more accurate quantification of the associated economic capital, currently estimated using the Basic Indicator Approach.
The Operational Risks Service operating within the Risk Management and Anti-Money Laundering Area, is the Organizational Unit responsible for designing, implementing and monitoring the methodological and organizational framework for the assessment of the exposure to operational risks, the initiation of remediation measures - in agreement with the organization units involved - and the preparation of reporting to the Top Management.
The framework adopted involves the inclusion of information on operational losses classified according to specified loss event types (i.e. a model of loss events), loss effect types (i.e. a model of types of losses) and risk factors (i.e. a model for the classification of risk factors).

This information comprises:
- internal data on operational losses (loss data collection);
- system loss data (external loss data):
- data on contingent losses (assessment of level of exposure to operational risks);
- factors representing the business environment and internal control systems.

The major elements of the operational risk management system implemented within CDP are presented below.

Loss data collection

The framework for Loss Data Collection adopted within CDP is in line with the approach suggested by the Basel II Committee and adopted by the Italian Banking Association (ABI) within the activity of the Italian Operational Loss Database (DIPO).

In this respect, the primary activities carried out within CDP were:
- identification and updating of information sources for the continuous feeding of operating losses database (information source means the organisational unit that can provide information concerning the main features of each loss event recorded and its associated effects);
- mapping of relevant operational risk data - relating to both operational risk events that have generated losses already recognized in profit or loss and operational risk events that have not resulted in a loss (so-called near-miss events) - and collecting of related supporting documentation;

- periodic reviews of the data collection and storage system.

Specific criteria were defined in terms of time and material thresholds for mapping loss events, in order to enable the creation of time series that are representative of the actual risk profile of the Company and such as not to exclude significant data loss that could affect operational risk assessment's reliability and accuracy.

CDP developed a proprietary application (LDC) for collecting the data in question, in order to ensure the integrity, confidentiality and availability of collected information. The application support enables the management of the following activities in a centralized, secure fashion:
- collection of internal operational loss data;
- accounting reconciliation of collected data;
- data validation;
- preparation of record layout to be sent to DIPO.

Apart from reducing the cost and the risk related to manual data management, this tool also guarantees the (i) integrity, confidentiality and availability of the information collected, as well as (ii) the traceability of the entire process, thanks to the user identification system and (iii) a high level of control, thanks to a customizable system of automated messages and alerts.

External loss data

CDP joined the Italian Operational Loss Database (DIPO) managed by ABIServizi S.p.A. in order to be able to retrieve data on operational risk events that took place in other financial institutions; this enables CDP to improve its estimates about operational losses and to compare itself against the best practices used by other main Banking Groups.

Mapping of business processes related risks

The mapping activity of business process adverse events - including risks linked to the introduction of new products/processes/systems - is a preliminary step for the assessment of the level of exposure to operational risks.
The identification of risks inherent in processes, carried out by process owners and experts appointed by the process owners, is consequence of the need to understand the origin of potential losses associated with operational risks - identifying the events and causes that might generate them - and assessing the advisability of taking targeted monitoring, control, prevention and mitigation actions.
As regards the adverse events mapped, in order to encourage the development of integrated risk management within CDP, special attention is devoted to (i) compliance risk, (ii) the risk of commission of the criminal offences referred to in Legislative Decree 231 of 8 June 2001 (Rules governing the administrative liability of legal persons, companies and associations, including entities without legal personality, pursuant to Article 11 of Law 300 of 29 September 2000, published in Official Gazette no. 140 of 19 June 2001, arising in respect of criminal offences committed by natural persons connected with the legal person in an employment relationships and acting in its interest), (iii) the risk governed by Legislative Decree 231 of 21 November 2007 (Implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as well as Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC), (iv) the risk governed by Italian Law 262 of 28 December 2005 (Provisions for the protection of savings and the regulation of financial markets, published in the Official Gazette 301 of 28 December 2005), (v) the risk of disruption or malfunction of IT systems and (vi) outsourcing risk.

Assessment of level of exposure to operational risks

The - qualitative - Risk Assessment method for the assessment of the Company's level of exposure to operational risks was defined in order to collect information useful for the implementation of suitable remediation measures for the most significant risks.
The estimate of the level of Company exposure to potential operational risks occurs through a self-assessment carried out by the parties involved in analysed processes.
The assessment is performed under the supervision of the Operational Risks Team, also to reduce any physiological "cognitive distortions", (*bias*) of the contact liaison persons interviewed, and, therefore, ensure greater reliability of the assessment carried out.
Based on the risk perception of the contact liaison persons surveyed (Managers of Organizational Units, Process Owners, other employees who are "experts" in the aforementioned processes, individuals representing specialist and control functions), suitably "weighted" with that of Risk Management and supplemented by additional relevant considerations, for-

ward-looking guidelines are provided to the Company's management with respect to events that are yet to occur, but that could take place, as a result of "latent" risks in corporate processes.
Risk Assessment findings, therefore, are used for operational purposes (use test): the operational risks management system, integrated into the Management's decision-making, aims at strengthening corporate processes and improving the Internal Control System.

The Risk Assessment's objective can be:
- the identification of the most critical processes and/or operational areas - in terms of exposure to operational risks - to be analysed in greater depth;
- the estimate of the residual exposure to any risk detected (so-called residual risk) through the qualitative assessment of (i) operational risks linked to a certain process and (ii) of the relevant control centres;
- the assessment of potential exposure to operational risks linked to the introduction of new products, processes, systems and activities, allowing Management to provide for adequate counter-measures in terms of processes, systems and human resources, for a sound and prudent management of the new activity.

The main actors involved in assessing exposure to operational risks are:
1) the Operational Risk unit:
    - recommends the methodologies and procedures for identifying risks;
    - controls and ensures correct application of the methodologies and procedures;
    - provides methodological and technical support for identifying risks;
    - ensures the uniformity of the information collected through analysis of the quality and congruity of the data acquired in the survey;
2) process owners and experts:
    - identify and assess main risks in the processes under their remit;
    - propose actions to mitigate risks identified;
    - periodically monitor the evolution of those risks and the emergence of new risks;
3) the Compliance unit:
    - identifies compliance risk for internal and external regulations and any reputational risks, validating and, if necessary, completing the identification of the risks performed by the owner (for adverse events that could generate compliance risk);
    - proposes actions to mitigate risks identified;
4) Anti-Money Laundering Unit:
    - identifies money laundering risk factors in line with the methodological framework adopted;
    - identifies the risks of non-compliance with laws, regulations and internal procedures on money laundering;
    - supports the owners in identifying the risks of intentional or accidental involvement in money laundering or terrorist financing;
    - proposes actions to mitigate risks identified;
5) Financial Reporting Manager:
    - identifies risks that may affect the reliability of financial reporting (risks pursuant to Law no. 262 of 28 December 2005);
    - supports the owners in identifying control measures;
    - proposes actions to mitigate risks identified;
6) the Internal Auditing area:
    - recommends the mapping of all risks that - while not identified by owners and experts - have been identified in corporate processes during audit activities;
    - assesses the risk of commission of the criminal offences referred to in Legislative Decree 231 of 8 June 2001.

Risk management and mitigation

With a view to implement an integrated management of events that streamlines the assessment of remediation actions defined during both Risk Assessment and Loss Data Collection in a single decision-making step, a dedicated Work Group was established to (i) assess corrective measures defined to control operational risks and (ii) identify owners responsible for the relevant implementation.
The corrective actions selected by the Work Group are initiated after obtaining the authorization of the Risks Committee, to which the solutions approved by the Work Group are submitted. Operational Risks Service monitors the status of any measures initiated by periodically checking their progress with the individuals responsible for the measures taken and/or to be taken.

Monitoring and reporting

The results of the activities performed are shared and disseminated through dedicated reports, which detail operational risk exposures and detected losses. In this way, information on operational risks is provided to the Top Management and the managers of the Organizational Units involved, in order to enable the implementation of the most appropriate corrective actions.

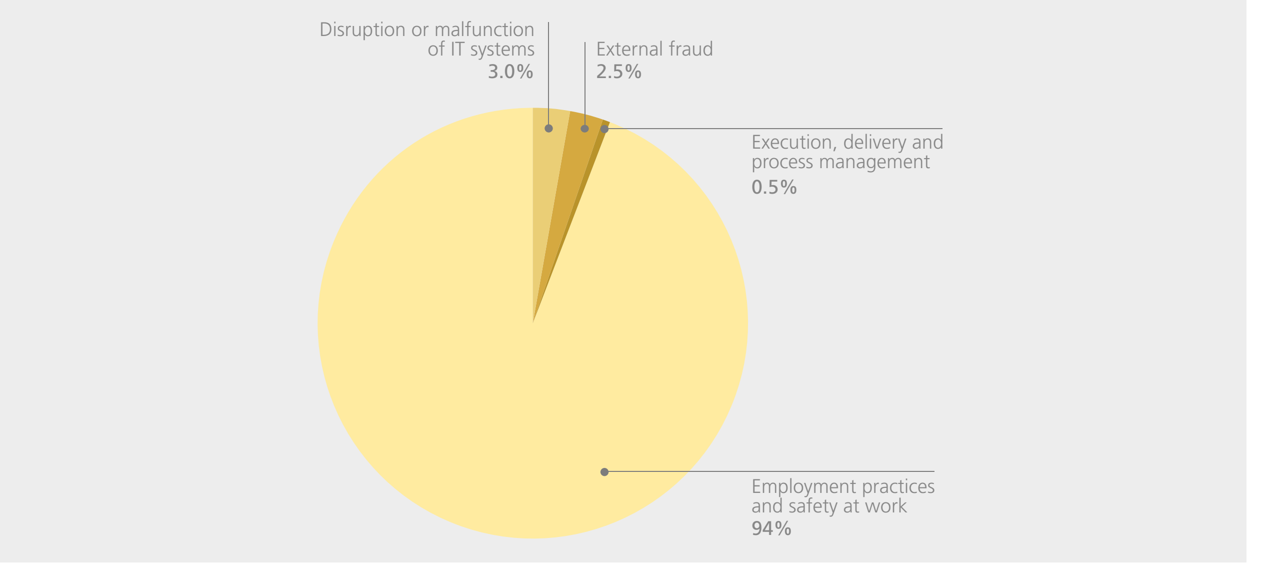
The main reports produced are on:
- Loss Data Collection, for which a "management" report is prepared with a half-yearly cadence and sent to the Top Management, together with "operational" reports for the various information sources containing data and information on operational loss events that fall under their respective remit;
- Risk Assessment, for which, at the end of each analysis on processes/operational areas a report with the assessment of individual risks and relevant control centres is produced, with an indication of the most vulnerable areas;
- management of remediation actions, for which details of the measures defined for the most significant risks detected with Loss Data Collection and Risk Assessment activities are provided.

QUANTITATIVE DISCLOSURES

The percentage composition of operational risk losses by type of event is provided below, as defined by the New Basel Accord on Capital. The types of operational risk event are the following:
- internal fraud: losses due to unauthorized acts, acts of a type intended to defraud, misappropriate property or violate regulations, the law or company policy that involve at least one internal party;
- external fraud: losses due to acts of a type intended to defraud, misappropriate property or violate the law by a third party;
- employment practices and safety at work: losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events;
- clients, products and business practices: losses arising from failure to meet a professional obligation to customers or from the nature or design of the product or service;
- damage from external events: losses arising from external events, such as natural catastrophes, terrorism and acts of vandalism;
- disruption and system failures: losses arising from disruption of business or system failures or unavailability;
- execution, delivery and process management losses arising from failed transaction processing or process management, from relations with trade counterparties, vendors and suppliers.

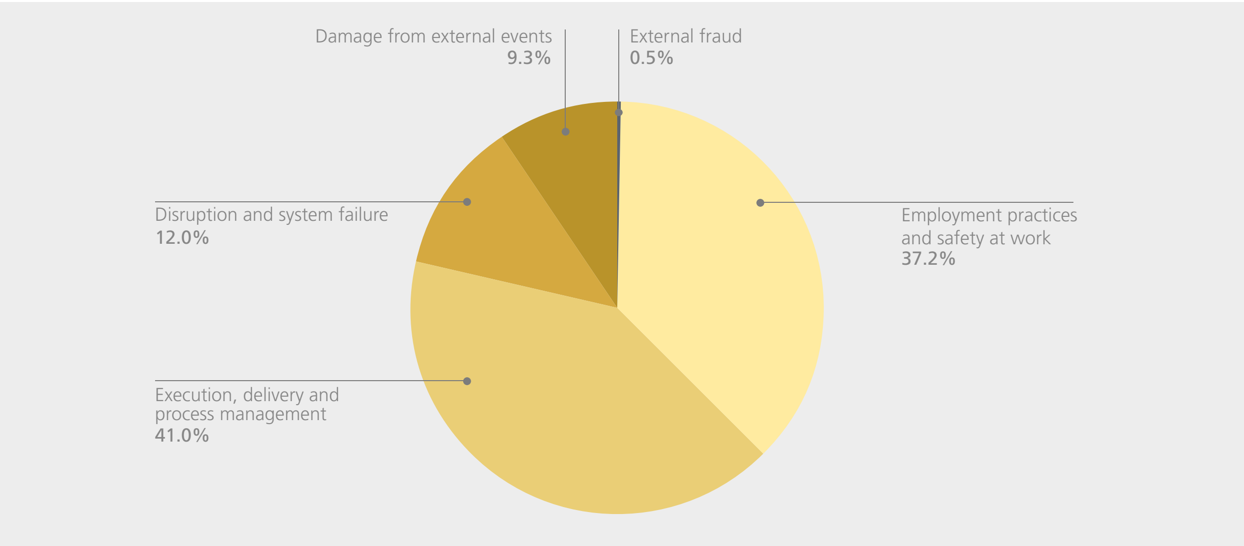
In 2015, the main classes, in terms of economic impact, were "Employment relationships and workplace safety" (labour disputes) and "External fraud".

Operational Loss recorded in 2015 and sorted by risk category



The percentage breakdown of the total of operational risk losses captured in Loss Data Collection at the end of 2015 is also detailed.

Operational Loss recorded in the LCD database and sorted by risk category



LEGAL DISPUTES

Regarding pending disputes, the overall number of cases, as well as the estimated potential liabilities, remain, in absolute terms, at insignificant levels and, even in relative terms, the impact of the estimated potential expenses is absolutely negligible.

More specifically, and with regard to Separate Account customers, it should be noted that at 31 December 2015, 74 lawsuits were pending with a total estimated liability of about €28 thousand. Of these, five regard disputes with suppliers.
There are no situations that concern serial disputes that could suggest the presence of critical issues in procedures or with respect to laws and regulations.

As regards the conversion of preference shares into ordinary shares, following the exercise of the right of withdrawal, Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona filed a suit involving a claim of considerable size (about €432 million). However, according to the external attorney, the risk of losing the dispute, while possible, is not considered high.

With reference to the Separate Account, against the risk - considered likely - of the occurrence of a future liability connected to the request received from an investee (with which an agreement had been entered into according to which CDP would repay the dividends, received in excess, in the proportional amount established in the civil proceedings, by final ruling, to be paid by the private shareholders) a total of €19.2 million was set aside.

There are currently no pending disputes in relation to the Ordinary Account and, therefore, no potential liabilities for CDP.

Finally, with respect to labour disputes, at 31 December 2015 31 suits were pending, whose overall claims were estimated at about €3 million; potential estimated costs, therefore, both in absolute and relative terms, are totally negligible with respect to the volumes in CDP's Financial Statements.

PART F - CAPITAL

SECTION 1 - CAPITAL

QUALITATIVE DISCLOSURES

Pending the issuance of specific measures in this area by the Bank of Italy, CDP is subject to "informational" supervision only.

Accordingly, in 2015, in agreement with the Bank of Italy, CDP did not calculate supervisory capital or the related supervisory capital requirements.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. Information on the compensation of key management personnel

Remuneration of Board of Directors and Board of Statutory Auditors

(thousands of euros)	31/12/2015
a) Board of Directors	3,091
b) Board of Statutory Auditors	123
Total	**3,214**

Remuneration of other key management personnel

(thousands of euros)	31/12/2015
(a) Short-term benefits	2,609
(b) Post-employment benefits	211
Total	**2,820**

Remuneration paid to Board of Directors and Board of Statutory Auditors

(thousands of euros) Name	Position	Period in office	End of term (*)	Compensation and bonuses
Directors in office as at 31 December 2015				
Claudio Costamagna	Chairman	10/07/2015-31/12/2015	2017	112
Mario Nuzzo	Vice Chairman (3)	10/07/2015-31/12/2015	2017	35
Fabio Gallia	Chief Executive Officer and General Manager	10/07/2015-31/12/2015	2017	257
Maria Cannata	Director	01/01/2015-31/12/2015	2017	(**)
Carla Patrizia Ferrari	Director	10/07/2015-31/12/2015	2017	17
Stefano Micossi	Director	10/07/2015-31/12/2015	2017	17
Alessandro Rivera	Director	01/01/2015-31/12/2015	2017	(**)
Alessandra Ruzzu	Director	10/07/2015-31/12/2015	2017	17
Giuseppe Sala	Director (4)	29/10/2015-31/12/2015	2017	6
Supplementary members for administration of Separate Account (Article 5.8, Decree Law 269/2003)				
Roberto Ferranti	Director (1)	01/01/2015-31/12/2015	2017	35
Vincenzo La Via	Director (2)	01/01/2015-31/12/2015	2017	(**)
Piero Fassino	Director	01/01/2015-31/12/2015	2017	35
Massimo Garavaglia	Director	01/01/2015-10/07/2015 and 05/08/2015-31/12/2015	2017	33
Outgoing directors in 2015				
Franco Bassanini	Chairman	01/01/2015-10/07/2015		164
Giovanni Gorno Tempini	Chief Executive Officer (5)	01/01/2015-10/07/2015		1,334
Olga Cuccurullo	Director	01/01/2015-10/07/2015		(**)
Marco Giovannini	Director	01/01/2015-10/07/2015		18
Francesco Parlato	Director	01/01/2015-10/07/2015		(**)
Antimo Prosperi	Director	01/01/2015-10/07/2015		(**)
Board of Statutory Auditors				
Angelo Provasoli	Chairman	01/01/2015-31/12/2015	2017	27
Luciano Barsotti	Auditor	01/01/2015-31/12/2015	2017	20
Andrea Landi	Auditor	01/01/2015-31/12/2015	2017	20
Ines Russo	Auditor	01/01/2015-31/12/2015	2017	(**)
Giuseppe Vincenzo Suppa	Auditor	01/01/2015-31/12/2015	2017	20

(*) 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.
(4) The Board of Directors' meeting of 29 October 2015 appointed Mr. Sala to replace the outgoing Ms. Isabella Seragnoli, pursuant to Article 2386 of the Civil Code.
(5) The compensation shown includes the severance indemnity.

2. Information on transactions with related parties

This paragraph provides information about the relationship with:
- CDP's directly or indirectly controlled or affiliated companies;
- the majority shareholder MEF;
- MEF's directly and indirectly controlled or affiliated companies.

Certain transactions between CDP 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 provisions. In any event, it should be noted that 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 Company. All transactions with related parties were carried out on an arm's length basis and form part of CDP's ordinary operations.

The tables below show the main existing relationships at 31 December 2015.

Transactions with related parties

(thousands of euros)	Assets						Liabilities			Off-balance-sheet
	Financial assets held for trading	Financial assets available for sale	Financial assets held to maturity	Loans to banks	Loans to customers	Other assets	Due to customers	Securities issued (*)	Other liabilities	Commitments and guarantees issued
Controlling shareholder										
Ministry for the Economy and Finance		4,995,105	24,577,265		191,180,723	12,810	32,262,278		9,251	7,447,689
Direct subsidiaries										
CDP Investimenti SGR S.p.A.						213	2,055		11	1,923
SIMEST S.p.A.					4,903	609				44,100
Fondo Strategico Italiano S.p.A.						10,750	664,083	1,099,874	38	
SACE S.p.A.							2,046,721	94,319		
Fintecna S.p.A.						242	866,941		1,751	
CDP GAS S.r.l.						59		344,361	2	
CDP RETI S.p.A.	4,024	341,179			337,889	332	4,356	339,691	28	
CDP Immobiliare S.r.l.						414			6,609	
Direct associates										
ENI S.p.A.					243					391
Europrogetti & Finanza S.p.A. in liquidazione					3,906				304	304
Other related parties										
Cinque Cerchi S.p.A.						3				
Poste Italiane S.p.A.					216,080				396,696	
Terna S.p.A.					500,823	90				350,000
SNAM S.p.A.						70				340,200
Fincantieri Cantieri Navali Italiani S.p.A.					34,230	90			23,236	138,210
Fincantieri Oil & Gas S.p.A.									547	
Isotta Fraschini Motori S.p.A.									285	
SACE BT						2				
SACE FCT S.p.A.					100,014					
FSI Investimenti S.p.A.						27				
FSIA Investimenti S.r.l.						27				
Residenziale Immobiliare 2004 S.p.A.						9				
IQ Made in Italy Investment Company S.p.A.						9	136,436			
Kedrion S.p.A.										1,936
Ferrovie dello Stato Italiane S.p.A.					180,719					400,000
Rete Autostrade Mediterranee S.p.A.					149					208
Selex ES. S.p.A.					14,267					8,646
Banca del Mezzogiorno - MCC S.p.A.				66,935						
AgustaWestland S.p.A.					32,457					
Alenia Aermacchi S.p.A.					228,916					3,671
Ansaldo Energia S.p.A.					50,970					28,750
AnsaldoBreda S.p.A.					595					1,264
Concessioni Autostradali Venete - CAV S.p.A.					332,150					
Enel Distribuzione S.p.A.					1,161,392					
Enel Green Power S.p.A.					4,390					
Enel S.p.A.					2,817				2,757	154,000
Grandi Stazioni S.p.A.										43,750
Istituto per il Credito Sportivo				351,256						
Rai Way S.p.A.					540					
Soc. Italiana Traforo Autostradale del Fréjus S.I.T.A.F. S.p.A.					146,773					49,699
Toscana Energia S.p.A.										15,750

(*) Securities issued shown under liabilities exclusively comprise securities held by the subsidiaries, which are relevant at consolidation

Off-balance-sheet	Income statement									
Other	Interest income and similar revenues	Interest expense and similar charges	Commission income	Commission expense	Net gain (loss) on trading activities	Gains (Losses) on disposal or repurchase of loans	Net impairment adjustments	Administrative expenses: a) staff costs	Administrative expenses: b) other administrative expenses	Other operating income (costs)
	3,412,770	(5,689)	4,165							
		(17)	4					78		274
	385		182					422		352
1,114,385	4	(41,440)			49,255			168		828
		(9,068)								23
		(19,817)			578				(12)	42
384,201		(214)						17		66
1,954,191	10,129	(181)	858		5,131			17		286
								127	(273)	102
	1									
							(299)			
										3
	428			(1,610,418)						
	4,947		355					91		
			470							75
	66		244							90
	550		100							
13,885		(487)								18
										18
										6
		(316)								
	6,984		1,144							
	73									
	1,175									
	1,981									
	13,087									
	970		38							
	3									
	11,609									
	24,695									
	26									
			858							
			171							
	14,327									
	3									
	5,388		318							
			606							

Transactions with the Ministry for the Economy and Finance

The main transactions conducted with the Ministry for the Economy and Finance regarded the liquidity 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 MEF's liquidity (OPTES).

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 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 31 December 2015, the liquidity held with the Central State Treasury amounted to around €152.4 billion, of which around €436 million credited after the reporting date.

Apart from cash and cash equivalents at the Central State Treasury, the item "Loans to customers" also includes receivables, mainly linked to lending activity, for approximately €33.9 billion and debt securities for about €4.9 billion. As regards receivables in respect of loans, it should be noted that about 30% of CDP's portfolio is repaid by the State.

The items "Financial assets available for sale", equal to around €5 billion, and "Financial assets held at maturity", equal to approximately €24.6 billion, include investing activities in Government securities.

The item "Due to customers" refers mainly to the balance of MEF's liquidity management transactions (OPTES) (around €30 billion), amounts not yet disbursed on loans being repaid (approximately €1.7 billion) and the amounts for the Government securities depreciation provision (around €0.5 billion).
The item "Commitments and guarantees issued" includes the balance of residual commitments for the granting of loans, which amounted to around €7.4 billion at year end.
Income Statement items recognise Interest income and similar revenues for approximately €3.4 billion, of which around €1.4 billion for loans, €1.1 billion for debt securities and 898 million for cash and cash equivalents held with the Central State Treasury.
Passive interest, accrued mainly on liquidity collected within the OPTES business and, marginally, on amounts not yet disbursed on loans being repaid, totals approximately €5.7 million.
Commission income, equal to around €4.1 million, is due primarily to the fees, established with dedicated agreements, for the management of loans and postal savings products owned by MEF (€2.6 million), the management of the Kyoto Fund (around €0.7 million), the lending activity within the framework of the "Revolving fund for support to enterprises and investment in research" (approximately €0.8 million).

Transactions with controlled companies and direct associates, and other related parties

Financial assets held for trading

The item includes the positive fair value of an existing swap with CDP RETI S.p.A., implemented by the latter in order to hedge the interest risk of one of its own loans. CDP implemented a full operational hedge through mirror swaps, whose negative fair value was recognised under "Financial liabilities held for trading".

Financial assets available for sale

The item, consisting of €341 million, includes the value of the bond issued by CDP RETI S.p.A. and subscribed by CDP in May 2015.

Loans to customers:

The most significant exposures included in Loans to customers are listed below and regard loans issued to:
- Enel Distribuzione S.p.A. for €1.1 billion;
- Terna S.p.A. for €501 million;
- CDP RETI for € 337 million;
- Concessioni Autostradali Venete - CAV S.p.A. for €332 million.

The receivable for Europrogetti & Finanza S.p.A. in liquidazione, equal to €3.9 million, was completely written off.

Other assets

The amounts relate mainly to receivables resulting from joining the "tax consolidation scheme" for the supply of outsourcing services, the recovery of expenses for detached personnel and receivables for attached personnel.

Due to customers

The item includes mainly CDP's funding resulting from the centralisation of the treasury of Group Companies. The most significant amounts are listed below:

- SACE S.p.A. in the amount of approximately €2,046 million;
- Fintecna S.p.A. in the amount of approximately €867 million;
- Fondo Strategico Italiano S.p.A. in the amount of approximately €664 million.

Securities issued

The previous tables show exclusively securities issued by CDP known to be held by controlled companies by virtue of the information received during consolidation.

These are commercial papers and EMTN securities issued by CDP and held at 31 December 2015 by the following companies:

- Fondo Strategico Italiano S.p.A. in the amount of €1,100 million;
- CDP GAS S.r.l in the amount of €344 million;
- CDP RETI S.p.A. in the amount of €340 million;
- SACE S.p.A. in the amount of €94.3 million.

It should also be noted that, in December 2015 CDP issued two bonds, guaranteed by the Italian government, entirely subscribed by Poste Italiane S.p.A. (BancoPosta assets), for a total amount of €1.5 billion to support the Separate Account.

Other liabilities

The item includes mainly the liability towards Poste Italiane S.p.A. for the outstanding share of the commission for the collection of postal savings products and the liabilities resulting from the Group Companies joining the tax consolidation mechanism.

Guarantees issued and commitments

The most important items are listed below:

- commitments to grant loans in favour of Terna for €350 million;
- financial guarantee issued in favour of SNAM S.p.A. for approximately €340 million;
- commitments to issue loans in favour of Ferrovie dello Stato Italiano S.p.A. for around €400 million.

Other off-balance-sheet items

Other off-balance-sheet items refer primarily to securities received as a deposit from FSI, CDP RETI, CDP GAS and FSI Investimenti.

Interest income and similar revenues

The amounts refer primarily to interest for 2015 accrued on loans granted to counterparties.

Interest expense and similar charges

The amounts refer primarily to interest expense accrued on deposits of Group Companies.

Commission income

The most significant entries in this item include commission paid by Ferrovie dello Stato Italiano S.p.A., amounting to around €1.1 million, within the framework of loan activities.

Commission expense

Commission expense for 2015 totalled approximately €1.61 billion and referred to the postal savings collection service. The service provided by Poste Italiane is remunerated with an annual commission set in a specific agreement between the parties.

Net gain (loss) on trading activities

The item includes gain of approximately €49 million relating to forwards sold to FSI within the framework of the Generali shared hedging transaction, closed in June 2015, and a gain of around €5.1 million on the existing swap with CDP RETI. It should be noted that both transactions are completely neutral for CDP in the Income Statement, thanks to the operational hedge implemented through the purchase of mirror derivative contracts.

Net adjustments

The item, negative by approximately €0.3 million, includes the writedown for the further commitment to issue funds to Europrogetti & Finanza S.p.A. in liquidazione, which was undertaken in 2015.

Administrative expenses - a) Staff costs

The item includes mainly revenues linked to the reimbursement of out-of-pocket expenses for CDP staff detached at Group Companies. These revenues are partly offset by the costs incurred by CDP relating to Group Companies' personnel detached at CDP.

Other operating income (costs)

The item includes mainly revenues for the supply of outsourced auxiliary services and, on a residual basis, revenues for corporate offices of CDP employees at Group Companies.

PART L - OPERATING SEGMENTS

This section of the Notes to the financial statements has been drafted in compliance with IFRS 8 Operating Segments.

As regards the organisational structure of CDP, the contribution of the main areas to the formation of the income statement and the balance sheet is detailed below.

Business, Finance and Funding Areas

This aggregate includes the activities carried out by the Public Entities, Finance, Funding, Financing, Public Interest Lending and Economic Support Areas.

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.

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.

Treasury operations and funding activities are managed by the Finance and Funding Area respectively, which are responsible for meeting CDP’s funding needs, as well as for sourcing, investing and monitoring liquidity. The Areas also ensure the structuring of products and funding and lending transactions, setting the financial terms and conditions and ensuring the balance of the cost of funding and yields on lending. They also contribute to strategic Asset Liability Management and manage financial risk at operational level, including through access to the market and use of hedging instruments.

Equity investments and Miscellaneous

The activities related to investment and divestment of shareholdings and investment fund units, extraordinary transactions and transactions for the rationalization of the investment portfolio, in addition to all aspects related to the management of companies and investment funds in which CDP holds equity interests, are carried out by the Equity Investment Area.

This aggregate also includes costs related to Areas that carry out governance, management, control and support activities, as well as costs and revenues not otherwise attributable.

Under the provision of IFRS 8, it was considered appropriate not give a separate breakdown of the results of the mentioned CDP areas as they do not meet the materiality thresholds provided for such reporting.

Construction of the balance sheet by area

The balance sheet aggregates were constructed on the basis of the items directly attributable to the individual areas, with which the related revenues and expenses are correlated.

More specifically, the aggregates for “Loans to customers and banks” (for amounts disbursed or being repaid) and “Cash and cash equivalents and other treasury investments” represent the stock of assets related to the specific operating activities of each area. The other aggregates of interest-bearing assets or liabilities pertain exclusively to the Finance and Funding Areas.
Notional funding between CDP areas is not reported separately in the detailed schedules as it is eliminated between areas.

Construction of the Income Statement by Business Area

The operating result of the business areas was constructed on the basis of the following criteria.
As regards net interest income, the contribution of each area is calculated on the basis of Internal Transfer Rates ("ITRs") differentiated by product and maturity. In determining the ITRs, it is assumed that each lending transaction is funded using a hypothetical market transaction with the same financial characteristics but the opposite sign. This system is based on the CDP's organisational model, which entails specific organizational units (Finance and Funding) responsible for treasury management and funding.

For the other aggregates of the income statement, each area is allocated any directly attributable revenues and expenses. In addition, a share of indirect costs is allocated to each business unit on the basis of their actual use of resources or services.

For more information on the operating performance of the specific business units, see the Report on Operations.

Reclassified Balance Sheet

(thousands of euros)	Business, Finance and Funding Areas	Equity investments and miscellaneous	Total CDP
Cash and cash equivalents	168,643,963		168,643,963
Loans	103,398,835	337,500	103,736,335
Debt securities	35,499,942		35,499,942
Equity investments and shares		29,569,750	29,569,750
Funding	294,428,907	28,616,809	323,045,716
of which:			
- *postal funding*	*224,093,687*	*28,003,529*	*252,097,216*
- *funding from banks*	*17,399,426*		*17,399,426*
- *funding from customers*	*39,648,462*		*39,648,462*
- *bond funding*	*13,287,332*	*613,280*	*13,900,611*

Reclassified Income Statement

(thousands of euros)	Business, Finance and Funding Areas	Equity investments and miscellaneous	Total CDP
Net interest income	**1,415,800**	**(510,674)**	**905,126**
Dividends and gains (losses) on equity investments		1,329,402	1,329,402
Net commission income	(1,373,000)	(180,491)	(1,553,491)
Other net revenues	474,083	77	474,160
Gross income	**516,883**	**638,314**	**1,155,197**
Net writedowns	(95,330)	(299)	(95,628)
Overheads	(20,808)	(115,959)	(136,767)
Operating income	**401,158**	**509,305**	**910,462**

APPENDIX - CDP'S EQUITY INVESTMENT PORTFOLIO

Associates and other shareholdings

ENI S.p.A.

ENI is an integrated energy company the performs exploration, production, transportation, transformation and trading of oil and natural gas, with an international footprint in 83 countries and around 84,000 employees. Its shares are listed on the Italian Stock Exchange and on the New York Stock Exchange and are included in over 50 indexes. With respect to Exploration and Production activities, ENI's core business, the Company operates in 42 countries in the exploration and production of natural gas and oil. The Gas & Power Division in involved in all stages of the natural gas value chain: supply, trading and sale of gas and electricity, gas infrastructure, supply and sale of LNG. The Refining & Marketing Division refines and sales fuels and other oil products mainly in Italy.

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 operates 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 in sustainable and operational. Sinloc's investors currently include, apart from CDP, ten of the main bank foundations.

Istituto per il Credito Sportivo

The Istituto per il Credito Sportivo (ICS) is a residual public-law bank pursuant to Article 151 of the Italian Banking Act (TUB). ICS, in particular, performs banking activity by accepting deposits from the public and thus financing initiatives and investments related to sport, heritage and cultural activities. Following changes to the law in 2013, ICS can also provide treasury and advisory services. As at 31 December 2015, Istituto per il Credito Sportivo was still subject to extraordinary administration.

F2i - Fondi Italiani per le Infrastrutture SGR S.p.A.

F2i SGR S.p.A. provides asset management services through the promotion, creation, and organisation of closed-end mutual funds specialising in infrastructure. Established with the sponsorship of major Italian financial institutions, including CDP and the main Italian banks, F2i SGR S.p.A. has assets under management for a total of €3,100 million, through the management of two funds specialised in brownfield infrastructure investment in Italy:
- F2i - *Fondo Italiano per le Infrastrutture* (Italian Infrastructure Fund), launched in 2007 with a total size of €1,852 million;
- F2i - *Secondo Fondo Italiano per le infrastrutture*, launched 2012, closed fundraising in July 2015 with €1,242.5 million, exceeding its initial funding target of €1,200 million.

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.

At 31 December 2015, FII SGR managed total assets of €1,595 million, split across three managed funds:
- Fondo Italiano d'Investimento (FII), launched in 2010, with a size of €1,200 million;
- two Funds of Funds, one Private Debt, with a current size of €335 million (target amount €500 million), and one Venture Capital, with a total size of €60 million (target €150 million).

In the first half of 2016, FII SGR initiated the partial proportional demerger project of Fondo Italiano d'Investimento into 3 funds. At the end of the process, FII SGR shall manage 5 funds.

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 S.A.S. à capital variable

The Inframed fund was launched in 2010 by CDP and other European financial institutions - the Caisse des Dépôts 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 S.A.

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 European networks (transport and energy) 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 S.A., 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 total size of the fund is equal to €265 million, of which €125 underwritten by the European Commission as first loss 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 b*rownfield projects in the gas* distribution chain, airports, water, broadband telecommunications networks, renewable energy generation and motorway transport.

F2i - Secondo Fondo Italiano per le infrastrutture

Secondo Fondo Italiano per le Infrastrutture, promoted and managed by F2i SGR S.p.A., 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 31 December 2015, the total size reached by the fund (as a result of the conclusion of the fundraising process) was equal to €1.24 billion, higher than the funding target (€1.2 billion). 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 development 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 31 December 2015, the Sub-fund's total size was €474.8 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 31 December 2015 two Sub-funds were in operation, "Plus" and "Extra", established following the conversion - 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, 2014 and 2015.
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 31 December 2015, CDP subscribed the entire €100 million of the Plus Sub-fund and the entire €1,130 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.

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 financial debt instruments issued by SMEs. It has been operational since 1 September 2014 and has a size of €335 million, fully subscribed by CDP.

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 so-called 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, of which €50 million 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 their 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. Moreover, since 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.
Under its Articles of Association, 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 disposal 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

List of equity investments

(thousands of euros)

Name		Registered office	% holding	Carrying amount
A.	**Listed companies**			
1.	ENI S.p.A.	Rome	25.76%	15,281,632
B.	**Unlisted companies**			
2.	SACE S.p.A.	Rome	100.00%	4,351,574
3.	Fondo Strategico Italiano S.p.A.	Milan	77.70%	3,419,512
4.	CDP RETI S.p.A.	Rome	59.10%	2,017,339
5.	Fintecna S.p.A.	Rome	100.00%	1,864,000
6.	CDP Immobiliare S.r.l.	Rome	100.00%	500,500
7.	CDP GAS S.r.l.	Rome	100.00%	467,366
8.	SIMEST S.p.A.	Rome	76.01%	232,500
9.	Galaxy S.àr.l. SICAR	Luxembourg	40.00%	2,348
10.	CDP Investimenti SGR S.p.A.	Rome	70.00%	1,400
11.	Europrogetti & Finanza S.p.A. in liquidazione	Rome	31.80%	

ANNEX 2

Accounting separation statements

CDP is subject to a system of organizational and accounting separation under Article 5.8 of Decree Law 269 of September 30, 2003, ratified with amendments by Law 326 of 24 November 2003.

In order to create an accounting separation system, the organisational structure of the company was therefore divided into three operating units called, respectively, Separate Account, Ordinary Account and Joint Services, within which CDP's existing organisational units have been re-grouped.

SEPARATE ACCOUNT

The role of the Separate Account is to pursue the mission of general economic interest entrusted to CDP by law.

The Articles of Association of CDP, in accordance with law, allocate the following activities to the Separate Account[40]:

a) the financing of Government, regions, local authorities, public entities and public law organisations;
b) the granting of loans:
   i. to public or private entities with legal personality, with the exception of natural persons, for public interest initiatives promoted by the subject mentioned in the aforementioned paragraph bases on criteria set with decrees of the Minister for the Economy and Finance adopted pursuant to Article 5.11, letter e), of the Italian Decree-Law;
   ii. to private entities with legal personality, with the exception of natural persons, for transactions in general interest sectors identified with decrees of the Minister for the Economy and Finance adopted pursuant to Article 5.11, letter e), of the Italian Decree-Law;
   iii. to public or private entities with legal personality, with the exception of natural persons, to support the international expansion of companies and exports based on the criteria set with decrees of the Minister for the Economy and Finance adopted pursuant to Article 8 of Italian Decree-Law no. 78 of 1 July 2009, converted with amendments into Italian Law no. 102 of 3 August 2009;
   iv. to companies in order 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 Cassa depositi e prestiti S.p.A.;
   v. to public or private entities with legal personality, with the exception of natural persons, within the framework of international development co-operation activities;
   vi. to 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;
c) acquiring equity interests transferred or assigned to the company by decree of the Minister for the Economy and Finance as per Article 5.3, letter b), of the Italian Decree-Law, whose management is in line - where required - with the criteria set out by Decree of the Minister for the Economy and Finance pursuant to Article 5.11, letter d), of the Italian Decree-Law;
d) acquiring - also indirectly - equity investments in companies of major national interest having a stable financial position and performance and adequate profit-generating prospects, which satisfy the requirements set out in the Decree of the Minister for the Economy and Finance pursuant to Article 5.8-*bis* of the Italian Decree-Law.
e) acquiring of (i) covered bank bonds backed by mortgages on residential real estate and/or securities issued under Italian Law No. 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 No. 130 of 30 April 1999, as part of securitisation transactions involving receivables from SMEs;
f) the management, where assigned by the Minister for the Economy and Finance, of the functions, assets and liabilities of Cassa depositi e prestiti, prior to its transformation, transferred to the Ministry for the Economy and Finance pursuant to Article 5.3, letter a), of the Italian Decree-Law, as well as the management of any other public function and activities of general interest assigned by act of law, administrative regulations or contract;
g) providing advisory and consultancy services in favour of the entities described in point a) or to support the transactions or the entities under letter b), points i., ii., iii., iv. and v.;
h) providing consulting services and conducting studies, research and analysis of economic and financial matters.

40 With regard to the methods with which CDP pursues the aforementioned objectives, see the Articles of Association.

Under CDP's current organisational structure at 31 December 2015, the Separate Account encompasses the following business areas: Public Entities; Public Interest Lending; Economic Support; Real Estate.

ORDINARY ACCOUNT

All CDP's other business activities that are not specifically attributed to the Separate Account are carried out by the Ordinary Account. While not specifically cited in Article 5 of Decree Law 269, the latter represents the range of activities carried out by CDP that are not assigned under statute to the Separate Account[41].

Specifically, pursuant to Article 5.7, letter b), of Decree Law 269, CDP's articles of association include among the activities designed to achieve its mission that are not assigned to the Separate Account:

a) the granting of loans, 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;
b) acquiring - also indirectly - equity investments in companies of major national interest having a stable financial position and performance and adequate profit-generating prospects, which satisfy the requirements set out in the Decree of the Minister for the Economy and Finance pursuant to Article 5.8-*bis* of the Italian Decree-Law.
c) acquiring of: (i) covered bank bonds backed by mortgages on residential real estate and/or securities issued under Italian Law No. 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 No. 130 of 30 April 1999, as part of securitisation transactions involving receivables from SMEs for the purpose of increasing lending to SMEs;
d) providing consulting services and conducting studies, research and analysis of economic and financial matters.

From an organisational standpoint, the activities of the Financing area are included in the Ordinary Account.

JOINT SERVICES

Joint Services include:

- Corporate Center Areas that make up CDP's organisational structure;
- Corporate Bodies and Bodies provided for in the Articles of Association (with the exception of the Parliamentary Supervisory Committee, which regards the Separate Account);
- offices of the Chairman, the Chief Executive Officer;
- the General Manager.

For the purposes of accounting separation, costs and revenues for the Equity Investments, Funding and Finance Areas are broken down into Separate Account, Ordinary Account and Joint Services depending on the specific activity to which they refer.
For more information on CDP's system of accounting separation, please see the Report on operations.

Reclassified Income Statement

(thousands of euros)	Separate Account	Ordinary Account	Joint Services	Total CDP
Net interest income	**885,719**	**19,408**		**905,126**
Dividends and gains (losses) on equity investments	1,297,816	31,585		1,329,402
Net commission income	(1,564,509)	12,638	(1,620)	(1,553,491)
Other net revenues	462,387	11,771	2	474,160
Gross income	**1,081,413**	**75,402**	**(1,618)**	**1,155,197**
Net writedowns	(77,828)	(17,801)		(95,628)
Overheads	(12,845)	(1,329)	(123,372)	(137,545)
Operating income	**969,100**	**56,357**	**(114,994)**	**910,462**

41 With regard to the methods with which CDP pursues the aforementioned objectives, see the Articles of Association.

Reclassified balance sheet

(thousands of euros)	Separate Account	Ordinary Account	Joint Services	Total CDP
Cash and cash equivalents	167,472,816	1,172,011	(864)	168,643,963
Loans	98,816,384	4,919,951		103,736,335
Debt securities	34,960,702	539,240		35,499,942
Equity investments and shares	28,399,161	630,589	540,000	29,569,750
Funding	315,975,190	7,070,526		323,045,716
of which:				
- *postal funding*	*252,097,216*			*252,097,216*
- *funding from banks*	*14,086,697*	*3,312,729*		*17,399,426*
- *funding from customers*	*39,647,765*	*697*		*39,648,462*
- *funding from bonds*	*10,143,511*	*3,757,100*		*13,900,611*

ANNEX 3

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.

These 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 in relation to both products and business lines.

Balance sheet - Assets

(millions of euros) Items	2015 financial year	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
10. Cash and cash equivalents									
20. Financial assets held for trading	201					201			
40. Financial assets available for sale	7,579			6,123	1,432			24	
50. Financial assets held to maturity	24,577			24,321				256	
60. Loans to banks	25,208	10,738	14,445					25	
70. Loans to customers	257,105	157,906	89,291	5,056				4,852	
80. Hedging derivatives	789					789			
100. Equity investments	28,138				28,138				
110. Property, plant and equipment	253						253		
120. Intangible assets	5						5		
130. Tax assets	810								810
150. Other assets	234								234
Total assets	**344,899**	**168,644**	**103,736**	**35,500**	**29,570**	**990**	**258**	**5,157**	**1,044**

Balance sheet - Liabilities and equity

(millions of euros) Items	2015 financial year	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
10. Due to banks	14,337	14,324		12			
20. Due to customers	294,844	294,821		23			
30. Securities issued	14,382	13,901		481			
40. Financial liabilities held for trading	170		170				
60. Hedging derivatives	535		535				
70. Adjustment of financial liabilities hedged generically	43		43				
80. Tax liabilities	142					142	
100. Other liabilities	946				946		
110. Staff severance pay	1					1	
120. Provisions	39					39	
130. Valuation reserves	940						940
160. Reserves	14,185						14,185
180. Share capital	3,500						3,500
190. Treasury shares	(57)						(57)
200. Income (loss) for the period	893						893
Total liabilities and equity	**344,899**	**323,046**	**748**	**516**	**946**	**182**	**19,461**

Income statement

(millions of euros) Items	2015 financial year	Net interest income	Dividends and gains (losses) on equity investments	Net commission income	Other net revenues
10. Interest income and similar revenues	5,907	5,907			
20. Interest expense and similar charges	(5,002)	(5,002)			
40. Commission income	61			61	
50. Commission expense	(1,615)			(1,615)	
70. Dividends and similar revenues	1,538		1,538		
80. Net gain (loss) on trading activities	70				70
90. Net gain (loss) on hedging activities	5				5
100. Gains (losses) on disposal or repurchase	400				400
130. Writedown for impairment	(96)				
150. Administrative expenses	(131)				
160. Net provisions	(18)				
170. Net adjustments of property, plant and equipment	(5)				
180. Net adjustments of intangible assets	(2)				
190. Other operating income (costs)	(18)				
210. Gains (losses) on equity investments	(209)		(209)		
240. Gains (losses) on disposal of investments					
260. Income tax for the period on continuing operations	8				
Total income statement	**893**	**905**	**1,329**	**(1,553)**	**474**

Gross income	Net writedowns	Overheads	Other operating income (costs)	Operating income	Net provisions and other	Taxes	Net income (loss)
5,907				5,907			5,907
(5,002)				(5,002)			(5,002)
61				61			61
(1,615)				(1,615)			(1,615)
1,538				1,538			1,538
70				70			70
5				5			5
400				400			400
	(96)			(96)			(96)
		(131)		(131)			(131)
					(18)		(18)
		(5)					(5)
		(2)					(2)
		1	(19)	(18)			(18)
(209)				(209)			(209)
						8	8
1,155	**(96)**	**(137)**	**(19)**	**910**	**(18)**	**8**	**893**

REPORT OF THE BOARD OF STATUTORY AUDITORS

Shareholders,

During the financial year ending 31 December 2015, we carried out our statutory supervisory activity in accordance with the standards recommended by the National Council of the Italian accounting profession, taking account of the recommendations of Consob in its communications, to the extent compatible with the status of Cassa depositi e prestiti S.p.A. ("CDP" or the "Company").

We preface our remarks as follows:

A. In implementation of Legislative Decree 38 of 28 February 2005, the financial statements at 31 December 2015 of CDP have been prepared in accordance with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), and endorsed by the European Commission, as established by the Community Regulation no. 1606 of 19 July 2002. The financial statements at 31 December 2015 have been prepared, to the extent applicable, based on the Instructions for the preparation of company financial statements and consolidated financial statements of banks and financial institutions that are parent companies of banking groups issued by the Bank of Italy, in exercising the powers established by Article 9 of Legislative Decree 38/2005, by Order of 22 December 2005 which issued Circular no. 262/2005 "Bank financial statements: presentation formats and rules" and subsequent amendments of 18 November 2009, 21 January 2014, 22 December 2014 and 15 December 2015. The IAS/IFRS endorsed and effective as of 31 December 2015 (including the SIC and IFRIC interpretation documents) have been applied in the preparation of the financial statements.
B. The accurate recognition of operational events in the accounts and their representation in the financial statements in accordance with the IAS/IFRS have been examined by the independent auditors PricewaterhouseCoopers S.p.A. ("PWC") in the performance of its statutory auditing activities.
C. The financial statements include both the activity of the Ordinary Account and that of the Separate Account, although the cash flows of the two accounts and their recognition are separate. The separation of these two accounts, pursuant to Article 16.5 and 6, of the decree of the Ministry for the Economy and Finance (MEF) of 6 October 2004, involves the preparation of separate accounting statements designated to the MEF and the Bank of Italy. At the end of the year, shared costs incurred by the Separate Account are calculated and subsequently reimbursed on a pro-rata basis by the Ordinary Account. The separate accounting statements are presented as an annex to the separate financial statements.
D. The financial statements for 31 December 2015 report net income of €892,969,788.73 and equity of €19,461,052,095.45 including the net income for 2015.

Given the foregoing, the Board of Statutory Auditors reports, in accordance with the provisions of Legislative Decree 39 of 27 January 2010, with regard to the issues within the scope of our responsibilities, declares that we:

- monitored the operation of the internal control and administrative-accounting systems with a view to assessing their appropriateness to company needs, as well as their reliability in representing events;
- participated in the shareholders' meetings, as well as all meetings of the board of directors held to date, and received periodic information from the directors on the activities carried out and the most significant operations conducted by CDP;
- continued to monitor the activities undertaken by CDP, by attending the meetings of the Board of Directors and through periodic meetings with the heads of the main company departments, as well as the exchange of information with the financial reporting manager and the independent auditors PWC responsible for statutory audit;
- monitored the risk management control processes through meetings with the head of the risk management department and attended the meetings of the board Risk Committee from when the Committee was established;
- monitored compliance with the law and the articles of association, conformity with the principles of sound administration and in particular the appropriateness of the organisational, administrative and accounting arrangements adopted by the company and their effective operation;
- verified compliance with statutory requirements concerning the preparation of the financial statements and the report on operations, also obtaining information from the independent auditors;
- monitored the adequacy of the internal control system through meetings with the head of Internal Auditing, who reported on the exchange of information with the parties involved in the design (second level controls) and moni-

toring (third level controls) of the internal control system. The examinations performed found no issues or problems to report;

- monitored the adequacy of the controls against risks of non-compliance with rules and regulations through periodic meetings with the head of the Compliance function;
- met with the Supervisory Body for the reciprocal exchange of information, noting that pursuant to Legislative Decree 231/2001 the Company has adopted an appropriate compliance model.

In addition, the Board of Statutory Auditors reports that:

1. The financial year 2015 was characterised by a number of significant events, including:
   - *General operating performance* - interest income came to €905 million, down around 22% on 2014, mainly due to the decline in the performance of Treasury current account, which reached record lows (-47% of interest income, down from €1,700 million to €898 million), only partly offset by the decrease in the interest expense paid on postal funding (-12% of interest expense on postal funding, down from €5,112 million to €4,503 million). The reduction in dividends (amounting to €1,538 million, -17% on 2014) was linked to the reduction in the equity investment held in CDP RETI resulting from the sale of a non-controlling interest during 2014, as well as the lower dividend paid by ENI (-€140 million). The valuation component of the equity investment portfolio also provided a negative contribution, with the recognition of an impairment loss of around €209 million under the item Gains/Losses from equity investments, as detailed below.
   - *Impairment of Equity Investments* - with regard to CDP Immobiliare S.p.A., following the valuations, which involved both the real estate portfolio held directly and in partnership, CDP wrote down the equity investment by €63.6 million. With regard to Fintecna S.p.A., SACE S.p.A. and ENI S.p.A. the respective impairment tests were conducted, which, for Fintecna S.p.A., resulted in the recognition of an impairment of around €145 million on the carrying amount of the equity investment. With regard, lastly, to the equity investments held in SACE S.p.A. and ENI S.p.A., the impairment testing identified a recoverable amount respectively in line and higher than the carrying amount. As a result, no impairment writebacks or writedowns were recognised.
   - *Individual and collective impairment of loans* - the individual valuation of the loans, carried out at 31 December 2015 based on reasonable assumptions of repayment, taking into account existing guarantees on those exposures, resulted in the need for writedowns totalling around €33.3 million and writebacks of €6.1 million, with a net negative effect on the income statement at 31 December 2015 of around €27.2 million. With regard to the collective valuation of the loans, the net writedown for 2015 came to around €68.4 million (of which €5.1 million relating to exposures to banks). The valuation criteria for the credit exposures did not change with respect to the previous year, and specifically:
     - impaired loans (non-performing, unlikely to pay, and impaired past-due and/or overdrawn positions) have been measured individually. The amount of the writedowns to be made to the loans is determined as the difference between the carrying amount of the loan at the time of measurement and the present value of the expected future cash flows, net of collection costs, taking account of any guarantees securing the positions and any advances received, calculated by applying the original effective interest rate;
     - 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 internal parameters used for pricing loans. The estimate of the incurred loss for the portfolio is determined by applying a number of corrective parameters to the 1-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).

   The total amount of writedowns/writebacks of on-balance-sheet loans came to around €101.8 million, net of €1 million of writebacks.

   The collective impairment provision totalled around €181.4 million (of which €34.9 million relating to banks). The amount of the collective impairment provision at 31 December 2015 corresponded to 1.048% of the on-balance-sheet and off-balance-sheet gross exposures, subject to collective impairment.
   - *The net gain (loss) on trading activities* - amounting to a gain of €69.7 million, was mainly attributable to a hedge swap, for a notional amount of €1.3 billion, previously classified as a hedge, which, following the renegotiation of the loan hedged, no longer passed the test of effectiveness and was therefore reclassified to trading and subsequently terminated. The change in the fair value of the swap from the time of its reclassification to trading and its termination resulted in a positive contribution to this item.
   - *Agreement with Poste Italiane S.p.A.* - the service of management of postal savings was governed by a new agreement signed in December 2014, through which CDP and Poste Italiane S.p.A. established an accord valid for the five-year period 2014-2018. The fee recognised in the income statement for the year 2015 amounted to €1,610.4 million.
2. In the Notes to the financial statements for 2015, and more specifically in Part H - Transactions with related parties, the directors report the main transactions carried out during the year. Please refer to that section for more information on the type of transactions conducted and their impact on the income statement and the balance sheet.

3. The Board of Statutory Auditors considers the information provided by the Board of Directors in the Report on Operations to be adequate.
4. PWC, which is responsible for the statutory audit of the accounts, has not made any specific observations that could be reflected in comments or qualifications in the report of the independent auditors. No material issues emerged in the periodic exchange of information between the Board and the representatives of the independent auditors.
5. The Board of Statutory Auditors did not receive any complaints pursuant to Article 2408 of the Civil Code.
6. The Board of Statutory Auditors received no reports or complaints of alleged irregularities.
7. The independent auditors PWC, pursuant to Article 17.9, letter a), of Legislative Decree 39/2010 confirmed to the Board of Statutory Auditors that it did not find itself in any situations that would have compromised its independence or any circumstances that would give rise to incompatibility pursuant to Article 10 of that Legislative Decree.
8. In 2015, there were a total of 14 meetings of the Board of Directors and 3 Shareholders' Meetings, all of which were attended by the Board of Statutory Auditors. The Board of Statutory Auditors held 13 meetings, to which the judge designated by the State Audit Court was always invited.
9. The administrative/accounting system appears adequate to provide an accurate and prompt representation of operational events, a finding also borne out by information received from the independent auditors.
10. Within the scope of our supervisory activities, we did not find any omissions, censurable facts or irregularities.

The Board of Statutory Auditors took due note of the information provided by the Financial Reporting Manager on the findings of the control activities performed, which found no material issues that would prevent the issue of the certification pursuant to Article 154-*bis* of Legislative Decree 58 of 24 February 1998.

Therefore, there are no impediments to approving the financial statements for the 2015 financial year together with the Report on Operations submitted by the Board of Directors and the proposed allocation of net income for the year.

Lastly, the Board of Statutory Auditors reports that, with the approval of the financial statements for the year 2015, the mandate assigned to it in the Shareholders' Meeting held on 17 April 2013 will expire. The Board therefore asks the Shareholders to take action in this regard.

Rome, 28 April 2016

THE BOARD OF STATUTORY AUDITORS

Angelo Provasoli	Chairman
Luciano Barsotti	Auditor
Andrea Landi	Auditor
Ines Russo	Auditor
Giuseppe Vincenzo Suppa	Auditor

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
Cassa Depositi e Prestiti SpA

Report on the financial statements

We have audited the accompanying financial statements of Cassa Depositi e Prestiti SpA, which comprise the balance sheet as of 31 December 2015, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of Cassa Depositi e Prestiti SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C. F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cassa Depositi e Prestiti SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, which are the responsibility of the directors of Cassa Depositi e Prestiti SpA, with the financial statements of Cassa Depositi e Prestiti SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Cassa Depositi e Prestiti SpA as of 31 December 2015.

Rome, 28 April 2016

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 OF THE SEPARATE FINANCIAL STATEMENTS

pursuant to Article 154-*bis* Italian Legislative Decree 58/1998

Certification of the separate financial statements pursuant to Article 81-*ter* 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 into account 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 separate financial statements in 2015.

2. In this regard:
   2.1 the assessment of the appropriateness of the administrative and accounting procedures followed in preparing the separate financial statements at 31 December 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 year 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.

3. In addition, we certify that:
   3.1 the separate 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;
   3.2 the report on operations contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 28 April 2016

Chief Executive Officer
/signature/Fabio Gallia

Financial Reporting Manager
/signature/Fabrizio Palermo


cdp

4. Consolidated financial statements 2015

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

The consolidated financial statements at 31 December 2015 have been prepared in compliance with 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.

The notes to the consolidated financial statements are composed of:

- Introduction;
- Part A - Accounting policies;
- Part B - Information on the consolidated balance sheet;
- Part C - Information on the consolidated income statement;
- Part D - Consolidated comprehensive income;
- Part E - Information on risks and related hedging policies;
- Part F - Consolidated capital;
- Part G - Business combinations;
- Part H - Transactions with related parties;
- Part I - Share-based payments;
- Part L - Operating segments;
- Annexes - Annexes to the Consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2015

Consolidated balance sheet

(thousands of euros)

Assets		31/12/2015	31/12/2014
10.	Cash and cash equivalents	781	689
20.	Financial assets held for trading	936,784	983,894
30.	Financial assets at fair value	219,713	156,497
40.	Financial assets available for sale	6,535,451	6,956,103
50.	Financial assets held to maturity	26,073,862	22,913,003
60.	Loans to banks	28,941,822	28,775,434
	- *of which segregated asset pool*	*406,692*	*315,158*
70.	Loans to customers	261,044,293	267,426,645
80.	Hedging derivatives	1,575,794	1,568,787
100.	Equity investments	17,199,965	19,471,749
110.	Reinsurers' share of technical provisions	465,015	84,670
120.	Property, plant and equipment	34,621,757	33,444,161
130.	Intangible assets	7,939,406	7,886,215
	- *of which goodwill*	*649,775*	*712,094*
140.	Tax assets:	2,140,966	2,382,080
	a) current	769,965	1,113,244
	b) deferred	1,371,001	1,268,836
150.	Non-current assets and disposal group held for sale	24,479	23,783
160.	Other assets	10,178,235	9,606,743
	Total assets	**397,898,323**	**401,680,453**

(thousands of euros)

	Liabilities and equity	31/12/2015	31/12/2014
10.	Due to banks	23,522,539	21,808,880
	- *of which granted by segregated asset pool*	*400,003*	-
20.	Due to customers	291,800,245	296,256,685
30.	Securities issued	30,086,359	26,914,915
40.	Financial liabilities held for trading	240,599	398,819
60.	Hedging derivatives	1,002,005	2,639,110
70.	Adjustment of financial liabilities hedged generically (+/-)	43,273	47,922
80.	Tax liabilities:	3,924,096	4,604,017
	a) current	311,971	354,364
	b) deferred	3,612,125	4,249,653
90.	Liabilities included in disposal groups classified as held for sale	6,782	7,249
100.	Other liabilities	8,033,675	8,289,287
110.	Staff severance pay	227,602	262,480
120.	Provisions:	2,623,115	2,999,293
	a) post-employment benefits	-	1,845
	b) other provisions	2,623,115	2,997,448
130.	Technical provisions	2,806,699	2,294,435
140.	Valuation reserves	2,078,844	1,232,089
170.	Reserves	15,953,021	15,538,120
190.	Share capital	3,500,000	3,500,000
200.	Treasury share (-)	(57,220)	(57,220)
210.	Non-controlling interests (+/-)	14,354,463	13,786,065
220.	Net income (loss) for the year	(2,247,774)	1,158,307
	Total liabilities and equity	**397,898,323**	**401,680,453**

Consolidated income statement

(thousands of euros)

Items		31/12/2015	31/12/2014
10.	Interest income and similar revenues	6,130,658	7,189,488
20.	Interest expense and similar charges	(5,579,857)	(6,264,345)
30.	**Net interest income**	**550,801**	**925,143**
40.	Commission income	88,453	92,623
50.	Commission expense	(1,664,952)	(1,725,244)
60.	**Net commission income**	**(1,576,499)**	**(1,632,621)**
70.	Dividends and similar revenues	9,140	37,858
80.	Net gain (loss) on trading activities	638,556	95,043
90.	Net gain (loss) on hedging activities	(2,702)	(37,576)
100.	Gains (losses) on disposal or repurchase of:	540,414	495,036
	a) loans	68,925	58,827
	b) financial assets available for sale	471,479	436,209
	c) financial assets held to maturity	10	-
110.	Net gain (loss) on financial assets and liabilities carried at fair value	63,216	3,408
120.	**Gross income**	**222,926**	**(113,709)**
130.	Net impairment adjustments of:	(116,080)	(165,718)
	a) loans	(119,671)	(124,761)
	b) financial assets available for sale	(2,635)	(23,243)
	d) other financial transactions	6,226	(17,714)
140.	**Financial income (expense), net**	**106,846**	**(279,427)**
150.	Net premium income	113,916	379,071
160.	Net other income (expense) from insurance operations	(185,075)	123,995
170.	**Net income from financial and insurance operations**	**35,687**	**223,639**
180.	Administrative expenses:	(6,144,903)	(5,913,061)
	a) staff costs	(1,720,529)	(1,687,007)
	b) other administrative expenses	(4,424,374)	(4,226,054)
190.	Net provisions	(135,293)	(165,194)
200.	Net adjustments of property, plant and equipment	(1,320,941)	(1,235,272)
210.	Net adjustments of intangible assets	(504,015)	(439,807)
220.	Other operating income (costs)	10,073,491	10,100,365
230.	**Operating costs**	**1,968,339**	**2,347,031**
240.	Gains (losses) on equity investments	(2,342,452)	594,386
270.	Gains (losses) on disposal of investments	(12,926)	2,882
280.	**Income (loss) before tax from continuing operations**	**(351,352)**	**3,167,938**
290.	**Income tax for the period on continuing operations**	**(514,523)**	**(671,151)**
300.	**Income (loss) after tax on continuing operations**	**(865,875)**	**2,496,787**
310.	**Income (loss) after tax on disposal groups held for sale**	**7,283**	**162,180**
320.	**Net income (loss) for the year**	**(858,592)**	**2,658,967**
330.	**Net income (loss) for the year pertaining to non-controlling interests**	**1,389,182**	**1,500,660**
340.	**Net income (loss) for the year pertaining to shareholders of the Parent Company**	**(2,247,774)**	**1,158,307**

Statement of consolidated comprehensive income

(thousands of euros)

Items		31/12/2015	31/12/2014
10.	**Income (loss) for the period**	**(858,592)**	**2,658,967**
	Other comprehensive income net of taxes not transferred to income statement		
40.	Defined benefit plans	18,126	(34,675)
60.	Share of valuation reserves of equity investments accounted for using equity method	7,332	(13,934)
	Other comprehensive income net of taxes transferred to income statement		
80.	Exchange rate differences	15,105	(34,391)
90.	Cash flow hedges	8,791	31,421
100.	Financial assets available for sale	(278,343)	(61,115)
120.	Share of valuation reserves of equity investments accounted for using equity method	1,111,240	1,243,754
130.	**Total other comprehensive income net of taxes**	**882,251**	**1,131,060**
140.	**Comprehensive income (items 10 + 130)**	**23,659**	**3,790,027**
150.	Consolidated comprehensive income pertaining to non-controlling interests	1,417,899	1,453,307
160.	**Consolidated comprehensive income pertaining to shareholders of the Parent Company**	**(1,394,240)**	**2,336,720**

Statement of changes in consolidated equity: current period

(thousands of euros)	Balance at 31/12/2014	Changes in opening balance	Balance at 01.01.2015	Allocation of net income for previous year		Changes for the period	Equity transactions
				Reserves	Dividends and other allocations	Changes in reserves	Issues of new shares
Share capital:	7,725,040		7,725,040				
a) ordinary shares	7,609,007		7,609,007				
b) preference shares	116,033		116,033				
Share premium reserve	2,088,974		2,088,974			(67,121)	
Reserves:	21,672,190		21,672,190	646,110		338,314	
a) income	20,821,900		20,821,900	627,659		322,408	
b) other	850,290		850,290	18,451		15,906	
Valuation reserves	1,171,330		1,171,330			(20,344)	
Equity instruments							
Interim dividends	(98,699)		(98,699)	98,699			
Treasury shares	(60,441)		(60,441)				
Income (loss) for the period	2,658,967		2,658,967	(744,809)	(1,914,158)		
Total Equity	**35,157,361**		**35,157,361**		**(1,914,158)**	**250,849**	
Equity Group	**21,371,296**		**21,371,296**		**(852,636)**	**263,727**	
Equity Non-controlling interests	**13,786,065**		**13,786,065**		**(1,061,522)**	**(12,878)**	

Statement of changes in consolidated equity: previous period

(thousands of euros)	Balance at 31/12/2013	Changes in opening balance	Balance at 01.01.2014	Allocation of net income for previous year		Changes for the period	Equity transactions
				Reserves	Dividends and other allocations	Changes in reserves	Issues of new shares
Share capital:	7,485,567		7,485,567			828	230,145
a) ordinary shares	7,369,534		7,369,534			828	230,145
b) preference shares	116,033		116,033				
Share premium reserve	951,724		951,724			1,499	1,095,194
Reserves:	18,738,643		18,738,643	1,689,970	(64)	(339,288)	(13,036)
a) income	18,737,977		18,737,977	1,689,884	(64)	(332,340)	(13,036)
b) other	666		666	86		(6,948)	
Valuation reserves	40,234		40,234				
Equity instruments							
Interim dividends	(335,241)		(335,241)	335,241			
Treasury shares	(62,104)		(62,104)				
Income (loss) for the period	3,424,633		3,424,633	(2,025,211)	(1,399,422)		
Total Equity	**30,243,456**		**30,243,456**		**(1,399,486)**	**(336,961)**	**1,312,303**
Equity Group	**19,295,290**		**19,295,290**		**(852,638)**	**48,688**	
Equity Non-controlling interests	**10,948,166**		**10,948,166**		**(546,848)**	**(385,649)**	**1,312,303**

Changes for the period							Equity at 31/12/2015	Equity Group at 31/12/2015	Equity non-controlling interests at 31/12/2015
Equity transactions									
Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Comprehensive income for 2015			
					93,773		7,818,813	3,500,000	4,318,813
					93,773		7,702,780	3,500,000	4,202,780
							116,033		116,033
					39,726		2,061,579		2,061,579
					28,615		22,685,229	15,953,021	6,732,208
					6,832		21,778,799	15,933,788	5,845,011
					21,783		906,430	19,233	887,197
					316	882,251	2,033,553	2,078,844	(45,291)
	(98,699)						(98,699)		(98,699)
(108)							(60,549)	(57,220)	(3,329)
						(858,592)	(858,592)	(2,247,774)	1,389,182
(108)	**(98,699)**				**162,430**	**23,659**	**33,581,334**	**19,226,871**	**14,354,463**
					(161,276)	**(1,394,240)**	**19,226,871**	**19,226,871**	
(108)	**(98,699)**				**323,706**	**1,417,899**	**14,354,463**		**14,354,463**

Changes for the period							Equity at 31/12/2014	Equity Group at 31/12/2014	Equity non-controlling interests at 31/12/2014
Equity transactions									
Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Comprehensive income for 2014			
					8,500		7,725,040	3,500,000	4,225,040
					8,500		7,609,007	3,500,000	4,109,007
							116,033		116,033
					40,557		2,088,974		2,088,974
					1,595,965		21,672,190	15,538,120	6,134,070
					739,479		20,821,900	15,538,120	5,283,780
					856,486		850,290		850,290
					36	1,131,060	1,171,330	1,232,089	(60,759)
	(98,699)						(98,699)		(98,699)
1,663							(60,441)	(57,220)	(3,221)
						2,658,967	2,658,967	1,158,307	1,500,660
1,663	**(98,699)**				**1,645,058**	**3,790,027**	**35,157,361**	**21,371,296**	**13,786,065**
					543,236	**2,336,720**	**21,371,296**	**21,371,296**	**-**
1,663	**(98,699)**				**1,101,822**	**1,453,307**	**13,786,065**		**13,786,065**

Consolidated cash flow statement (indirect method)

(thousands of euros)	31/12/2015	31/12/2014
A. OPERATING ACTIVITIES		
1. Operations	**5,323,674**	**5,772,123**
Net income for the year (+/-)	(858,592)	2,658,967
Gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(174,710)	142,317
Gains (losses) on hedging activities (-/+)	(29,019)	(23,411)
Net impairment adjustments (+/-)	169,531	175,759
Net value adjustments to property, plant and equipment and intangible assets (+/-)	1,771,505	1,665,038
Net provisions and other costs/revenues (+/-)	135,293	255,203
Net premiums not received (-)	291,028	(41,189)
Other insurance income not received/paid (-/+)	(64,816)	(471,753)
Unpaid charges, taxes and tax credits (+/-)	(739,693)	(692,665)
Writedowns/writebacks of equity investments (+/-)	2,382,173	(596,368)
Other adjustments (+/-)	2,440,974	2,700,225
2. Cash generated by/used in financial assets	**32,559,416**	**(18,528,067)**
Financial assets held for trading	158,604	1,444,623
Financial assets at fair value	2,889	(150,200)
Financial assets available for sale	186,821	(470,912)
Loans to banks: on demand	-	-
Loans to banks: other	21,420,682	(11,304,772)
Loans to customers	11,499,493	(8,077,919)
Other assets	(709,073)	31,113
3. Cash generated by/used in financial liabilities	**(5,613,824)**	**27,883,867**
Due to banks: other	431,479	(9,919,927)
Due to customers	(6,598,425)	34,602,853
Securities issued	3,011,178	3,766,279
Financial liabilities held for trading	(158,220)	(137,447)
Financial liabilities carried at fair value	-	-
Other liabilities	(2,299,836)	(427,891)
Cash generated by/used in operating activities	32,269,266	15,127,923

(cont'd)	31/12/2015	31/12/2014
B. INVESTMENT ACTIVITIES		
1. Cash generated by:	**27,030,676**	**24,856,399**
Sale of equity investments	174,095	347,180
Dividends from equity investments	928,784	1,110,269
Sale of financial instruments held to maturity	25,871,911	22,937,482
Sale of property plant and equipment	43,265	41,650
Sale of intangibles	12,621	19,818
Sales of subsidiaries and business units		400,000
2. Cash used in:	**(32,715,622)**	**(29,058,701)**
Purchase of equity investments	(281,107)	(435,371)
Purchase of financial assets held to maturity	(29,045,078)	(25,896,940)
Purchase of property, plant and equipment	(2,072,509)	(2,187,443)
Purchase of intangible assets	(488,228)	(490,606)
Purchases of subsidiaries and business units	(828,700)	(48,341)
Cash generated by/used in investing activities	**(5,684,946)**	**(4,202,302)**
C. FINANCING ACTIVITIES		
Issue/purchase of treasury shares		
Issue/purchase of equity instruments	679,876	2,263,146
Dividend distribution and other allocations	(2,012,857)	(1,498,185)
Cash generated by/used in financing activities	**(1,332,981)**	**764,961**
CASH GENERATED/USED DURING THE YEAR	**25,251,339**	**11,690,582**

Reconciliation

Items (*)	31/12/2015	31/12/2014
Cash and cash equivalents at beginning of year	**150,635,271**	**138,944,689**
Total cash generated/used during the year	25,251,339	11,690,582
Cash and cash equivalents at end of year	**175,886,610**	**150,635,271**

(*) 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Structure and content of the financial statements

As in previous years, the financial statements of the Cassa depositi e prestiti Group (hereinafter also "CDP Group" or "Group") have been prepared, as far as applicable, in accordance with the regulations of the Bank of Italy, set out in its circular on "Banking and financial service supervision" of 22 December 2005, updated to 15 December 2015, which establishes the formats and rules for the preparation of the bank's financial statements, incorporating the introduction of International Financial Reporting Standards (IFRSs) for bank financial reporting.
With Regulation (EC) 1606/2002 of 19 July 2002, the European Union made it compulsory, as of the 2006 financial year, to adopt the IAS/IFRSs in preparing the financial statements of EU companies that issue equity or debt securities on a regulated market in the European Union.

Italian Legislative Decree 38 of 28 February 2005 was then issued in Italy in order to govern the application of:
- the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB);
- the International Accounting Standards (IASs) issued by the International Accounting Standards Committee (IASC);

and interpretation sources adopted by the International Financial Reporting Interpretations Committee ("IFRIC", formerly SIC - Standing Interpretations Committee).

The consolidated financial statements are expressed in euro thousands 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, with the relevant annexes, as well as the Directors' report on operations.
The consolidated financial statements present a clear, true and fair overview of the company's financial performance and standing for the period.

Basis of presentation

The consolidated financial statements and the tables of the Notes to the consolidated financial statements 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, income is indicated as positive numbers, while expenses are shown as negative numbers (in brackets).
The figures of the consolidated financial statements and in the tables of the 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 consolidated 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

As detailed below, the Notes to the consolidated financial statements provide all of the information required by law, as well as any supplemental information deemed necessary in order to provide a true and fair presentation of the company's financial performance and standing.
The tables and other details required by the Bank of Italy have been numbered in accordance with the parts and sections specified in Annex "B" of the supervisory instructions issued by the Bank of Italy.
The consolidated financial statements show data for the previous financial year for comparison purposes, as requested by IFRS. Tables with no amounts for either 2015 or 2014 have been omitted.

CDP segregated asset pools

Separate account KfW

On 29 October 2014, the Board of Directors approved the establishment of a separate account, 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.
By subsequent resolution of the Board of Directors on 29 October 2015, the increase was approved for a total amount of €100 million, bringing it to a total of €400 million, in addition to the extension to 18 December 2015 of the period within which CDP could use the loan. The related consequent modifying addendum to the loan agreement was signed between CDP and KfW on 16 November 2015.
This funding is 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 €460 million.
At the reporting date the €400 million funding for the agreement between CDP and KfW had been fully disbursed.
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 financial statements

The consolidated financial statements of the CDP Group were subject to statutory audit pursuant to Italian Legislative Decree 39/2010 by the independent auditing firm PricewaterhouseCoopers S.p.A., following award of the audit engagement for the 2011-2019 period by the Shareholders' Meeting of 25 May 2011.

Annexes

The consolidated financial statements include as Annexes "The Consolidation Scope" and the "Reconciliation schedules for statutory and financial statements of the CDP Group". The latter are aimed at providing criteria for the preparation of the reclassified consolidated balance sheet and reclassified consolidated income statements provided in the report on operations compared to the separate financial statements.

PART A - ACCOUNTING POLICIES

A.1 - General information

SECTION 1 - DECLARATION OF CONFORMITY WITH THE INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with IAS/IFRS issued by the IASB (including the interpretation documents SIC and IFRIC) endorsed by the European Commission that were applicable at 31 December 2015, taking into account, as far as possible, Circular no. 262 of the Bank of Italy of 22 December 2005 (and subsequent amendments of 18 November 2009, 21 January 2014, 22 December 2014 and 15 December 2015).

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The financial statements have been prepared in accordance with the IFRSs issued by the IASB (including 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 issued;
- Interpretation documents concerning the application of the IAS/IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board; OIC) and 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 consolidated financial standing in a true and fair manner, the Notes to the financial statements also provide supplemental information for such purpose.
The 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 concerning disclosures on business continuity and in compliance with the requirements on the same issue contained in IAS 1 Revised, CDP 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, CDP feels that it is appropriate to prepare its financial statements on a going-concern basis.

No assets have been offset with liabilities, nor income with expenses, unless expressly required or allowed by the instructions of the Bank of Italy or by an accounting standard or a related interpretation.

Use of estimates

The application of international accounting standards in preparing the consolidated financial statements requires companies of the 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 and interpretive issues concerning accounting treatment;

- 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 consolidated 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. An exception is made for a number of equity interests in companies in liquidazione or subsidiaries in the start-up phase without assets and liabilities, whose contribution to the consolidated financial statements is immaterial.
The financial statements of the subsidiaries used for line-by-line consolidation are those at 31 December 2015, as approved by competent corporate bodies of consolidated companies, adjusted as necessary to harmonise them with 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 15 December 2015.

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

1. 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	100.00%	100.00%
2. Acam Gas S.p.A.	La Spezia	La Spezia	1	Italgas S.p.A.	100.00%	100.00%
3. ACE Marine LLC	Green Bay - WI (USA)	Green Bay - WI (USA)	1	Fincantieri Marine Group LLC	100.00%	100.00%
4. Aja Ship Design AS		Drobeta Turnu Severin	1	Vard Braila S.A.	60.00%	60.00%
5. Azienda Energia e Servizi Torino S.p.A.	Turin	Turin	1	Italgas S.p.A.	100.00%	100.00%
6. Bacini di Palermo S.p.A.	Palermo	Palermo	1	Fincantieri S.p.A.	100.00%	100.00%
7. Brevik Elektro AS	Brevik (Norway)	Brevik (Norway)	1	Multifag AS	100.00%	100.00%
8. CDP GAS S.r.l.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
9. CDP Immobiliare S.r.l.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
10. CDP Investimenti SGR S.p.A.	Rome	Rome	1	CDP S.p.A.	70.00%	70.00%
11. CDP RETI S.p.A.	Rome	Rome	1	CDP S.p.A.	59.10%	59.10%
12. Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Genoa	Genoa	1	Fincantieri S.p.A.	71.10%	71.10%
				Seaf S.p.A.	15.00%	15.00%
13. Delfi S.r.l.	Follo (SP)	Follo (SP)	1	Fincantieri S.p.A.	100.00%	100.00%
14. Estaleiro Quissamã Ltda	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Vard Group AS	50.50%	50.50%
15. Faster Imaging AS	Lysaker (Norway)	Lysaker (Norway)	1	Seaonics AS	100.00%	100.00%
16. Fincantieri do Brasil Participações S.A.	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Fincantieri Holding B.V.	20.00%	20.00%
				Fincantieri S.p.A.	80.00%	80.00%
17. Fincantieri Holding B.V.	Amsterdam (The Netherlands)	Amsterdam (The Netherlands)	1	Fincantieri S.p.A.	100.00%	100.00%
18. Fincantieri India Private Limited	New Delhi (India)	New Delhi (India)	1	Fincantieri Holding B.V.	99.00%	99.00%
				Fincantieri S.p.A.	1.00%	1.00%
19. Fincantieri Marine Group Holdings Inc.	Green Bay - WI (USA)	Green Bay - WI (USA)	1	Fincantieri USA Inc.	87.44%	87.44%
20. Fincantieri Marine Group LLC	Washington, DC (USA)	Washington, DC (USA)	1	Fincantieri Marine Group Holdings Inc.	100.00%	100.00%
21. Fincantieri Marine Systems North America Inc.	Chesapeake - VI (USA)	Chesapeake - VI (USA)	1	Fincantieri Holding B.V.	100.00%	100.00%
22. Fincantieri Oil & Gas S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
23. Fincantieri (Shanghai) Trading Co. Ltd.	Shanghai (PRC)	Shanghai (PRC)	1	Fincantieri S.p.A.	100.00%	100.00%
24. Fincantieri SI S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
25. Fincantieri Sweden AB	Stockholm (Sweden)	Stockholm (Sweden)	1	Fincantieri S.p.A.	100.00%	100.00%
26. Fincantieri S.p.A.	Trieste	Trieste	1	Fintecna S.p.A.	71.64%	71.64%

Company name	Headquarters	Registered office	Type of relation-ship [1]	Equity investment		% of votes [2]
				Investor	% holding	
27. Fincantieri USA Inc.	Washington, DC (USA)	Washington, DC (USA)	1	Fincantieri S.p.A.	86.02%	86.02%
28. Fintecna S.p.A.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
29. FIV Comparto Extra	Rome	Rome	4	CDP S.p.A.	100.00%	100.00%
30. FIV Comparto Plus	Rome	Rome	4	CDP S.p.A.	100.00%	100.00%
31. FMSNA YK	Nagasaki (Japan)	Nagasaki (Japan)	1	Fincantieri Marine Systems North America Inc.	100.00%	100.00%
32. Fondo Strategico Italiano S.p.A.	Milan	Milan	1	CDP S.p.A.	77.70%	77.70%
				Fintecna S.p.A.	2.30%	2.30%
33. FSI Investimenti S.p.A.	Milan	Milan	1	Fondo Strategico Italiano S.p.A.	77.12%	77.12%
34. FSIA Investimenti S.r.l.	Milan	Milan	1	FSI Investimenti S.p.A.	100.00%	100.00%
35. Gasrule Insurance Ltd.	Dublin (Ireland)	Dublin (Ireland)	1	SNAM S.p.A.	100.00%	100.00%
36. Gestione Bacini La Spezia S.p.A.	La Spezia	La Spezia	1	Fincantieri S.p.A.	99.89%	99.89%
37. GNL Italia S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
38. ICD Industries Estonia OÜ	Tallinn (Estonia)	Tallinn (Estonia)	1	Seaonics AS	100.00%	100.00%
39. ICD Polska Sp.zo.o.	Gdansk (Poland)	Gdansk (Poland)	1	Seaonics AS	100.00%	100.00%
40. ICD Software AS	Alesund (Norway)	Alesund (Norway)	1	Seaonics AS	100.00%	100.00%
41. Industrial Control Design AS	Norway	Norway	1	Seaonics AS	100.00%	100.00%
42. Isotta Fraschini Motori S.p.A.	Bari	Bari	1	Fincantieri S.p.A.	100.00%	100.00%
43. Italgas S.p.A.	Turin	Turin	1	SNAM S.p.A.	100.00%	100.00%
44. Marine Interiors S.p.A.	Trieste	Trieste	1	Seaf S.p.A.	100.00%	100.00%
45. Marinette Marine Corporation	Marinette - WI (USA)	Marinette - WI (USA)	1	Fincantieri Marine Group LLC	100.00%	100.00%
46. Multifag AS	Skien (Norway)	Skien (Norway)	1	Vard Brevik Holding AS	100.00%	100.00%
47. Monita Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	95.00%	95.00%
				Terna Rete Italia S.p.A.	5.00%	5.00%
48. Napoletanagas S.p.A.	Naples	Naples	1	Italgas S.p.A.	99.69%	100.00%
49. Piemonte Savoia S.r.l.	Rome	Rome	1	Terna Interconnector S.r.l.	100.00%	100.00%
50. Residenziale Immobiliare 2004 S.p.A.	Rome	Rome	1	CDP Immobiliare S.r.l.	74.47%	74.47%
51. Rete S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
52. SACE BT S.p.A.	Rome	Rome	1	SACE S.p.A.	100.00%	100.00%
53. Sace do Brasil	Sao Paolo (Brazil)	Sao Paolo (Brazil)	1	SACE S.p.A.	100.00%	100.00%
54. SACE FCT S.p.A.	Rome	Rome	1	SACE S.p.A.	100.00%	100.00%
55. SACE Servizi S.r.l.	Rome	Rome	1	SACE BT S.p.A.	100.00%	100.00%
56. SACE S.p.A.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
57. Seaonics AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	51.00%	51.00%
58. Seaonics Polska Sp.zo.o.	Gdansk (Poland)	Gdansk (Poland)	1	Seaonics AS	100.00%	100.00%
59. Seastema S.p.A.	Genoa	Genoa	1	Fincantieri S.p.A.	100.00%	100.00%
60. SIMEST S.p.A.	Rome	Rome	1	CDP S.p.A.	76.01%	76.01%
61. SIA ICD Industries Latvia	Riga (Latvia)	Riga (Latvia)	1	Seaonics AS	100.00%	100.00%
62. SNAM S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	CDP RETI S.p.A.	28.98%	28.98%
				CDP GAS S.r.l.	1.12%	1.12%
63. SNAM Rete Gas S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
64. Società per l'Esercizio di Attività Finanziarie SEAF S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
65. Stogit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
66. Tamini Transformers USA LLC	Chicago (USA)	Chicago (USA)	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
67. Tamini Trasformatori S.r.l.	Melegnano (MI)	Melegnano (MI)	1	Terna Plus S.r.l.	70.00%	70.00%
68. Terna Crna Gora d.o.o.	Podgorica (Montenegro)	Podgorica (Montenegro)	1	Terna S.p.A.	100.00%	100.00%
69. Terna Chile S.p.A.	Santiago del Cile (Chile)	Santiago del Cile (Chile)	1	Terna Plus S.r.l.	100.00%	100.00%
70. Terna Interconnector S.r.l.	Rome	Rome	1	Terna Rete Italia S.p.A.	5.00%	5.00%
				Terna S.p.A.	65.00%	65.00%
71. Terna Plus S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
72. Terna Rete Italia S.p.A.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%

Company name	Headquarters	Registered office	Type of relation-ship (1)	Equity investment		% of votes (2)
				Investor	% holding	
73. Terna Rete Italia S.r.l. (ex Telat)	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
74. Terna S.p.A.	Rome	Rome	1	CDP RETI S.p.A.	29.85%	29.85%
75. Terna Storage S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
76. TES Transformer Electro Service Asia Private Limited	Magarpatta City, Hadapsar, Pune (India)	Magarpatta City, Hadapsar, Pune (India)	1	TES Transformer Electro Service S.r.l.	100.00%	100.00%
77. TES Transformer Electro Service S.r.l.	Ospitaletto (BS)	Ospitaletto (BS)	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
78. V.T.D. Trasformatori S.r.l.	Valdagno (VI)	Valdagno (VI)	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
79. Vard Accommodation AS	Tennfjord (Norway)	Tennfjord (Norway)	1	Vard Group AS	100.00%	100.00%
80. Vard Accommodation Tulcea S.r.l.	Tulcea (Romania)	Tulcea (Romania)	1	Vard Accommodation AS	98.18%	98.18%
				Vard Electro Tulcea S.r.l.	1.82%	1.82%
81. Vard Braila S.A.	Braila (Romania)	Braila (Romania)	1	Vard Group AS	5.88%	5.88%
				Vard RO Holding S.r.l.	94.12%	94.12%
82. Vard Brevik Holding AS	Brevik (Norway)	Brevik (Norway)	1	Vard Group AS	100.00%	100.00%
83. Vard Contracting AS	Norway	Norway	1	Vard Group AS	100.00%	100.00%
84. Vard Design AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	100.00%	100.00%
85. Vard Design Liburna Ltd.	Rejeka (Croatia)	Rejeka (Croatia)	1	Vard Design AS	51.00%	51.00%
86. Vard Electrical Installation and Engineering (India) Private Limited	New Delhi (India)	New Delhi (India)	1	Vard Electro AS	99.00%	99.00%
				Vard Tulcea SA	1.00%	1.00%
87. Vard Electro AS	Sovik (Norway)	Sovik (Norway)	1	Vard Group AS	100.00%	100.00%
88. Vard Electro Braila S.r.l.	Braila (Romania)	Braila (Romania)	1	Vard Electro AS	100.00%	100.00%
89. Vard Electro Brazil (Instalações Elétricas) Ltda	Niteroi (Brazil)	Niteroi (Brazil)	1	Vard Electro AS	99.00%	99.00%
				Vard Group AS	1.00%	1.00%
90. Vard Electro Italy S.r.l.	Genoa	Genoa	1	Vard Electro AS	100.00%	100.00%
91. Vard Electro Tulcea S.r.l.	Tulcea (Romania)	Tulcea (Romania)	1	Vard Electro AS	99.96%	99.96%
92. Vard Engeneering Constanta S.r.l.	Costanza (Romania)	Costanza (Romania)	1	Vard Braila S.A.	30.00%	30.00%
				Vard RO Holding S.r.l.	70.00%	70.00%
93. Vard Engineering Brevik AS	Brevik (Norway)	Brevik (Norway)	1	Vard Brevik Holding AS	70.00%	70.00%
94. Vard Engineering Gdansk Sp.zo.o.	Poland	Poland	1	Vard Engineering Brevik AS	100.00%	100.00%
95. Vard Group AS	Alesund (Norway)	Alesund (Norway)	1	Vard Holdings Limited	100.00%	100.00%
96. Vard Holdings Limited	Singapore	Singapore	1	Fincantieri OIL & GAS S.p.A.	55.63%	55.63%
97. Vard Marine Inc.	Vancouver (Canada)	Vancouver (Canada)	1	Vard Group AS	100.00%	100.00%
98. Vard Marine US Inc.	USA	USA	1	Vard Marine Inc.	100.00%	100.00%
99. Vard Niterói S.A.	Rio de Janeiro (Brazil)	Rio de Janeiro (Brazil)	1	Vard Electro Brazil (Instalações Elétricas) Ltda	0.01%	0.01%
				Vard Group AS	99.99%	99.99%
100. Vard Offshore Brevik AS	Porsgrunn (Norway)	Porsgrunn (Norway)	1	Vard Brevik Holding AS	100.00%	100.00%
101. Vard Piping AS	Tennfjord (Norway)	Tennfjord (Norway)	1	Vard Group AS	100.00%	100.00%
102. Vard Promar S.A.	Recife (Brazil)	Recife (Brazil)	1	Vard Group AS	50.50%	50.50%
103. Vard RO Holding S.r.l.	Tulcea (Romania)	Tulcea (Romania)	1	Vard Group AS	100.00%	100.00%
104. Vard Seaonics Holding AS	Alesund (Norway)	Alesund (Norway)	1	Vard Group AS	100.00%	100.00%
105. Vard Ship Repair Braila S.A.	Braila (Romania)	Braila (Romania)	1	Vard Braila S.A.	68.58%	68.58%
				Vard Brevik Holding AS	31.42%	31.42%
106. Vard Singapore Pte. Ltd.	Singapore	Singapore	1	Vard Group AS	100.00%	100.00%
107. Vard Tulcea S.A.	Tulcea (Romania)	Tulcea (Romania)	1	Vard RO Holding S.r.l.	99.996%	99.996%
				Vard Group AS	0.004%	0.004%
108. Vard Vung Tau Ltd.	Vung Tau (Vietnam)	Vung Tau (Vietnam)	1	Vard Singapore Pte. Ltd.	100.00%	100.00%
109. XXI Aprile S.r.l.	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%

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.
(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes.

Compared with 31 December 2014, the greatest changes in the scope of full consolidation consist in:

- inclusion into the scope of consolidation of Rete S.r.l. (referred to as S.EL.F. – Società Elettrica Ferroviaria S.r.I. until the Shareholders' Meeting of 23 December 2015) sold by Ferrovie dello Stato Italiane S.p.A to Terna S.p.A.;
- the purchase by Italgas of a 51% equity interest in Acam Gas, as a result of which the entire share capital of the company (previously held at 49%) was acquired.

2. 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 twelve 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 resulting from the application of the equity method, the difference is recognised through profit or loss.
The consolidation of joint ventures and investments in associates was based on the most recent (annual or interim) financial statements of the companies.

Significant assessment and assumptions to determine whether there is control, joint control or significant influence

Subsidiaries

Subsidiaries are entities, included structured entities, which are directly or indirectly controlled by the company. Control over an entity is evidence by the Group's capacity to exercise power in order to influence variable returns to which the Group is exposed as a result of its relationship with the aforementioned entity.

In order to verify the absence of control, the Group considers the following factors:

- the purpose and the structure of the investee, in order to identify the entity's objectives, the activities that determine its revenues and how such activities are governed;
- the power, in order to understand whether the Group has contractual rights enabling it to govern relevant activities; to this end, only substantial rights that confer effective governance are considered;

- the exposure in the investee, in order to assess whether the Group has business relationships with the investee whose returns vary as a result of variances in the investee's performance;
- the existence of potential principal-agent relationships.

Where significant activities are governed through voting rights, the following factors show evidence of control:
- direct or indirect ownership - through one's subsidiary - of over fifty per cent of voting rights of an entity, unless it can be demonstrated - in exceptional cases - that such ownership does not constitute control;
- ownership of fifty per cent or less of the votes that can be exercised in the Shareholders' Meeting and unilateral ability to govern main activities through:
  - control of over half of voting rights by virtue of an agreement with other investors;
  - power to determine financial and operational policies of the entity by virtue of a clause of the Articles of Association or an agreement;
  - power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of body;
  - power to exercise the majority of voting rights in the meetings of the Board of Directors or those of the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of body. Presence of the aforementioned factors was verified for equity investments in SNAM and Terna, over which, therefore, de facto control was ascertained.

The presence and the effect of potential voting rights, where substantial, are taken into account when assessing whether the power of governing another entity's financial and operational policies exists.

Subsidiaries may include any "structured entities" in which voting rights are not significant with respect to control assessment, including special purpose vehicles and investment funds.

Structured entities are considered as subsidiaries where:
- the Group has power through contractual rights that enable governance of relevant activities;
- the Group is exposed to variable returns resulting from the aforementioned activities.

The book value of equity stakes in entities consolidated on a line-by-line basis held by the Parent Company or other Group Companies is offset - against the assets and the liabilities of the investees - as a counterparty of the relevant equity share pertaining to the Group.

Assets and liabilities, off-balance-sheet transactions, income and expenses, as well profits and loss between entities included into the scope of consolidation are fully eliminated, in line with the consolidation method adopted.

A subsidiary's revenues and expenses are included into the consolidation starting from the date of control acquisition. Revenues and expenses of a divested subsidiary sold are included into the consolidated income statement up to the divestment date, that is to say until the time when there is no longer control over the investee. The difference between the sale price for the subsidiary and the book value of its net assets at the same date is recorded in the income statement under item 270. "Gains (Losses) on disposal of investments" for companies consolidated on a line-by-line basis.

Non-controlling interests are presented in the Balance Sheet under item 210. "Non-controlling interests", separately from liabilities and equity attributable to the Group. In the Income Statement, too, non-controlling interests are presented separately under item 330. "Net income (loss) for the year pertaining to non-controlling interests".
For companies included into the scope of consolidation for the first time, the fair value of the cost incurred to acquire control over the stake, including auxiliary charges, is measured at the acquisition date.

The difference between the disposal price of an interest held in a subsidiary and the relevant book value of net assets is recognised as a counter-party of Equity, when the disposal does not entail a loss of control.

Joint arrangements

A joint arrangement is a contractual agreement in which one or more counterparties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
According to IFRS 11, joint arrangements must be classed as joint operation or joint venture depending on the Group's contractual rights and obligations.

A joint operation is a joint arrangement in which the parties have rights on the assets and obligations on the liabilities of the arrangement.
A joint venture is a joint arrangement in which the parties have rights on the net assets of the agreement.

Equity investments in jointly controlled companies are valued at equity.

Associate companies

An associate is a company over which the owner exercises a significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed when the owner:
- owns, directly or indirectly, at leasts 20% of another company's share capital; or
- can, also through shareholders' agreements, exercise significant influence through:
  - representation in the company's management body;
  - participation in definition processes, including in decision-making, with respect to dividends or other allocations;
  - existence of significant transactions;
  - exchange of managerial personnel;
  - provision of key know-how.

Equity investments in associate companies are valued at equity.

3. Equity investments in subsidiaries exclusively with significant minority interests

For the purposes of preparing the following tables, an interest was considered significant if:
- minority interests are equal to or greater than 50% of the share capital of the investee;
- the investee's accounts are of material significance for the reader of this report.

3.1 Non-controlling interest, availability of non-controlling interest votes and dividends distributed to non-controlling interest

(thousands of euros) Company name	Non-controlling interests	% of non-controlling votes [1]	Dividends paid to non-controlling interests
1. Terna S.p.A.	82.36%	82.36%	281,998
2. SNAM S.p.A.	81.75%	81.75%	611,736

(1) Available voting rights at Ordinary Shareholders' Meeting.

3.2. Equity investments with significant non-controlling interest: accounting data

(thousands of euros) Company name	Total assets	Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial liabilities	Equity	Net interest income	Gross income	Operating costs	Income (loss) before tax from continuing operations	Income (loss) after tax on continuing operations	Income (loss) after tax on disposal groups held for sale	Income (loss) for the period (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3) = (1) + (2)
1. Terna S.p.A.	15,563,464	170	1,183,890	12,598,756	9,190,416	3,345,860	(140,328)	(139,435)	1,020,115	881,304	588,030	7,283	595,313		595,313
2. SNAM S.p.A.	25,392,092	368	103,169	20,753,240	13,798,010	7,585,279	(347,703)	(371,035)	1,939,382	1,705,548	1,238,447		1,238,447	14,270	1,252,717

4. Significant restrictions

No significant restrictions were found to exist.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE

During the period between the reporting date for the separate financial statements and their approval by the Board of Directors on 13 April 2016, no events occurred that would require an adjustment to the figures recorded in the financial statements at 31 December 2015 or the provision of additional information.

On 27 October 2015, FIS signed a sale agreement with ENI S.p.A. ("ENI") involving FSI acquiring a stake in the share capital of Saipem in 2016.
Some features of the transaction, including some suspension and resolution conditions of the sales agreement, which partly occurred in 2016, are included in the definition of "*Non-adjusting events after the reporting period*" envisaged by IAS 10 - *Events after the Reporting Period*, and, therefore, are described below.

The sales agreement entailed the purchase by ENI of an equity interest in Saipem of 12.5% plus one share of the share capital at a price equal to the average of Saipem ordinary shares' official prices between 26 October 2015 and 2 November 2015 and ranging from a maximum of €8.83 ("*price cap*") and a minimum of €7.40 ("*price floor*") per share respectively. The agreement was subject to certain conditions being met, including obtaining exemption from the tender offer obligation by Consob, the positive outcome of the antitrust procedure, including the signing of an underwriting agreement for Saipem's capital increase, the refinancing of the debt and the co-opting of a director selected by FSI onto Saipem's Board of Directors.

Alongside the signature of the agreement, FSI and ENI signed a shareholders' agreement with a duration of 3 years regarding a total amount of just over 25% of Saipem's share capital (12.5% plus one share for each of the parties) involving specific *governance* powers in Saipem.
The agreement and the shareholders' agreement became effective on 22 January 2016. FSI then acquired 55,176,364 Saipem shares from ENI (equivalent to an equity investment of 12.5% plus one share of the capital) a price of €8.3956 (equal to the average of Saipem ordinary shares' official prices between 26 October 2015 and 2 November 2015) at a total cost of €463.2 million.
On the aforementioned date, FSI then acquired an equity investment in Saipem, classified as a joint venture pursuant to IFRS 11– *Joint Arrangements*.
In addition, also in accordance with the provisions of the agreement, on 3 February 2016, FSI subscribed the newly issued Saipem shares, pro rata, resulting from the capital increase of €3.5 billion, for an additional consideration of €439.4 million. The overall investment for the CPD Group, therefore, was €902.7 million.

FSI equity investment in Saipem, which is a leading player in the oil&gas industry at international level, is strategically important in terms of its economic and occupational impact in Italy. Moreover, Saipem is an example of Italian excellence at global level, with strong technological know-how and key competencies. As a matter of fact, the company is one of the global players that possess comprehensive engineering capabilities and know-how for the design and construction of complex facilities for the extraction of energy resources (oil and gas). The recognised engineering and project management competencies make Saipem the world leader in the *Offshore Engineering & Construction* sector.
The investment is in keeping with FSI's mission to invest in strategic companies for the Italian economy over a medium/long-term period, in line with Saipem's prospects connected to the trends in the oil & gas sector.

At the beginning of 2016, Saipem's share price fell considerably as a result of the negative performance of equity markets, the dilutory effect of the share capital increase and oil price trends. Against this backdrop, even if the investment in Saipem is a long-term, strategic play for FSI also as a result of the allocation to FSI of governance powers aimed at supporting and leveraging the aforementioned interest over time, FSI updated the factors that were at the basis of the valuation that supported the transaction price.

The results of this valuation, based on the value linked to Saipem's reasonable future income and financial streams and the absence of any major events up to the closing date, as confirmed by the management of the counterparties involved, confirmed the sustainability of the purchase price as the opening carrying value of the investment.

SECTION 5 - OTHER ISSUES

IFRS in force since 2015

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

- 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 apply to the following accounting standards:
  - IFRS 3 - Business combinations
    The amendment clarifies that the scope of application of IFRS 3 excludes the establishment of any type of joint arrangement as defined by IFRS 11;
  - IFRS 13 - Fair value measurement
    The amendment clarifies that the exception under paragraph 48 of IFRS 13, pertaining to the possibility of measuring the fair value of a net position (in the event there are financial assets and liabilities with offsetting position in market risk or credit risk), applies to all contracts that fall into the scope of application of IAS 39 (and of IFRS 9 in future), irrespective of whether they fulfil the definition of financial assets or liabilities provided in IAS 32;
  - IAS 40 - Investment property
    The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a property falls within the scope of application of IFRS 3 or IAS 40, it is necessary to refer to the specific guidelines provided by the respective standards. As a matter of fact, an assessment is required in order to establish whether the purchase of a property investment represents the purchase of an asset, a group of assets or even a business combination pursuant to IFRS 3.

The adoption of the above-mentioned changes to the standards did not result in any significant impacts on the consolidated financial statements.

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

Listed below are the new standards (and interpretations) already issued but not yet in force and therefore not applicable to the preparation of the financial statements at 31 December 2015 (unless, where permitted, it is chosen to adopt them in advance):

- 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).
- European 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. In the absence of certain conditions, 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.
- European Commission Regulation (EU) 2015/2113 of 23 December 2015, published in the Italian Official Gazette as Law 306 of 24 November, adopting Amendments to IAS 16 - Property, plant and equipment and IAS 41 - Agriculture: bearer plants. Although this amendment is irrelevant for the Group, it is noted that this amendment consists of making the accounting treatment to be adopted for plants for the cultivation of agricultural products over various years, known as bearer plants, equivalent to the accounting treatment adopted for property, plant and equipment as per IAS 16 “Property, plant and equipment”.
- European Commission Regulation (EU) 2015/2173 of 24 November 2015, published in the Italian Official Gazette as Law 307 of 25 November, adopting Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations. The amendments provide guidance on the accounting treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.

- European Commission Regulation (EU) 2015/2231 of 2 December 2015, published in the Italian Official Gazette as Law 317 of 3 December 2015, adopting Amendments to IAS 16 - Property, plant and equipment and IAS 38 - Intangible Assets. The amendment in question clarifies the appropriateness of a depreciation method based on revenues, i.e. on a depreciation plan for property, plant and equipment and intangible assets on the basis of the revenues generated by their use.
- Commission Regulation (EU) 2015/2343 of 15 December 2015, published in the Italian Official Gazette as Law 330 of 16 December, adopting the Annual Improvements to International Financial Reporting Standards 2012-2014 Cycle, whose main amendments related to:
  - IFRS 5 - Non-current assets held for sale and discontinued operations
    The amendment introduced a specific guidance to IFRS 5 for when an entity reclassifies an asset from the held-for-sale category to the held-for-distribution category (or vice versa), or when the requirements for classification of an asset as held-for-distribution are no longer satisfied.
    The amendments established that:
    - these reclassifications do not constitute a change to a plan (for sale or for distribution) and therefore the classification and measurement criteria remain valid;
    - assets that no longer than meet the requirements for classification as held-for-distribution must be treated in the same way as an asset that ceases to be classified as held for sale.
  - IFRS 7 - Financial instruments: disclosures
    The amendment governs the introduction of further guidance to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purposes of the disclosures required for transferred assets.
    It also clarifies that the disclosure on the offsetting financial assets and financial liabilities is not strictly required for all interim financial reporting, however, this disclosure may be necessary to comply with the provisions of IAS 34, if the information is significant.
  - IAS 19 - Employee benefits
    This document clarifies that the rate used to discount post-employment benefits should be determined by reference to high quality corporate bonds issued in the currency used for the payment of the benefits and the depth of the related market must therefore be defined in terms of currency.
  - IAS 34 - Interim financial reporting
    This document introduces amendments to clarify some required information must be included in the interim financial statements or, at a minimum, in other parts of the accounts such as the interim financial report, whilst making sure to include cross references to the other section in the interim financial statements. In such case, the interim financial report must be made available to readers of the financial statements in the same manner and with the same timing as the interim financial statements, otherwise the latter shall be considered incomplete.
- Commission Regulation (EU) 2015/2406 of 18 December 2015, published in the Italian Official Gazette as Law 333 of 19 December adopting Amendments to IAS 1 Presentation of financial statements: Disclosure initiative. As part of the wider process of improvement of financial statement disclosure, this amendment makes minor changes to IAS 1 aimed at providing clarifications regarding elements that can be perceived as impediments to the clear and understandable preparation of financial statements.
- Commission Regulation (EU) 2015/2441 of 18 December 2015, published in the Italian Official Gazette as Law 336 of 23 December, adopting Amendments to IAS 27 Separate Financial Statements: Equity method in separate financial statements. This amendment introduces the possibility, within the separate financial statements of the investor, of measuring investments in subsidiaries, joint ventures or associates, using the equity method.

Accounting standards, amendments and interpretations not yet endorsed as at the date of these financial statements

At the date of approval of these financial statements, the IASB has issued, but the European Commission has not yet endorsed a number of accounting standards, amendments and interpretations, including specifically:

- IFRS 14 - Regulatory deferral accounts;
- IFRS 9 - Financial instruments;
- IFRS 15 - Revenue from contracts with customers;
- IFRS 16 - Leases;
- 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;
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities - Applying the Consolidation Exception (issued on 18 December 2014);
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses.
- Amendments to IAS 7: Disclosure Initiative.

IFRS 9 - Financial instruments

The new accounting standard, published by the IASB on 24 July 2014, replaced the previous versions published in 2009 and 2010, for the "classification and measurement" phase, and in 2013, for the "hedge accounting" phase. This publication represented the completion of the process of reform of IAS 39, which was divided into the three phases of "classification and measurement", "impairment", and "hedge accounting". The completion of the revision of the rules for macro hedge accounting still remains, for which the IASB has decided to initiate a separate project for IFRS 9.

Essentially, the main changes involve:
- the classification and measurement of financial assets, based on the business model and the characteristics of the cash flows of the financial instrument, which establishes three accounting categories (amortised cost, fair value through profit or loss, and fair value through other comprehensive income. With respect to the current IAS 39, the portfolios of financial assets available for sale and investments held to maturity have been eliminated, as well as the possibility of separating embedded derivatives for all financial assets. However, the current classification and measurement rules still apply for financial liabilities;
- the recognition of own credit risk, namely changes in fair value of the liabilities designated using the fair value option attributable to changes in own creditworthiness. The new standard establishes that those changes must be recognised in an equity reserve, rather than through profit or loss, as currently envisaged by IAS 39;
- the recognition and measurement of hedges through hedge accounting, in order to ensure greater alignment between the presentation of hedges and the underlying management approaches (risk management);
- a single impairment model, to be applied to all financial assets not measured at fair value through profit or loss, based on the concept of forward-looking expected loss). The objective of the new approach is to ensure more immediate recognition of losses compared to the incurred loss model provided for in IAS 39, according to which the losses must be recognised when there is objective evidence of a loss in value after initial recognition of the asset. More specifically, the model requires the exposures to be classified in three separate stages:
  - stage 1: to be measured based on expected loss of one year. These are performing assets for which no significant impairment has been observed since the initial recognition date;
  - stage 2: to be measured based on the expected loss over the remaining life. These are performing assets that have incurred a significant impairment with respect to the initial recognition;
  - stage 3: to be measured based on the expected loss on the remaining life, as they are considered as non-performing.

Mandatory application of the standard is required from 1 January 2018, with the possibility of early adoption of the entire standard or solely the amendments related to the accounting treatment of own credit risk for financial liabilities carried at fair value.
In the initial months of 2016, the Group started preparations for a project aimed at identifying the main areas of impact and establishing a methodological framework for the classification, measurement, and impairment of financial assets. The analyses conducted so far have shown that loans are the area most impacted. The new impairment model, in fact, establishes the requirement to measure an expected loss, not only for the non-performing assets, but also for performing assets for which there has been a significant deterioration with respect to the grant date.
These impacts are not limited to a likely increase in the cost of the loan, necessarily linked to the change from an incurred to an expected model, but also relate to the adaptations required in terms of organisational and IT procedures and processes, aimed at enabling the classification and monitoring of loans across the three stages, as well as the need to construct robust models for estimating probability of default over a time horizon aligned to the remaining life of the loans, capable, on one hand, of maximising the synergies of the existing models and, on the other hand, of also incorporating forward-looking factors.

At the data preparation of these financial statements, the project was expected to be initiated by the first half of 2016 and CDP has, therefore, not reached a state of progress in the work and analysis to enable a reliable estimate of the financial statement impacts resulting from first-time adoption of the new standard.

IFRS 15 - Revenues from contracts with customers

This standard, published by the IASB on 28 May 2014, introduced a single model for the measurement of all revenues from contracts signed with customers and replaces the previous standards and interpretations on revenues (IAS 18, IAS 11, IFRIC 13, IFRIC 15, IFRIC 18, and SIC 31). According to this model, the entity must recognise revenues based on the remuneration that is expected to be received from the goods and services provided, determined on the basis of five steps:
1) identifying the contract, defined as an agreement between two or more parties that creates enforceable rights and obligations;
2) identifying the performance obligations in the contract;

3) determining the transaction price, namely the expected consideration for the transfer of the goods or services to the customer;
4) allocating the transaction price to each of the performance obligations, based on the stand-alone selling prices of the individual obligations;
5) recognising revenues allocated to the individual obligation when it is satisfied, i.e. when the customer obtains control of the goods or services. This recognition takes account of the fact that some services may be provided in a specific moment or over a period of time.

Mandatory adoption of this standard is required from 1 January 2018, in line with the provisions contained in the document "*IFRS 15 Effective Date*" published by the IASB on 11 September 2015. The Group has not yet started the formal assessment of the impacts, which, however, are not expected to be significant.

Amendment to the regulation on non-performing financial assets

On 20 January 2015, the Bank of Italy published the 7th update to circular 272 ("Accounts Matrix"), which amended the definitions of non-performing 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, non-performing financial assets have been split between the following categories with effect from 1 January 2015: bad debts, unlikely to pay, and non-performing past-due and/or overdrawn positions. The categories of substandard exposures and restructured exposures have been eliminated.
A new category of forbearance exposures has also been introduced, as defined in the ITS, applicable to both non-performing and performing assets.
The new notion of non-performing assets includes balance-sheet assets (loans and debt securities) and off-balance-sheet assets (guarantees issued, irrevocable commitments to disburse funds, etc.). It does not include financial instruments falling within the "Financial assets held for trading" portfolio and derivatives.
A description is provided below of the main characteristics of the new non-performing category of unlikely to pay, the new definition of past-due and/or overdrawn exposures, and the new notion of forbearance exposure.

Unlikely to pay

Classification in this category is, above all, the result of the assessment by the intermediary regarding the unlikelihood that, without resorting to actions such as the enforcement of guarantees, the debtor will fulfil their credit obligations (principal and/or interest). This assessment should be made independently of any past due or unpaid amounts (or instalments). The overall on-balance-sheet and off-balance-sheet exposures to the same debtor that is in the above situation is called "unlikely to pay", unless the conditions apply for classifying the debtor as bad debts.

Non-performing past-due and/or overdrawn exposures

This category includes on-balance-sheet exposures, other than those classified as bad debts or unlikely to pay, which, at the reporting date, are past-due or overdrawn. These exposures must be determined by referring to either the individual debtor or the individual transaction, as detailed below.

Individual debtor approach

The overall exposure of a debtor is considered to be non-performing past due and/or overdrawn when it has one or more positions continuously past due for over 90 days, when the greater of the two following values is equal to or above the threshold of 5%, at the reporting date:
a) average of the amounts past due and/or overdrawn on the entire position reported on a daily basis over the preceding quarter;
b) amount past due and/or overdrawn on the entire exposure on the reporting date.

For the purposes of determining the amount of past due and/or overdrawn exposure, it is possible to offset past-due positions and existing overdrafts on certain lines of credit with available margins against other lines of credit granted to the same debtor.

Individual transaction approach:

Past-due and/or overdrawn exposures to retail customers can be determined at individual transaction level. To that end, individual transactions are considered past due when, at the reporting date, they have been continuously past due and/or overdrawn for over 90 days. Compared to the individual debtor approach, only the requirement of continuity is applied; no offsetting against existing margins on other lines of credit granted to the same debtor is permitted, or any materiality thresholds (therefore the entire transaction must be recognised as past due and/or overdrawn whatever amount is past due).
If the entire amount of an on-balance-sheet exposure past due for over 90 days in proportion to the overall on-balance-sheet exposures to the same debtor is equal to or more than 20%, the overall on-balance-sheet and off-balance-sheet exposures to that debtor must be considered as a past due and/or overdrawn exposure (called "pulling effect").

The choice between the individual transaction approach and individual debtor approach must be made at the level of retail portfolio and not of individual counterparties.

Forbearance exposures

Forbearance exposures are divided between:
- non-performing forbearance exposures: these include individual exposures that meet the definition of "*Non-performing exposures with forbearance measures*" in Annex V, Part 2, paragraph 180 of the ITS. These exposures, depending on circumstances, come under bad debts, unlikely to pay or non-performing past due and/or overdrawn exposures and do not form their own category of non-performing assets;
- other forbearance exposures: these include the other credit exposures that come under the category "*Forborne performing exposures*" as defined in the ITS.

These are exposures that have been subject to concessions (forbearance) towards a debtor that has, or is about to have, difficulties in meeting their financial commitments.

The ITS define a concession as:
- a modification of the terms and conditions of a contract that the debtor is considered unable to comply with due to its financial difficulties, and that would not have been granted had the debtor not been experiencing financial difficulties;
- the total or partial refinancing of a troubled debt contract, that would not have been granted had the debtor not been experiencing financial difficulties.

For the purposes of comparison, the non-performing 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 non-performing financial assets at 31 December 2014, because it consisted of transferring the positions previously classified as substandard to the new unlikely to pay category (at 31 December 2014 the Group did not have any restructured exposures).

Other information

The Board of Directors of 13 April 2016 approved the Group's 2015 consolidated financial statements authorising their publication and disclosure in line with the deadlines and methods envisaged by current regulations applicable to CDP.

A.2 - The main financial statement accounts

The consolidated financial statements at 31 December 2015 have been prepared by applying the same accounting standards as those used for the preparation of the financial statements for the previous year, plus the amendments endorsed and applicable with effect from 2015, as described in Section 5 – Other issues, A.1 General Information.

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

1 - Financial assets held for trading

"Financial assets held for trading" includes all financial assets, regardless of type (debt securities, equity securities, UCITS units, 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 carried at fair value (under the fair value option) and derivatives with a positive value, which are not deemed to be effective for hedging purposes.

The item also includes derivatives embedded in financial instruments or other contracts, which have been recognised separately because:

- they have financial and risk characteristics not strictly correlated to the host instrument;
- the embedded instruments, even when separated, meet the definition of derivative;
- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

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).

Initial recognition of the financial assets held for trading is carried out at the transaction date for derivative contracts and on the settlement date for debt and equity securities, with the exception of those for which delivery is not settled on the basis of the conventions on the market concerned, for which initial recognition is at the subscription date.
Upon initial recognition, financial assets held for trading are measured at fair value, which generally equals the transaction price, net of transaction costs or income. Any derivatives embedded in compound contracts that have the above characteristics are recognised separately at fair value, after having separated the embedded derivative from the host contract, which instead follows the accounting rules for its classification 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. The fair value is determined based on the official prices as of the reporting date if the financial instruments are listed on active markets. For financial instruments, including equity, not listed on active markets, fair value is determined 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 recorded for recent similar transactions. For equity securities and related derivative instruments, 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 changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities" (item 80) of the Income statement. The income components are recognised following the results of the measurement of the financial assets held for trading.

2 - Financial assets available for sale

"Financial assets available for sale" 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. In particular, in addition to the bonds that not traded and are not classified as assets held to maturity or carried at fair value or under Loans, this item also includes equity investments not held for trading and not qualifying as subsidiaries, associates and joint ventures, including private equity investments and investments in private equity funds.
Financial assets available for sale are initially recognised on the settlement date for debt securities and equities or on the disbursement date for loans.
The financial assets are initially recognised at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction. Where the amount paid is different from the fair value, the financial asset is nevertheless recognised at fair value, and the difference between the two amounts is recognised through profit or loss.
The financial instruments are measured subsequently at *fair value* based on the official prices as of the financial statements 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, and values recorded in recent similar transactions. If the

fair value of financial instruments not listed on active markets cannot be reliably determined, the financial instruments are measured at cost and written down in the event of impairment losses.
Unrealised gains or losses on available-for-sale securities are recorded in a specific equity reserve (other comprehensive income – OCI), net of tax effects, until the financial asset is eliminated or an impairment loss is recognised. Interest on the debt securities and loans is recorded in the income statement on an at amortised cost basis.
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. The reduction in fair value is deemed significant when it exceeds 40% of the initially recognised value and prolonged when it continues for a period of over 24 months. 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 recoverable amount 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 amortised cost that the instrument would have had in the absence of the prior adjustments.

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 of the Income statement).
Dividends on equity instruments that are available for sale are recognised as income when the right to receive payment is established.
Financial assets available for sale 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.
Where an available-for-sale security is disposed of or eliminated, the related cumulative unrealised change in value recorded in equity is recognised in the income statement under "Gains (losses) on the disposal or repurchase of financial assets available for sale" (item 100.b). In the event of a partial disposal, the valuation reserve is reversed to profit or loss on a FIFO basis.

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.
Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction. 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.
After initial recognition, the relationships classified under financial assets held to maturity are measured at amortised cost, equal to the initial recognition amount, net of principal repayments and amortisation of the difference between the initial amount and the amount repayable on maturity calculated to using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future payment flows for the expected duration of the financial asset, in order to obtain the precise net carrying amount upon initial recognition, which includes directly attributable transaction costs, as well as the fees paid or received by the contracting parties.
Financial assets held to maturity 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.

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.
If the contract date and the disbursement date are not the same, a commitment to disburse funds is recognised which terminates when the disbursement is made. 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 to public entities and public-law bodies under CDP's 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 public entities 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 entities in respect of suppliers as the work is performed.
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 CDP earn interest that can be treated as a reimbursement of the interest income earned by CDP on the non-disbursed portion. CDP'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. With certain exceptions, the loan repayment plan begins as from the 1 July or 1 January following the execution of the loan contract. CDP'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, regardless of the amount actually disbursed.
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 IAS/IFRS, 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 CDP to borrowers other than public entities or public-law bodies are treated in a manner analogous to that for loans granted by banks.
After initial recognition, the relationships classified under the loan portfolio are measured at amortised cost, equal to the initial recognition amount plus or minus principal repayments, write-downs and write-backs, and amortisation of the difference between the amount disbursed and the amount repayable on maturity calculated using the effective interest rate method. The effective interest rate is the rate that discounts the estimated future payment flows for the expected duration of the loan, in order to obtain the precise net carrying amount upon initial recognition which includes both directly attributable transaction costs and fees paid or received by the contracting parties.
The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. These loans are measured at historical cost. This measurement criterion is also used for loans without a specific expiry date or demand loans.
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.
Non-performing loans (bad debts, unlikely to pay, and non-performing past-due and/or overdrawn positions) are measured individually. The amount of the writedowns to be made to the loans is determined as the difference between the carrying amount of the loan at the time of measurement and the present value of the expected future cash flows, net of collection costs, taking account of any guarantees securing the positions and any advances received, calculated by applying the original effective interest rate.

The writedown 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 expected recovery and/or greater receipts have been recorded than the previously recorded carrying amount of the loan. Writebacks are made up to the amount of the amortised cost that the loan would have had in the absence of writedowns. In any event, given the method used to measure writedowns, as the due dates for credit collection approach with the passing of time, the value of the loan is "written back" (time value), 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 of the Income Statement).
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 internal parameters used for pricing loans.
The estimate of the incurred loss for the portfolio is determined by applying a number of corrective parameters to the 1-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 are derecognised when payment is received, when the contractual rights to the cash flows expire, when they are

considered definitively irrecoverable 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 Balance Sheet item "Loans to customers" includes 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.
The Balance Sheet item "Loans to banks" includes 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

Based on the provisions of IAS 39, hedging instruments are derivatives or, only for exchange rate variance risk, a non-derivative financial asset or liability whose *fair value* or financial flow variances are expected to offset fair value or financial flow variances of a designated hedged item. 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. 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.

When a financial instrument is classified as a hedging instrument, the following are to be formally documented:
1) the relationship between the hedging instrument and the position hedged, including the risk management objectives;
2) the hedging strategy, which must be in line with established risk management policies;
3) 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 analyzed 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%.
At each period end, the effectiveness is assessed through specific prospective and retrospective tests capable, respectively, of demonstrating the expected effectiveness and the level of effectiveness achieved.
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 of its original 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.

Hedging derivatives are measured at fair value. The main items under this heading are:
- for fair value hedges, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is accounted for by recognising the changes in value through profit or loss, relating both to the hedged item (for the changes generated by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently represents the net profit or loss effect. The recognition through profit or loss of the change in fair value of the hedged item, attributable to the risk hedged, is also applied if the hedged item is an available-for-sale financial asset; if there was no hedging, this change would be

recognised in equity.

- for cash flow hedges, the changes in fair value of the derivative are recognised in equity, for the effective portion of the hedge, and are only recognised through profit or loss when there is a change in the cash flows to be offset for the hedged item. The amount of the gain or loss of the hedging instrument considered ineffective is recognised through profit or loss. This amount is equal to the excess of the accumulated fair value of the hedging instrument with respect to the related fair value of the instrument hedged; in any event, the fluctuation of the hedged item and the related hedge must be kept within the range of 80%-125%;
- hedges of an investment in a foreign currency are accounted for in the same way as cash flow hedges.

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, the expected hedged cash flows are no longer considered as highly probable, the portion of that instrument recognized as "reserves" is immediately recycled through profit or loss. Conversely, if the hedging instrument is transferred or no longer qualifies as an effective hedge, the item "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.
Asset item 80 and liability item 60 report hedging and credit derivatives (when not considered guarantees received in accordance with IAS 39), which at the reporting date have either a positive or negative fair value.

For macro hedges, IAS 39 allows the object of a fair value hedge against interest rate risk to be not only an individual financial asset or liability, but also a monetary amount, containing multiple financial assets and liabilities (or their portions), so that a set of derivatives may be used to reduce the fair value fluctuations of the hedged items in response to changes in market interest rates. Net amounts resulting from the mismatch of assets and liabilities cannot be designated as subject to macro hedging. In the same way as for micro fair value hedges, a macro hedge is deemed to be highly effective if, both at inception and throughout its life, the changes in fair value of the monetary amount hedged are offset by changes in the fair value of the hedge derivatives and if the actual results are within a range of 80% to 125%. The positive or negative amount of the fair value changes, respectively, of the assets and liabilities subject of fair value macro hedges measured with the reference to the risk hedged is recognised in Items 90 of the Assets or 70 of the Liabilities, with a contra entry in Item 90. "Net gain (loss) on hedging activities" of the Income Statement.
The ineffectiveness of the hedge consists of the difference between the change in fair value of the hedging instruments and the change in fair value of the monetary amount hedged. The ineffective portion of the hedge is in any case included under Item 90 "Net gain (loss) on hedging activities" of the Income Statement.
If the hedging relationship ends, for reasons other than the sale of the hedged items, the accumulated writeback/writedown recognised in Items 90 of the Liabilities or 70 of Liabilities is recognised through profit or loss under interest income or expense, along the remaining lifetime of the hedged financial asset or liability.
If these assets and liabilities are sold or redeemed, the amount of fair value not amortised is recognised
immediately under Item 100 "Gains (Losses) on disposal/repurchase" of the Income Statement.

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.
In case of impairment indicators, an estimate of the recoverable amount of the equity investment is made in accordance with IAS 36.

The possible impairment indicators are:
- the posting of negative earnings or a significant divergence from budget targets or targets set in multi-year plans;
- the announcement/initiation of insolvency proceedings or restructuring plans;
- the receipt of a dividend that exceeds the overall earnings for the year or retained from previous years of the investee;
- a carrying amount of the equity investment in the separate financial statements that exceeds the amount, in the consolidated financial statements, of the corresponding portion of book equity, including any goodwill.

In addition, for equity investments in listed companies, CDP Group also considers the following as evidence of impairment:
- a book equity higher than the market capitalisation;
- a reduction in the market price with respect to the related carrying amount of more than 40% or for a period of more than 24 months.

The recoverable amount is determined by calculating the present value of future cash flows that the equity investment may generate, including the value of final disposal. If this value is lower than the carrying amount, the difference is recognised in the income statement as an impairment loss.

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). In order to determine whether a contract contains a lease, the provisions of IFRIC 4 are applied. The item includes the leasehold improvement costs, which can be separated from the assets and have their own functionality and utility.
Property, plant and equipment is recognised at purchase cost including incidental expenses, non-deductible VAT and costs for bringing the asset to working condition, increased by revaluations carried out under the provisions of specific laws. Maintenance and repair costs, incurred after initial recognition, which result in an increase in the future economic benefits, are recognised as an increase in the value of the assets. If there is no increase in future economic benefits, these costs are recognised through profit or loss.
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.
The carrying amount represents the book value of the assets net of depreciation. The depreciation rates used are felt to reflect the remaining useful economic lives of the assets.
Newly acquired assets are depreciated as from the period in which they enter service and are, therefore, ready for use.
Each item of property, plant and equipment that has a significant value compared to the overall value of the asset it belongs to is recognised and depreciated separately.
Material assets 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.
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.
Buildings are depreciated over a 33-year period, which is considered to be the useful life of the buildings themselves.
Assets whose use or nature classifies them as capital equipment are depreciated on a straight-line basis over their remaining useful lives.
If an impairment loss, independently of amortisation, is identified, the asset is written down, with the original value being

restored if the reasons for the writedown no longer apply.
"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.
The carrying amount of a capital tangible asset is eliminated from the Balance Sheet upon disposal or when no future economic benefits are expected from its use or disposal.

9 - Intangible assets

Pursuant to IAS 38, "Intangible assets" are identifiable non-monetary assets without physical substance, consisting mainly of concessions, licenses and trademarks, contractual relationships with customers, research and development costs and industrial patent and intellectual property rights. Intangible assets include goodwill, regulated by IFRS 3 and defined as the difference between the price paid for a business combination and the fair value of identifiable net assets acquired.
Goodwill is not amortised, but is subject to a periodical impairment test.

An intangible asset is recognised if the following conditions are satisfied:
1) the asset is identifiable, i.e. it is separable from the rest of the enterprise;
2) the asset is controlled, i.e. it is subject to the control of the enterprise;
3) the asset generates future economic benefits.

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:
- future economic benefits from the asset are expected to flow to the entity;
- the cost of the asset can be measured reliably.

If an impairment loss, independently of amortisation, is identified, the asset is written down, with the original value being restored if the reasons for the writedown no longer apply.
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.
An impairment test on the goodwill is carried out on a yearly basis (or each time there is evidence of impairment). To this end, the cash generating unit to which the goodwill is to be allocated is identified. Within the CDP Group, cash generating units correspond to the individual legal entities. The amount of any impairment is determined based on the difference be-

tween the carrying amount of goodwill and its recoverable amount, where lower. The aforementioned recoverable amount is the greater between the fair value of the Unit generating financial flows, net of any sales costs, and the relevant value in use. Relevant writedowns are recorded in the income statement.
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

Tax assets and liabilities are recognised in the balance sheet respectively under Asset Item 140 “Tax assets” and Liability Item 80 “Tax liabilities”.

The accounting entries current and deferred taxation include:
- current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred;
- current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations;
- deferred tax assets, consisting of the amounts of tax recoverable in future years in view of temporarily deductible differences;
- deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences.

Current taxation, consisting of corporate income tax (IRES) and regional tax on business activities (IRAP), is recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year and is calculated on the basis of applicable tax rates.
Deferred tax assets and liabilities are recognised based on the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation.
The term “deferred” tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes.
Deferred taxes are recognised: i) under Tax assets, if they relate to “deductible temporary differences”, which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered; and ii) under Tax liabilities, if they relate to “taxable temporary differences” representing liabilities because they are related to accounting entries that will become taxable in future tax periods.
If the deferred tax items regard operations that directly affected equity, they are recognised in equity.
Some of the Group’s Italian companies joined the so-called tax consolidation regulated by articles 117-129 of TUIR, introduced into tax law by Italian Legislative Decree no. 344/2003. It consists in an optional tax regime based on which overall net tax income or loss of each subsidiary that has joined the tax consolidation - inclusive of any withholdings, deductions and tax credits - is transferred to the Parent Company, for which a single taxable income or a singe tax loss is carried forward (resulting from the algebraic sum of its income/losses and those of the subsidiaries) and, as a result, a single tax payable/receivable.

12 - Provisions

“Provisions” are recognised solely under following conditions:
- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable that 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.
Provisions include liabilities for defined benefit plans, other than staff severance pay (e.g., payment of seniority bonuses after a specific length of service or medical care after retirement), through which the Group undertakes to provide the agreed benefits to the current workforce and to former employees and to incur the actuarial and investment risks associated with the plan. Therefore, the cost of this plan is not defined in terms of contributions due for the year, but is recalculated on the basis of demographic and statistical assumptions and on wage trends. The methodology used is the "projected unit credit method."

13 - Debt and securities issued

"Amounts due to banks" and "Amounts due to customers" 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", "Financial liabilities at fair value through profit or loss", and debt securities under "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.
Postal savings bonds issued by the Parent Company are reported under "Due to banks" and "Due to customers", including those that had matured but were yet to be redeemed at the reporting date. These instruments are zero-coupon securities (where the interest accrued is paid when the principal is redeemed) with a step-up interest structure (the interest rate increases as the period for which the bond is held increases) and with principal and interest redeemed in a single payment upon maturity, although the bonds can be redeemed at any time prior to their contractual maturity, with principal and interest paid in accordance with the period for which the bond was held. For financial instruments such as postal savings bonds, IAS 39 calls for the adoption of the amortised cost method and states that the effective interest rate to be used in calculating amortised cost must be equal to the internal rate of return of the estimated (not contractual) cash flows throughout the expected (and not contractual) life of the instrument. Given the aforementioned option of early redemption, the expected life of postal savings bonds is, on average, less than their contractual life. The Parent Company has therefore developed a statistical model for forecasting early redemption of postal savings bonds based on a time series of redemptions, which is used to price new issues. The forecasting model used at the time of the bond issue is also used to determine the initial estimated amortisation plan for each series of postal savings bonds. Based on these estimated flows, the effective interest rate and the amortised cost to be recognised in the balance sheet are then calculated. Differences between the actual early redemptions and these estimates result in an adjustment to the remaining amortisation schedule. In such cases, the IFRS state that the amortised cost of the instrument being measured is to be equal to the present value of the new estimated future cash flows using the unchanging effective interest rate calculated upon issuing each series of postal savings bonds as the discount rate. The effective rate for floating-rate interest-bearing postal savings bonds is updated every time the estimated cash flows are revised due to changes in the benchmark indices and the review of the flow of redemptions.

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.
This liability category includes, in particular, the negative value of trading derivatives, as well as derivatives embedded in other financial instruments or contracts, which have financial and risk characteristics that are not strictly correlated with the host instrument or which meet the requirements to be classified themselves as derivatives. They are, therefore, recognised separately, after the embedded derivative has been separated from the host contract, which instead follows the accounting rules for its classification 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 liabilities are initially recognised at fair value, which generally equals the amount received net of transactions costs or revenues. In cases in which the amount paid differs from the fair value, the financial liability is recognised at fair value, and the difference between the two amounts is recognised through profit or loss. Initial recognition is effected at the contract date for derivative contracts and at the settlement date for debt securities, with the exception of those for which delivery is governed by conventions on the market concerned, for which initial recognition is at the subscription date.
Subsequent measurement is at fair value, with recognition of the measurement results through profit or loss. 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 to a third party. Conversely, when a prevalent share of the risks and rewards associated with the financial liability are 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 changes in the fair value of the trading portfolio are reported under "Net gain (loss) on trading activities" of the Income Statement. The income components are recognised following the results of the measurement of the financial liability held for trading.

16 - 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.

17 - 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) and, specifically, this item includes:
- unearned premium reserve, which comprises two sub-items: provision for premium instalments, determined on a pro rata basis, pursuant to article 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.

18 - Staff severance pay

Staff severance pay (TFR) covers the entire entitlement accrued by employees at the end of the financial year, in conformity with the provisions of law (article 2120 of the Italian Civil Code) and applicable employment contracts. In accordance with IAS 19, TFR is considered a defined-benefit plan and, therefore, is recognised as the present value of the accumulating obligation (both the present value of the expected future payments related to benefits accrued during the current year and the present value of future payments resulting from amounts accrued in previous years).
It should be noted that a number of Group companies with a small number of employees and a small overall severance pay liability continued to report that liability as calculated on the basis of Italian statutory provisions (article 2120 of the Italian Civil Code), given the immateriality of the effects of adopting IAS 19.

19 - Other information

Other assets

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.

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:
- expenditures have been incurred for the asset;
- borrowing costs are being incurred; and
- 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.

Income statement items

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.

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.

Interest income and expense

Interest income and expense is recognised in the income statement, *pro rata temporis*, for all instruments based on amortised cost using the effective interest rate method, when amortised cost is applied.
Interest also includes the net positive or negative balance of the differences and margins related to financial hedging derivative.

Commissions

Commissions for revenues from services are recognised, based on the existence of contractual agreements, in the periods in which the services are provided. These commissions considered when calculating amortised cost for the purpose of determining the effective interest rate, 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.

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.

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 newly acquired companies, if the initial values for a business combination are incomplete by the end of the reporting period in which the combination occurs, the Group reports in its financial statements provisional amounts for the item for which the accounting is incomplete.

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 are measured as a proportionate share of the recognised amounts of the acquiree's identifiable net assets.
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.
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.

A.4 - 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 residual 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.

A.4.1 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 CDP's consolidated 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. However, in view of the generalised 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 31 December 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 CDP Group 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 bonds whose valuation depends on the conditions of use by CDP 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.

A.4.2 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 on a recurrent basis of instruments classified at Level 3 and the sensitivity of the fair value to changes in those inputs

Fair value measurements for which significant non-observable inputs are used (Level 3), a sensitivity analysis is conducted to obtain a range of possible and reasonable alternative valuations. In general, the impact of unobservable inputs on the Level 3 fair value measurement depends on the interaction between the various inputs used in the valuation process.

Redemption profiles

The redemption of postal savings bonds, a financial instrument issued by the Parent Company CDP, is a central estimate of the nominal amount of the bonds that will be redeemed within a series of future dates, 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 linked to the performance of the Dow Jones Euro Stoxx 50 index. If the investor redeems the bond in advance they lose the entitlement to receive any component of remuneration linked to the index and as a result the equity 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.

The sensitivity analysis considered changes of 10% in the remaining principal, applied to the relevant expected percentage for the expiry of each option. If redemptions are lower than estimated, a condition has been established that the current level of remaining principal cannot be exceeded, and so the results of the analysis are asymmetric.

Sensitivity analysis to the redemption profile

(millions of euros)		
Change in fair value resulting from the use of possible reasonable alternatives	+10% (higher redemptions)	-10% (lower redemptions)
Embedded options in Premia and Europa bonds	+11.2	-8.6
Embedded options in indexed bonds	+2.4	-0.4

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. Given that the input is nevertheless observable in the market, even though it does not refer to the indexes to which the derivatives are linked, no sensitivity analysis is presented.

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 31 December 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.

NAV Adjustment

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 in Level 3, fair value adjustments may be needed to take account of certain specific characteristics; such adjustments would result in a transaction being priced below NAV. At 31 December 2015 adjustments of this kind were made to the NAVs of the some UCITS held in the portfolio determined on the basis of expert appraisal, taking into account the characteristics of limited liquidity of the units.

A.4.3 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).
For all classes of assets and liabilities, under the policy adopted by CDP Group the transfer from one level to another takes place at the end of the reporting period.
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 non-observability 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.
Level changes in the consolidated financial statements in 2015 are for non-material amounts.

QUANTITATIVE DISCLOSURES

A.4.5 Hierarchy of fair value inputs

A.4.5.1 Assets and liabilities carried at fair value on a recurring basis: breakdown by level of fair value inputs

(thousands of euros)	31/12/2015			31/12/2014		
Financial assets/liabilities measured at fair value	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	658,501	256,765	21,518	679,767	303,605	522
2. Financial assets at fair value			219,713			156,497
3. Financial assets available for sale	5,842,436	5,390	687,625	6,325,135	14,449	616,519
4. Hedging derivatives		1,575,794		6,359	1,562,110	318
5. Property, plant and equipment						
6. Intangible assets						
Total	**6,500,937**	**1,837,949**	**928,856**	**7,011,261**	**1,880,164**	**773,856**
1. Financial liabilities held for trading		136,777	103,822		205,509	193,310
2. Financial liabilities at fair value						
3. Hedging derivatives		960,045	41,960	9,772	2,589,100	40,238
Total		**1,096,822**	**145,782**	**9,772**	**2,794,609**	**233,548**

A.4.5.2 Change for the year in financial assets carried at fair value on a recurring basis (Level 3)

(thousands of euros)	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	**22,300**	**63,216**	**144,814**			
2.1 Purchases			107,654			
- *of which business combinations*						
2.2 Profits taken to:	20,549	63,216	36,090			
2.2.1 Income statement	20,549	63,216				
- *of which capital gains*	*19,928*	*63,216*				
2.2.2 Equity	X	X	36,090			
2.3 Transfers from other levels			981			
2.4 Other increases	1,751		89			
3. Decreases	**1,304**		**73,708**	**318**		
3.1 Sales	130					
3.2 Repayments	633		59,541	242		
3.3 Losses taken to:			12,835	73		
3.3.1 Income statement			177	73		
- *of which capital losses*			*177*	*73*		
3.3.2 Equity	X	X	12,658			
3.4 Transfers from other levels				3		
3.5 Other decreases	541		1,332			
4. Closing balance	**21,518**	**219,713**	**687,625**			

A.4.5.3 Change for the year in financial liabilities carried at fair value on a recurring basis (Level 3)

(thousands of euros)	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance	**193,310**		**40,238**
2. Increases	**128,558**		**5,372**
2.1 Issues	38,657		
- *of which business combinations*			
2.2 Losses taken to:	89,833		5,372
2.2.1 Income statement	89,833		5,372
- *of which capital losses*	*8,701*		
2.2.2 Equity	X	X	
2.3 Transfers from other levels			
2.4 Other increases	68		
3. Decreases	**218,046**		**3,650**
3.1 Buybacks			
3.2 Repayments	144,928		
3.3 Profits taken to:	73,118		3,650
3.3.1 Income statement	73,118		
- *of which capital gains*	*61,261*		
3.3.2 Equity	X	X	3,650
3.4 Transfers from other levels			
3.5 Other decreases			
4. Closing balance	**103,822**		**41,960**

A.4.5.4 Assets and liabilities not carried at fair value or carried at fair value on a non-recurring basis: breakdown by level of fair value inputs

(thousands of euros)	31/12/2015				31/12/2014			
	CA	Level 1	Level 2	Level 3	CA	Level 1	Level 2	Level 3
1. Financial assets held to maturity	26,073,862	29,787,255		10	22,913,003	26,501,631		24
2. Loans to banks	28,941,822			33,544,279	28,775,434		36	29,365,610
3. Loans to customers	261,044,293		5,015,551	267,909,779	267,426,645		2,089,757	275,248,702
4. Investment property, plant and equipment	45,666		37,510	7,593	40,077		30,984	8,686
5. Non current assets and disposal groups held for sale	24,479			24,479	23,783			23,783
Total	**316,130,122**	**29,787,255**	**5,053,061**	**301,486,140**	**319,178,942**	**26,501,631**	**2,120,777**	**304,646,805**
1. Due to banks	23,522,539			22,215,986	21,808,880			21,806,138
2. Due to customers	291,800,245		17,809	291,782,335	296,256,685		2,412	296,254,273
3. Securities issued	30,086,359	18,226,688	13,128,587		26,914,915	17,388,133	10,303,116	23,684
4. Liabilities associated with disposal groups held for sale	6,782			6,782	7,249			7,249
Total	**345,415,925**	**18,226,688**	**13,146,396**	**314,005,103**	**344,987,729**	**17,388,133**	**10,305,528**	**318,091,344**

Key:
CA = Carrying amount

A.5 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 "day one profit/loss" (DOP).
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.

PART B - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

Assets

SECTION 1 - CASH AND CASH EQUIVALENTS - ITEM 10CASH AND CASH EQUIVALENTS: COMPOSITION

(thousands of euros)	31/12/2015	31/12/2014
a) Cash	781	689
b) Free deposits with central banks		
Total	**781**	**689**

SECTION 2 - FINANCIAL ASSETS HELD FOR TRADING - ITEM 20

2.1 Financial assets held for trading: composition by type

	31/12/2015									31/12/2014		
(thousands of euros)	Banking group			Insurance group			Other entities			Level 1	Level 2	Level 3
Items	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3			
A. On-balance-sheet assets												
1. Debt securities				53,747						86,118		
1.1 Structured securities												
1.2 Other debt securities				53,747						86,118		
2. Equity securities				35,675						37,610	1,944	
3. Units in collective investment undertakings				569,079	6,608					556,039	2,534	
4. Loans												
4.1 Repurchase agreements												
4.2 Other												
Total A				**658,501**	**6,608**					**679,767**	**4,478**	
B. Derivatives												
1. Financial derivatives		205,361	1,210		43,889			907	20,308		299,127	522
1.1 Trading					43,889			907	11,919		22,502	
1.2 Associated with fair value option												
1.3 Other		205,361	1,210						8,389		276,625	522
2. Credit derivatives												
2.1 Trading												
2.2 Associated with fair value option												
2.3 Other												
Total B		**205,361**	**1,210**		**43,889**			**907**	**20,308**		**299,127**	**522**
Total (A + B)		**205,361**	**1,210**	**658,501**	**50,497**			**907**	**20,308**	**679,767**	**303,605**	**522**

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

2.2 Financial assets held for trading: composition by debtor/issuer

(thousands of euros)

Items	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
A. On-balance-sheet assets					
1. Debt securities		**53,747**		**53,747**	**86,118**
a) Governments and central banks		86		86	48,133
b) Other government agencies					
c) Banks		53,661		53,661	37,985
d) Other					
2. Equity securities		**35,675**		**35,675**	**39,554**
a) Banks					
b) Other issuers:		35,675		35,675	39,554
- insurance undertakings					
- financial companies					158
- non-financial companies		35,675		35,675	39,396
- other					
3. Units in collective investment undertakings		**575,687**		**575,687**	**558,573**
4. Loans					
a) Governments and central banks					
b) Other government agencies					
c) Banks					
d) Other					
Total A		**665,109**		**665,109**	**684,245**
B. Derivatives					
a) Banks:	192,785	43,889	907	237,581	288,400
- fair value	192,785	43,889	907	237,581	288,400
b) Customers:	13,786		20,308	34,094	11,249
- fair value	13,786		20,308	34,094	11,249
Total B	**206,571**	**43,889**	**21,215**	**271,675**	**299,649**
Total (A + B)	**206,571**	**708,998**	**21,215**	**936,784**	**983,894**

SECTION 3 - FINANCIAL ASSETS AT FAIR VALUE - ITEM 30

3.1 Financial assets at fair value: composition by type

	31/12/2015			31/12/2014		
(thousands of euros)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities			219,713			156,497
1.1 Structured securities			219,713			156,497
1.2 Other debt securities						
2. Equity securities						
3. Units in collective investment undertakings						
4. Loans						
4.1 Structured						
4.2 Other						
Total			**219,713**			**156,497**
Cost			**153,089**			**150,200**

The item includes the recognition of the convertible bond (CB) issued to Valvitalia by FSI and sold to FSI Investimenti in the transfer transaction perfected in 2014. The CB has a term 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 €219,713 thousand at 31 December 2015. The increase compared to 31 December 2014 is mainly due to the fair value appreciation of Valvitalia, considered as the reference of the estimate of the price of the CB's underlying.

3.2 Financial assets at fair value: composition by debtor/issuer

(thousands of euros)	31/12/2015	31/12/2014
1. Debt securities	**219,713**	**156,497**
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other issuers	219,713	156,497
2. Equity securities		
a) Banks		
b) Other issuers:		
- insurance undertakings		
- financial companies		
- non-financial companies		
- other		
3. Units in collective investment undertakings		
4. Loans		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other		
Total	**219,713**	**156,497**

SECTION 4 - FINANCIAL ASSETS AVAILABLE FOR SALE - ITEM 40

4.1 Financial assets available for sale: composition by type

(thousands of euros)	31/12/2015			31/12/2014		
Items	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	5,805,795			5,598,034	1,543	
1.1 Structured securities						
1.2 Other debt securities	5,805,795			5,598,034	1,543	
2. Equity securities	36,641		20,012	727,101	6,732	17,645
2.1 At fair value	36,641		11,414	727,101	5,751	9,782
2.2 At cost			8,598		981	7,863
3. Units in collective investment undertakings		5,390	667,613		6,174	597,764
4. Loans						1,110
Total	**5,842,436**	**5,390**	**687,625**	**6,325,135**	**14,449**	**616,519**

The decrease in the amount of equity securities is due to the sale of Assicurazioni Generali shares by FSI.

4.1 of which: pertaining to the Banking group

(thousands of euros)	31/12/2015			31/12/2014		
Items	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	5,805,795			5,598,034	1,543	
1.1 Structured securities						
1.2 Other debt securities	5,805,795			5,598,034	1,543	
2. Equity securities			12,611			10,942
2.1 At fair value			10,499			8,830
2.2 At cost			2,112			2,112
3. Units in collective investment undertakings			667,613			597,764
4. Loans						
Total	**5,805,795**		**680,224**	**5,598,034**	**1,543**	**608,706**

4.1 of which: pertaining to Other entities

(thousands of euros)	31/12/2015			31/12/2014		
Items	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities						
1.1 Structured securities						
1.2 Other debt securities						
2. Equity securities	36,641		7,401	727,101	6,732	6,703
2.1 At fair value	36,641		915	727,101	5,751	952
2.2 At cost			6,486		981	5,751
3. Units in collective investment undertakings		5,390			6,174	
4. Loans						1,110
Total	**36,641**	**5,390**	**7,401**	**727,101**	**12,906**	**7,813**

4.2 Financial assets available for sale: composition by debtor/issuer

(thousands of euros) Items	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Debt securities	**5,805,795**			**5,805,795**	**5,599,577**
a) Governments and central banks	4,995,106			4,995,106	5,295,943
b) Other government agencies					1,543
c) Banks	810,689			810,689	302,091
d) Other					
2. Equity securities	**12,611**		**44,042**	**56,653**	**751,478**
a) Banks	2,066			2,066	2,066
b) Other issuers:	10,545		44,042	54,587	749,412
- insurance undertakings					681,200
- financial companies	4,559		5,164	9,723	8,055
- non-financial companies	5,986		38,694	44,680	59,753
- other			184	184	404
3. Units in collective investment undertakings	**667,613**		**5,390**	**673,003**	**603,938**
4. Loans					**1,110**
a) Governments and central banks					
b) Other government agencies					
c) Banks					
d) Other					1,110
Total	**6,486,019**		**49,432**	**6,535,451**	**6,956,103**

4.3 Available-for-sale financial assets: subject to specific hedging

(thousands of euros)	31/12/2015	31/12/2014
1. Financial assets subject to specific fair value hedge		**681,200**
a) interest rate risk		
b) price risk		681,200
c) exchange rate risk		
d) credit risk		
e) multiple risks		
2. Financial assets subject to specific cash flow hedge		
a) interest rate risk		
b) exchange rate risk		
c) other		
Total		**681,200**

Financial assets subject to specific hedging recorded in the financial statements at 31 December 2014 related to the value of the investment held in Assicurazioni Generali by FSI (2.569% of share capital), hedged against the price risk through a series of forward contracts. The investment was sold in the first half of 2015 by exercising the physical settlement option with respect to forward contracts maturing during the period.

SECTION 5 - FINANCIAL ASSETS HELD TO MATURITY - ITEM 50

5.1 Financial assets held to maturity: composition by type

	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
(thousands of euros)	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Debt securities	26,073,862	29,787,255		10	22,913,003	26,501,631		24
- structured								
- other	26,073,862	29,787,255		10	22,913,003	26,501,631		24
2. Loans								
Total	**26,073,862**	**29,787,255**		**10**	**22,913,003**	**26,501,631**		**24**

The item mainly includes fixed-rate Government securities held by the Parent Company with a carrying amount of about €20.6 billion, and inflation-linked government securities with a carrying amount of about €4 billion, the latter held to hedge the exposure to Italian inflation arising from postal savings bonds indexed to inflation issued by the Parent Company.

5.2 Financial assets held to maturity: composition by debtor/issuer

(thousands of euros) Type of operations	31/12/2015	31/12/2014
1. Debt securities	**26,073,862**	**22,913,003**
a) Governments and central banks	26,007,428	22,847,720
b) Other government agencies		
c) Banks	20,526	20,550
d) Other issuers	45,908	44,733
2. Loans		
a) Governments and central banks		
b) Other government agencies		
c) Banks		
d) Other issuers		
Total	**26,073,862**	**22,913,003**
Total (fair value)	**29,787,265**	**26,501,655**

SECTION 6 - LOANS TO BANKS - ITEM 60

6.1 Loans to banks: composition by type

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of operations	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Claims on central banks	**3,949,073**			**3,949,073**	**1,890,989**			**1,890,989**
1. Fixed-term deposits		X	X	X		X	X	X
2. Reserve requirement	3,949,073	X	X	X	1,890,989	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Loans to banks	**24,992,749**			**29,595,206**	**26,884,445**		**36**	**27,474,621**
1. Loans	24,992,749			29,595,206	26,884,445		36	27,474,621
1.1 Current accounts and free deposits	4,262,174	X	X	X	3,355,268	X	X	X
1.2 Fixed-term deposits	922,214	X	X	X	2,199,140	X	X	X
1.3 Other financing:	19,808,361	X	X	X	21,330,037	X	X	X
- repurchase agreements	5,343,153	X	X	X	8,521,237	X	X	X
- finance leasing		X	X	X		X	X	X
- other	14,465,208	X	X	X	12,808,800	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total	**28,941,822**			**33,544,279**	**28,775,434**		**36**	**29,365,610**

Loans to banks are primarily composed of:

- the balance on the management account of the reserve requirement of about €3,949 million;
- loans of approximately €14,470 million, mostly attributable to loans granted by the Parent Company to the banking system as part of initiatives to support SMEs;
- fixed-term deposits for approximately €922 million, of which about €270 million in respect of Credit Support Annexes (cash collateral) opened by the Parent Company to hedge counterparty credit risk on derivatives and €631 million due to SACE's contribution;
- repurchase agreements of the Parent Company for approximately €5,343 million;
- current account balances amounting to about €4,262 million.

The positive difference between the fair value and the carrying amount of loans to banks reflects the lower interest rates prevailing on the market.

6.1 of which pertaining to the Banking group

(thousands of euros) Type of operations	31/12/2015 Carrying amount	31/12/2015 Fair value Level 1	31/12/2015 Fair value Level 2	31/12/2015 Fair value Level 3	31/12/2014 Carrying amount	31/12/2014 Fair value Level 1	31/12/2014 Fair value Level 2	31/12/2014 Fair value Level 3
A. Claims on central banks	**3,949,073**			**3,949,073**	**1,890,989**			**1,890,989**
1. Fixed-term deposits		X	X	X		X	X	1,890,989
2. Reserve requirement	3,949,073	X	X	X	1,890,989	X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Loans to banks	**21,254,485**			**25,878,050**	**24,612,520**			**25,202,732**
1. Loans	21,254,485			25,878,050	24,612,520			25,202,732
1.1 Current accounts and free deposits	1,176,561	X	X	X	1,238,046	X	X	X
1.2 Fixed-term deposits	269,613	X	X	X	2,044,437	X	X	X
1.3 Other financing:	19,808,311	X	X	X	21,330,037	X	X	X
- repurchase agreements	5,343,153	X	X	X	8,521,237	X	X	X
- finance leasing		X	X	X		X	X	X
- other	14,465,158	X	X	X	12,808,800	X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total	**25,203,558**			**29,827,123**	**26,503,509**			**27,093,721**

6.1 of which pertaining to the Insurance group

(thousands of euros) Type of operations	31/12/2015 Carrying amount	31/12/2015 Fair value Level 1	31/12/2015 Fair value Level 2	31/12/2015 Fair value Level 3	31/12/2014 Carrying amount	31/12/2014 Fair value Level 1	31/12/2014 Fair value Level 2	31/12/2014 Fair value Level 3
A. Claims on central banks								
1. Fixed-term deposits		X	X	X		X	X	X
2. Reserve requirement		X	X	X		X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Loans to banks	**801,505**			**801,505**	**243,058**			**243,058**
1. Loans	801,505			801,505	243,058			243,058
1.1 Current accounts and free deposits	169,962	X	X	X	88,355	X	X	X
1.2 Fixed-term deposits	631,493	X	X	X	154,703	X	X	X
1.3 Other financing:	50	X	X	X		X	X	X
- repurchase agreements		X	X	X		X	X	X
- finance leasing		X	X	X		X	X	X
- other	50	X	X	X		X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total	**801,505**			**801,505**	**243,058**			**243,058**

6.1 of which pertaining to Other entities

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of operations	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Claims on central banks								
1. Fixed-term deposits		X	X	X		X	X	X
2. Reserve requirement		X	X	X		X	X	X
3. Repurchase agreements		X	X	X		X	X	X
4. Other		X	X	X		X	X	X
B. Loans to banks	**2,936,759**			**2,915,651**	**2,028,867**		**36**	**2,028,831**
1. Loans	2,936,759			2,915,651	2,028,867		36	2,028,831
1.1 Current accounts and free deposits	2,915,651	X	X	X	2,028,867	X	X	X
1.2 Fixed-term deposits	21,108	X	X	X		X	X	X
1.3 Other financing:		X	X	X		X	X	X
- repurchase agreements		X	X	X		X	X	X
- finance leasing		X	X	X		X	X	X
- other		X	X	X		X	X	X
2. Debt securities								
2.1 Structured		X	X	X		X	X	X
2.2 Other debt securities		X	X	X		X	X	X
Total	**2,936,759**			**2,915,651**	**2,028,867**		**36**	**2,028,831**

6.2 Loans to banks: assets hedged specifically

(thousands of euros) Type of operations	31/12/2015	31/12/2014
1. Loans with specific fair value hedges	**206,288**	**263,395**
a) interest rate risk	206,288	263,395
b) exchange rate risk		
c) credit risk		
d) multiple risks		
2. Loans with specific cash flow hedges		
a) interest rate risk		
b) exchange rate risk		
c) other		
Total	**206,288**	**263,395**

Loans subject to specific hedges are included in the assets of the Parent Company.

SECTION 7 - LOANS TO CUSTOMERS - ITEM 70

7.1 Loans to customers: composition by type

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.

	31/12/2015						31/12/2014					
	Carrying amount			Fair value			Carrying amount			Fair value		
(thousands of euros)	Performing	Non performing		L1	L2	L3	Performing	Non performing		L1	L2	L3
Type of operations		Acquired	Other					Acquired	Other			
Loans	**253,744,913**		**376,108**		**187,585**	**265,538,107**	**264,116,080**		**332,858**		**1,422,127**	**272,759,489**
1. Current accounts	483,220			X	X	X	486,832			X	X	X
1.1 Liquidity held with Central State Treasury	152,397,757			X	X	X	147,517,932			X	X	X
2. Repurchase agreements	5,165,503			X	X	X	18,651,109			X	X	X
3. Loans	89,484,804		243,062	X	X	X	89,643,334		200,242	X	X	X
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	470			X	X	X	457			X	X	X
5. Finance leasing				X	X	X				X	X	X
6. Factoring	1,599,517		106,764	X	X	X	1,167,367		103,338	X	X	X
7. Other	4,613,642		26,282	X	X	X	6,649,049		29,278	X	X	X
Debt securities	**6,923,272**				**4,827,966**	**2,371,672**	**2,977,707**				**667,630**	**2,489,213**
8. Structured				X	X	X				X	X	X
9. Other debt securities	6,923,272			X	X	X	2,977,707			X	X	X
Total	**260,668,185**		**376,108**		**5,015,551**	**267,909,779**	**267,093,787**		**332,858**		**2,089,757**	**275,248,702**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

Liquidity held with the central State Treasury in current account no. 29814 in the name of "Cassa DP S.p.A. - Separate Account" 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 which will be credited after the reporting date amounted to about €436 million.
The item repurchase agreements, equal to approximately €5,166 million, refers entirely to the Parent Company and the reduction of €18,651 million compared to the 2014 balance is mainly due to the decrease in the volume of repurchase agreement transactions.
The volume of long-term loans and other financing, totalling about €94,368 million, shows a decrease of about €2,154 million compared to 31 December 2014.
Factoring receivables, which total €1,706 million, regard loans granted by the subsidiary SACE FCT and show an increase of €435 over 2014.
The item relating to debt securities, totalling about €6,923, refers mainly to the balance of the Parent Company for €6,219 million and shows an increase of €3,945 million compared to the end of 2014, mainly attributable to the operations of CDP.
Non-performing positions amounted to about €376 million (of which about €249 million pertaining to the Parent Company), with an increase of about €43 million compared to 31 December 2014.
The positive difference between the fair value and the carrying amount of loans to customers reflects the lower interest rates prevailing on the market.

7.2 Loans to customers: composition by debtor/issuer

(thousands of euros)	31/12/2015			31/12/2014		
	Performing	Non performing		Performing	Non performing	
Type of operations		Acquired	Other		Acquired	Other
1. Debt securities	**6,923,272**			**2,977,707**		
a) Governments	4,895,450			834,691		
b) Other government agencies	412,453			540,904		
c) Other issuers:	1,615,369			1,602,112		
- non-financial companies	1,098,361			1,148,279		
- financial companies	517,008			453,833		
- insurance undertakings						
- other						
2. Loans to	**253,744,913**		**376,108**	**264,116,080**		**332,858**
a) Governments	190,149,295		29,214	186,975,091		13,475
b) Other government agencies	46,148,662		76,282	46,836,895		28,081
c) Other:	17,446,956		270,612	30,304,094		291,302
- non-financial companies	10,713,840		267,922	9,534,169		290,612
- financial companies	6,502,105			20,340,877		
- insurance undertakings	35			51		
- other	230,976		2,690	428,997		690
Total	**260,668,185**		**376,108**	**267,093,787**		**332,858**

7.3 Loans to customers: assets hedged specifically

(thousands of euros) Type of operations	31/12/2015	31/12/2014
1. Loans with specific fair value hedges	**20,203,934**	**8,592,681**
a) Interest rate risk	20,078,950	8,592,681
b) Exchange rate risk		
c) Credit risk		
d) Multiple risks	124,984	
2. Loans with specific cash flow hedges	**421,833**	**372,255**
a) Interest rate risk		
b) Exchange rate risk		
c) Other	421,833	372,255
Total	**20,625,767**	**8,964,936**

SECTION 8 - HEDGING DERIVATIVES - ITEM 80

8.1 Hedging derivatives: composition by type of hedge and level of inputs

(thousands of euros)	31/12/2015 Level 1	31/12/2015 Level 2	31/12/2015 Level 3	31/12/2015 NV	31/12/2014 Level 1	31/12/2014 Level 2	31/12/2014 Level 3	31/12/2014 NV
A. Financial derivatives		**1,575,794**		**22,436,405**	**6,359**	**1,562,110**	**318**	**12,261,994**
1) Fair value		1,449,542		21,763,409		1,384,249	318	11,810,925
2) Cash flow		126,252		672,996	6,359	177,861		451,069
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
Total		**1,575,794**		**22,436,405**	**6,359**	**1,562,110**	**318**	**12,261,994**

Key
NV = nominal or notional value

8.2 Hedging derivatives: composition by hedged portfolio and type of hedge (carrying amount)

(thousands of euros) Type of hedging operations	Fair value Specific Interest rate risk	Fair value Specific Exchange rate risk	Fair value Specific Credit risk	Fair value Specific Price risk	Fair value Specific Multiple risks	Fair value Generic	Cash flow Specific	Cash flow Generic	Investment in foreign operation
1. Financial assets available for sale						X		X	X
2. Loans	206,810			X		X	123,891	X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other		35,963				X	2,361	X	
Total assets	**206,810**	**35,963**					**126,252**		
1. Financial liabilities	1,206,769			X		X		X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities	**1,206,769**								
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

SECTION 10 - EQUITY INVESTMENTS - ITEM 100

10.1 Equity investments: information on investments

Company name	Registered office	Operational headquarters	Type of relation-ship (1)	Equity investment		% of votes (2)
				Investor	% holding	
A. Jointly-controlled enterprises						
1. Alfiere S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
2. Ansaldo Energia S.p.A.	Genoa	Genoa	7	FSI Investimenti S.p.A.	44.55%	44.55%
			7	Fondo Strategico Italiano S.p.A.	0.29%	0.29%
3. Bonafous S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
4. Camper and Nicholsons International S.A.	Luxembourg	Luxembourg	7	Fincantieri S.p.A.	17.63%	17.63%
5. Cinque Cerchi S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
6. ELMED Etudes S.àr.l.	Tunis (Tunisia)	Tunis (Tunisia)	7	Terna S.p.A.	50.00%	50.00%
7. Etihad Ship Building LLC	Abu Dhabi (UAE)	Abu Dhabi (UAE)	7	Fincantieri S.p.A.	35.00%	35.00%
8. GasBridge 1 B.V.	Rotterdam (The Netherlands)	Rotterdam (The Netherlands)	7	SNAM S.p.A.	50.00%	50.00%
9. GasBridge 2 B.V.	Rotterdam (The Netherlands)	Rotterdam (The Netherlands)	7	SNAM S.p.A.	50.00%	50.00%
10. IQ Made in Italy Investment Company S.p.A.	Milan	Milan	7	FSI Investimenti S.p.A.	50.00%	50.00%
11. M.T. Manifattura Tabacchi S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
12. Manifatture Milano S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
13. Metano S. Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano (LO)	Sant'Angelo Lodigiano (LO)	7	SNAM S.p.A.	50.00%	50.00%
14. Metroweb Italia S.p.A.	Milan	Milan	7	FSI Investimenti S.p.A.	46.17%	46.17%
15. Orizzonte Sistemi Navali S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	51.00%	51.00%
16. Pentagramma Perugia S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
17. Pentagramma Piemonte S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
18. Pentagramma Romagna S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
19. Quadrifoglio Brescia S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
20. Quadrifoglio Genova S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
21. Quadrifoglio Modena S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
22. Quadrifoglio Piacenza S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
23. Quadrifoglio Verona S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
24. SIA S.p.A.	Milan	Milan	7	FSIA Investimenti S.r.l.	49.48%	49.48%
25. TIGF Holding S.a.s.	Pau (France)	Pau (France)	7	SNAM S.p.A.	40.50%	40.50%
26. Toscana Energia S.p.A.	Florence	Florence	7	SNAM S.p.A.	48.08%	48.08%
27. Trans Austria Gasleitung GmbH (4)	Vienna (Austria)	Vienna (Austria)	7	SNAM S.p.A.	84.47%	89.20%
28. Umbria Distribuzione GAS S.p.A.	Terni	Terni	7	SNAM S.p.A.	45.00%	45.00%
29. Valvitalia Finanziaria S.p.A.	Milan	Milan	7	FSI Investimenti S.p.A.	0.50%	0.50%
B. Companies subject to significant influence						
1. African Trade Insurance Company	Nairobi (Kenya)	Nairobi (Kenya)	4	SACE S.p.A.	6.76%	6.76%
2. Altiforni Ferriere Servola S.p.A. in amministrazione straordinaria	Udine	Udine	4	Fintecna S.p.A.	24.10%	24.10%
3. Brevik Technology AS	Brevik (Norway)	Brevik (Norway)	4	Vard Brevik Holding AS	34.00%	34.00%
4. Bridge Eiendom AS	Brevik (Norway)	Brevik (Norway)	4	Vard Brevik Holding AS	50.00%	50.00%
5. Canadian Subsea Shipping Company AS	Bergen (Norway)	Bergen (Norway)	4	Vard Group AS	45.00%	45.00%
6. Castor Drilling Solution AS	Kristisnsand (Norway)	Kristisnsand (Norway)	4	Seaonics AS	34.07%	34.07%
7. CESI S.p.A.	Milan	Milan	4	Terna S.p.A.	42.70%	42.70%
8. CGES A.D.	Podgorica (Montenegro)	Podgorica (Montenegro)	4	Terna S.p.A.	22.09%	22.09%
9. Consorzio Edinca in liquidazione	Naples	Naples	4	Fintecna S.p.A.	47.32%	47.32%
10. Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Mercogliano (AV)	4	Fintecna S.p.A.	45.46%	45.46%
11. CORESO S.A.	Brussels (Belgium)	Brussels (Belgium)	4	Terna S.p.A.	20.00%	20.00%
12. CSS Design Limited	Isle of Man (UK)	Isle of Man (UK)	4	Vard Marine Inc.	31.00%	31.00%
13. Dameco AS	Skien (Norway)	Skien (Norway)	4	Vard Offshore Brevik AS	34.00%	34.00%
14. DOF Iceman AS	Norway	Norway	4	Vard Group AS	50.00%	50.00%
15. ENI S.p.A.	Rome	Rome	4	CDP S.p.A.	25.76%	25.76%

	Company name	Registered office	Operational headquarters	Type of relation-ship (1)	Equity investment – Investor	Equity investment – % holding	% of votes (2)
16.	Europrogetti & Finanza S.p.A. in liquidazione	Rome	Rome	4	CDP S.p.A.	31.80%	31.80%
17.	Fonderit Etruria S.r.l. in fallimento	Campiglia Marittima (LU)	Campiglia Marittima (LU)	4	Fintecna S.p.A.	36.25%	36.25%
18.	Galaxy S.àr.l. SICAR	Luxembourg	Luxembourg	4	CDP S.p.A.	40.00%	40.00%
19.	Inalca S.p.A.	Castelvetro (MO)	Castelvetro (MO)	4	IQ Made in Italy Investment Company S.p.A.	28.40%	28.40%
20.	Kedrion S.p.A.	Castelvecchio Pascoli (LU)	Castelvecchio Pascoli (LU)	4	FSI Investimenti S.p.A.	25.06%	25.06%
21.	Ligestra Due S.r.l. (5)	Rome	Rome	4	Fintecna S.p.A.	100.00%	100.00%
22.	Ligestra S.r.l. (5)	Rome	Rome	4	Fintecna S.p.A.	100.00%	100.00%
23.	Ligestra Tre S.r.l. (5)	Rome	Rome	4	Fintecna S.p.A.	100.00%	100.00%
24.	Møkster Supply AS	Stavanger (Norway)	Stavanger (Norway)	4	Vard Group AS	40.00%	40.00%
25.	Møkster Supply KS	Stavanger (Norway)	Stavanger (Norway)	4	Vard Group AS	36.00%	36.00%
26.	Olympic Challenger KS	Fosnavåg (Norway)	Fosnavåg (Norway)	4	Vard Group AS	35.00%	35.00%
27.	Olympic Green Energy KS	Fosnavåg (Norway)	Fosnavåg (Norway)	4	Vard Group AS	30.00%	30.00%
28.	OMSAV S.p.A. in fallimento	Savona	Savona	4	Fintecna S.p.A.	30.00%	30.00%
29.	Rem Supply AS	Fosnavåg (Norway)	Fosnavåg (Norway)	4	Vard Group AS	26.66%	26.66%
30.	Rocco Forte Hotels Limited	London (UK)	London (UK)	4	FSI Investimenti S.p.A.	11.50%	11.50%
					Fondo Strategico Italiano S.p.A.	11.50%	11.50%
31.	Taklift AS	Skien (Norway)	Skien (Norway)	4	Vard Brevik Holding AS	25.47%	25.47%
32.	Trans Adriatic Pipeline A.G.	Baar (Switzerland)	Baar (Switzerland)	4	SNAM S.p.A.	20.00%	20.00%
33.	Trevi Finanziaria Industriale S.p.A.	Cesena	Cesena	4	FSI Investimenti S.p.A.	8.43%	8.43%
					Fondo Strategico Italiano S.p.A.	8.43%	8.43%
34.	S.P.S. S.c.p.A. in fallimento	Italy	Italy	4	Fintecna S.p.A.	20.40%	20.40%
35.	Unifer Navale S.r.l.	Finale Emilia (MO)	Finale Emilia (MO)	4	Seaf S.p.A.	20.00%	20.00%
C.	**Unconsolidated subsidiaries (3)**						
1.	Alitalia Servizi S.p.A. in amministrazione straordinaria	Fiumicino (RM)	Fiumicino (RM)	1	Fintecna S.p.A.	68.85%	68.85%
2.	Cagliari 89 S.c.ar.l. in liquidazione	Monastir (CA)	Monastir (CA)	1	Fintecna S.p.A.	51.00%	51.00%
3.	Cinecittà Luce S.p.A. in liquidazione	Rome	Rome	1	Ligestra Quattro S.r.l.	100.00%	100.00%
4.	Consorzio Aerest in liquidazione	Rome	Rome	1	Fintecna S.p.A.	97.38%	97.38%
5.	Consorzio Codelsa in liquidazione	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
6.	Consorzio Edinsud in liquidazione	Naples	Naples	1	Fintecna S.p.A.	58.82%	58.82%
7.	Consorzio G1	Rome	Rome	1	CDP Immobiliare S.r.l.	99.90%	99.90%
8.	Consorzio IMAFID in liquidazione	Naples	Naples	1	Fintecna S.p.A.	56.85%	56.85%
9.	Consorzio Italtecnasud in liquidazione	Rome	Rome	1	Fintecna S.p.A.	75.00%	75.00%
10.	Consorzio MED.IN. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	85.00%	85.00%
11.	Ligestra Quattro S.r.l.	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
12.	Tirrenia di Navigazione S.p.A. in amministrazione straordinaria	Naples	Naples	1	Fintecna S.p.A.	100.00%	100.00%
D.	**Unconsolidated associates (3)**						
1.	Consorzio Condif in liquidazione	Rome	Rome	4	CDP Immobiliare S.r.l.	33.33%	33.33%
2.	FOSIDER S.r.l. in amministrazione straordinaria	Bologna	Bologna	4	CDP Immobiliare S.r.l.	40.00%	40.00%
3.	Sviluppo Turistico Culturale Golfo di Napoli S.c.ar.l.	Naples	Naples	4	CDP Immobiliare S.r.l.	25.00%	25.00%

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.
(3) Companies in liquidazione or subsidiaries in the start-up phase without assets and liabilities.
(4) Participation in financial rights is equal to 89.2%.
(5) It concerns companies estabilished to run some separate accounts whose revenues belong, for their majority, to Ministry for the Economy and Finance. For this reason these companies, even if are totally owned, are consolidated with the equity method.

10.2 Significant equity investments: carrying amount, fair value and dividends received

(thousands of euros)

Company name	Carrying amount	Fair value	Dividends received
A. Joint ventures			
B. Companies subject to significant influence			
ENI S.p.A.	14,156,953	13,583,964	898,732

Impairment testing of equity investments

In compliance with the provisions of the reference accounting standards, at every reporting date the Group checks the presence of objective evidence that may give it reason to believe that the carrying amount of the assets is no longer fully recoverable.
The identification of this evidence, based on the existence of qualitative and quantitative indicators, as described in the accounting policies, and set out in detail in the internal policies, differs according to whether or not they are equity investments in companies whose shares listed in active markets.
If the above-mentioned indicators are identified, an impairment test is conducted in accordance with the provisions of IAS 36 to estimate the recoverable amount of the equity investment and compare it against its carrying amount to determine whether an impairment writedown needs to be recognised.
Generally speaking, if the processing requires the use of anticipated flows, the information contained in the most up-to-date Business Plans approved by the relevant Board of Directors is used. If Business Plans are still being developed for any reason, the best possible estimates carried out by the management of the relevant companies are used, considering the accounts closed at 31 December 2015, the strategic guidelines already shared with the Parent Company and the current market scenario.

For equity investments in associated companies subject to joint control, for which impairments were recorded in previous financial years, the presence of any impairment reversals to be recorded following changes to the estimates used to determine previous impairment losses was verified. The assessment did not give rise to any writebacks.

The interest in ENI features significantly in CDP's equity investment portfolio, so the CDP Group's risk profile is linked to the main factors that determine ENI's value and profitability. These include, in particular, the drop in the price of oil, which, in 2015, was significant.
In view of this market movement, as well as the presence of a market capitalisation below the associate's book equity, the equity investment was tested for impairment.
Specifically, the value in use was determined on the basis of IAS 36, with the Discounted Cash Flow (DCF) method as provided for by the accounting standard
The plan used to construct the cash flows and the other information needed to calculate the DCF was taken from public sources.
The impairment test identified that the value in use was higher than the carrying amount and, consequently, the carrying amount of the associate was confirmed.

10.3 Significant equity investments: accounting data

(millions of euros) Company name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non Financial liabilities	Total revenues	Net interest income	Writedowns of property, plant and equipment and intangible assets	Income (loss) before tax from continuing operations	Income (loss) after tax on continuing operations	Income (loss) after tax on disposal groups held for sale	Income (loss) for the period (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3) = (1) + (2)
A.1 Joint ventures														
A.2 Companies under significant influence														
ENI S.p.A.	5,200	6,098	123,494	25,105	56,018	68,945	(1,486)	14,480	(3,980)	(7,127)	(2,251)	(9,378)	4,346	(5,032)

10.4 Non significant equity investments: accounting data

(thousands of euros) Company name	Carrying amount of the investments	Total assets	Total liabilities	Total revenues	Income (loss) after tax on continuing operations	Income (loss) after tax on disposal groups held for sale	Income (loss) for the period (1)	Other comprehensive income after tax (2)	Comprehensive income (3) = (1) + (2)
Joint ventures	2,533,027	10,935,387	6,895,459	3,697,055	353,611		262,262	(14,217)	248,045
Companies subject to significant influence	509,671	5,407,372	3,716,644	2,144,889	77,424	2,846	77,424	53,055	130,479
Unconsolidated subsidiaries	314	8,632	12,869	415					

10.5 Equity investments: change for the year

(thousands of euros)	31/12/2015	31/12/2014
A. Opening balance	**19,471,749**	**18,353,824**
B. Increases	**1,686,321**	**2,415,468**
B.1 Purchases	282,881	435,371
B.2 Writebacks	178	205
B.3 Revaluations	197,627	613,069
B.4 Other increases	1,205,635	1,366,823
C. Decreases	**3,958,105**	**1,297,543**
C.1 Sales	174,095	347,180
C.2 Writedowns	67,593	16,906
C.3 Other decreases	3,716,417	933,457
D. Closing balance	**17,199,965**	**19,471,749**
E. Total revaluations	**3,540,637**	**4,828,703**
F. Total writedowns	**1,800,529**	**141,914**

10.6 Significant assessments or assumptions made to determine whether there is joint control or significant influence

Please refer to the contents of Section 7 "Equity Investments" Part A.2 of these Notes to the Consolidated Financial Statements.

10.7 Obligations relating to joint ventures

The most significant commitments in respect of joint ventures comprise:

- the acquisition of Edicima S.p.A. for €10.2 million;
- to the commitments related to the investment in Kedrion S.p.A., broken down as follows:
  a) earn out clause: Sestant, a Marcucci family SPV and shareholder in Kedrion, is to receive a bonus from FSI Investimenti if the value of the investment rises significantly in the event of changes in the ownership structure of the investee. At 31 December 2015, the value of the option was negative by approximately €5,780 thousand;
  b) FSI Investimenti has undertaken to provide Kedrion with a loan of up to €50 million to service its general financial requirements, to be made through one or more draw-downs upon request of the company. Kedrion will pay a gross annual interest rate, at market conditions, of 6% and will be allowed to repay the loan (capital and interest) within 120 days of its provision, or within 180 days if the funds are used to fund a growth project in which both parties are involved. In the event that repayment is not made within these terms, FSI Investimenti will be entitled to demand a capital increase corresponding to the amount drawn down. At 31 December 2015 this loan has not been drawn

down and was treated in the accounts as a commitment, partly in view of the fact that Kedrion Group must first grant the conversion option to FSI Investimenti;

- commitments linked to the equity investment in Metroweb Italia S.p.A., entailing the allocation to FSI Investimenti of a set number of warrants that include the right to receive, without further payment, an equal number of Metroweb Italia shares in the event of significant liabilities not declared in the agreements signed upon CDP Group becoming a shareholder in Metroweb. In order to avoid upsetting company balances if the conditions for exercising the warrants held by FSI Investimenti do occur and they are exercised, F2i has been allocated a set number of warrants entitling it to subscribe an equal number of shares at a pre-arranged price. These warrants have not been given a value because they will only be allocated to FSI Investimenti in the event that significant liabilities are found to exist;
- to the commitments related to the investment in Ansaldo Energia S.p.A., which feature the following undertakings and conditions:
  a) FSI Investimenti has been engaged in buying a further 15% stake in the share capital of Ansaldo Energia from FSI Investimenti, which involves the purchase of a call option that gives it the right to buy this stake from Finmeccanica between 30 June 2017 and 31 December 2017 at a price of €147.1 million, and the sale to Finmeccanica of a put option that gives it the right, in the same period of time, to sell the remaining 15% of the stake in Ansaldo Energia to FSI Investimenti. At 31 December 2015, the put-call option was estimated to be worth about €7,949 thousand;
  b) the contract for the purchase of the equity investment in Ansaldo Energia involves the recognition of a variable price component (up to €130 million) to be paid by FSI Investimenti to Finmeccanica if Ansaldo Energia achieves a number of profitability targets in place for 2014 to 2016. At 31 December 2015, the value of the aforementioned option was negative by approximately €236 thousand;
- to the commitments made by CDP Immobiliare with the private-sector partners in the partnerships, under which the partners, to the extent of their ownership stakes, agree to:
  a) mutually undertake in favour of the jointly controlled entities (the "Company"), (pursuant to article 1411 of the Italian Civil Code) to ensure, where necessary, further financial support to meet the needs of the Company in excess of third party finance, including funding to cover ordinary operating and start-up costs and/or for the provision of third party finance;
  b) mutually undertake in favour of the Company, to cover its losses for an amount no less than necessary to reinstate the minimum required capital pursuant to article 2327 of the Italian Civil Code, by using, in the first place, the partner's loan offered by each party, and for the remaining amount required, within the limits specifically set out in current partnership agreements and indicated in the report on operations in the sections relating to each partnership;
- on 27 October 2015, a sale agreement was signed with ENI S.p.A. ("ENI") involving FSI acquiring a stake in the share capital of Saipem. The agreement was subject to certain conditions being met, including the completion of the capital increase, the refinancing of the debt and the co-opting of a director selected by FSI onto the board of directors of Saipem. Alongside the sale agreement, FSI and ENI signed a shareholder agreement with a duration of 3 years regarding a total amount of just over 25% of the share capital of Saipem (12.5% plus one share for each of the parties) involving specific governance powers in Saipem. Based on the agreement signed, and with the conditions precedent having being met, on 22 January 2016, FSI purchased 55,176,364 shares of Saipem (equivalent to an equity interest of 12.5% plus one share of the company) from ENI at the price of €8.3956 per share for a consideration of €463.2 million. In addition, also in accordance with the provisions of the agreement, on 3 February 2016, FSI subscribed the newly issued Saipem shares, pro rata, resulting from the capital increase of €3.5 billion, for an additional consideration of €439.4 million. The investment, totalling €902.7 million for FSI, therefore, represents an event for the 2016 financial year.

10.8 Commitments in respect of companies subject to significant influence

Commitments to associates include:

- in relation to the equity investment in Trevi Finanziaria Industriale S.p.A., the earn out granted by FSI and FSI Investimenti to Trevi Holding S.E. and Mr. Davide Trevisani, in the event of a significant increase in the value of the investment if the shareholders agreements are legitimately terminated, not renewed at expiry or cease to be effective. The market value of these liabilities was measured at inception at around €2 million (portion pertaining to FSI) and added to the carrying value of the investment. At 31 December 2015, the fair value of the earn out was about €211 thousand;
- commitments to increase the stake held in a number of companies engaged in shipbuilding projects for €12,035 thousand.

10.9 Significant restrictions

With reference to significant restrictions for equity investments, as provided for by IFRS 12, paragraphs 13 and 22, we report those pertaining to:

- equity investments held by the subsidiary Fintecna in the subsidiaries Ligestra S.r.l., Ligestra Due S.r.l. and Ligestra Tre S.r.l., valued at equity. It should be noted that these are entities that manage the separate accounts entrusted by the

State to Fintecna on behalf of the latter. Hover, based on the regulations that established separate accounts, the majority of economic benefits that can be achieved through the management of separate accounts refer to the Ministry for the Economy and Finance, even without an equity interest in the company's share capital. Therefore, the influence of the subsidiary Fintecna over these companies can be classed as significant and, as a result of this, based on IFRSs, they are considered investments in associates valued at equity;

- to the equity investment held by Fintecna in the subsidiary Ligestra Quattro S.r.l., recognised at cost as in view of the obligation to cover the loss for the year imposed by the legislator to the Ministry for Cultural Heritage, Activities and Tourism (Mibact).

SECTION 11 - REINSURERS' SHARE OF ACTUARIAL RESERVES - ITEM 110

11.1 Reinsurers' share of technical provisions: composition

(thousands of euros)	31/12/2015	31/12/2014
A. Non-life insurance	**465,015**	**84,670**
A.1 Provision for unearned premiums	354,394	38,310
A.2 Provision for claims outstanding	63,472	46,163
A.3 Other	47,149	197
B. Life insurance		
B.1 Mathematical reserves		
B.2 Provision for claims outstanding		
B.3 Other		
C. Technical provisions where the investment risk is borne by the insured		
C.1 Reserves for contracts whose benefits are linked to investment funds and market indices		
C.2 Reserves from the operation of pension funds		
D. Total reinsurers' share of technical provisions	**465,015**	**84,670**

2015 witnessed a considerable increase of the share of the portfolio subject to reinsurance: as a matter of fact, the total value of the portfolio dismissed exceeded €6 billion. Of this, the most relevant part was sold to the Ministry for the Economy and Finance pursuant to the Agreement between SACE and MEF approved with Italian Prime Minister's Order of 20 November 2014, registered at the State Audit Court on 23 December 2014, for MEF's reinsurance of the risks that could determine high levels of concentration for SACE.

11.2 Change in item 110 "Reinsurers' share of actuarial reserves"

	Non-life insurance		
(thousands of euros)	Provision for unearned premiums	Provision for claims outstanding	Other
Opening balance	**38,310**	**46,163**	**197**
a) Increases	316,084	17,309	46,952
b) Decreases			
Closing balance	**354,394**	**63,472**	**47,149**

SECTION 12 - PROPERTY, PLANT AND EQUIPMENT - ITEM 120

12.1 Property, plant and equipment: composition of assets measured at cost

(thousands of euros) Items	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Owned	**252,633**	**89,377**	**34,224,942**	**34,566,952**	**33,394,004**
a) Land	117,406	64,817	419,473	601,696	553,155
b) Buildings	62,301	22,809	1,949,214	2,034,324	1,931,401
c) Movables	2,025	1,569	7,662	11,256	11,083
d) Electrical plant	877	134	385,562	386,573	388,533
e) Other	70,024	48	31,463,031	31,533,103	30,509,832
2. Acquired under finance leases			**9,139**	**9,139**	**10,080**
a) Land					
b) Buildings			1,179	1,179	1,504
c) Movables					
d) Electrical plant					
e) Other			7,960	7,960	8,576
Total	**252,633**	**89,377**	**34,234,081**	**34,576,091**	**33,404,084**

Other tangible assets refer primarily to Terna's and SNAM's investments in plants instrumental for the performance of their business activity. In detail, the item includes mainly:

- Terna's investments for €8.3 billion, referring to transportation lines for €5.3 billion and transformation stations for €3 billion;
- SNAM's investments for approximately €12.7 billion for transportation (gas pipelines, gas reduction regulation stations and plants), storage (wells, processing and compression stations, pipelines) and regasification;
- assets under construction and accounts for €3.4 billion, of which €1.9 billion ascribable to Terna and €1.3 billion to SNAM.

12.2 Investment property: composition of assets measured at cost

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Items	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Owned	**45,666**		**37,510**	**7,593**	**40,077**		**30,984**	**8,686**
a) Land	4,185		5,917		4,185		5,917	
b) Buildings	41,481		31,593	7,593	35,892		25,067	8,686
2. Acquired under finance leases								
a) Land								
b) Buildings								
Total	**45,666**		**37,510**	**7,593**	**40,077**		**30,984**	**8,686**

12.2 of which: pertaining to the Insurance group

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Items	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
1. Owned	**14,393**		**16,330**		**14,237**		**16,330**	
a) Land	4,185		5,917		4,185		5,917	
b) Buildings	10,208		10,413		10,052		10,413	
2. Acquired under finance leases								
a) Land								
b) Buildings								
Total	**14,393**		**16,330**		**14,237**		**16,330**	

12.2 of which: pertaining to Other entities

(thousands of euros) Items	31/12/2015 Carrying amount	Fair value Level 1	Level 2	Level 3	31/12/2014 Carrying amount	Fair value Level 1	Level 2	Level 3
1. Owned	**31,273**		**21,180**	**7,593**	**25,840**		**14,654**	**8,686**
a) Land								
b) Buildings	31,273		21,180	7,593	25,840		14,654	8,686
2. Acquired under finance leases								
a) Land								
b) Buildings								
Total	**31,273**		**21,180**	**7,593**	**25,840**		**14,654**	**8,686**

12.5 Operating property, plant and equipment: change for the year

(thousands of euros)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**553,154**	**2,788,051**	**27,811**	**1,252,803**	**44,433,065**	**49,054,884**
A.1 Total net writedowns		(855,146)	(16,728)	(864,270)	(13,914,656)	(15,650,800)
A.2 Opening net balance	**553,154**	**1,932,905**	**11,083**	**388,533**	**30,518,409**	**33,404,084**
B. Increases	**85,327**	**182,932**	**5,761**	**175,965**	**3,739,221**	**4,189,206**
B.1 Purchases	59,667	11,546	897	30,046	2,697,697	2,799,853
- *of which business combinations*	*56,115*	*3,373*			*702,861*	*762,349*
B.2 Capitalized improvement costs		101				101
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences					1,674	1,674
B.6 Transfers from investment property						
B.7 Other changes	25,660	171,285	4,864	145,919	1,039,850	1,387,578
C. Decreases	**36,785**	**80,334**	**5,588**	**177,925**	**2,716,567**	**3,017,199**
C.1 Sales	8	1,151		584	39,234	40,977
- *of which business combinations*		*234*			*34,631*	*34,865*
C.2 Depreciation		69,861	5,574	110,635	1,081,420	1,267,490
C.3 Writedowns for impairment recognised in:	24,278	1,068		2,543	25,247	53,136
a) equity						
b) income statement	24,278	1,068		2,543	25,247	53,136
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences	1,257	7,482		14,483		23,222
C.6 Transfers to:						
a) investment property						
b) assets held for sale						
C.7 Other changes	11,242	772	14	49,680	1,570,666	1,632,374
D. Closing net balance	**601,696**	**2,035,503**	**11,256**	**386,573**	**31,541,063**	**34,576,091**
D.1 Total net writedowns	(24,459)	(818,498)	(18,663)	(373,243)	(14,588,354)	(15,823,217)
D.2 Closing gross balance	**626,155**	**2,854,001**	**29,919**	**759,816**	**46,129,417**	**50,399,308**
E. Measurement at cost						

12.5 of which: pertaining to the Banking group

(thousands of euros)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**117,406**	**85,253**	**12,786**	**10,675**	**74,192**	**300,312**
A.1 Total net writedowns		(25,613)	(11,048)	(9,677)	(22,053)	(68,391)
A.2 Opening net balance	**117,406**	**59,640**	**1,738**	**998**	**52,139**	**231,921**
B. Increases		**5,377**	**908**	**267**	**24,763**	**31,315**
B.1 Purchases			193	263	24,757	25,213
B.2 Capitalized improvement costs		101				101
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences						
B.6 Transfers from investment property						
B.7 Other changes		5,276	715	4	6	6,001
C. Decreases		**2,716**	**621**	**388**	**6,878**	**10,603**
C.1 Sales						
C.2 Depreciation		2,716	617	386	878	4,597
C.3 Writedowns for impairment recognised in:						
a) equity						
b) income statement						
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences						
C.6 Transfers to:						
a) investment property						
b) assets held for sale						
C.7 Other changes			4	2	6,000	6,006
D. Closing net balance	**117,406**	**62,301**	**2,025**	**877**	**70,024**	**252,633**
D.1 Total net writedowns		(28,329)	(11,471)	(10,056)	(22,917)	(72,773)
D.2 Closing gross balance	**117,406**	**90,630**	**13,496**	**10,933**	**92,941**	**325,406**
E. Measurement at cost						

12.5 of which: pertaining to the Insurance group

(thousands of euros)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**100,281**	**15,703**	**3,279**	**567**	**51**	**119,881**
A.1 Total net writedowns		(2,027)	(1,459)	(336)	(2)	(3,824)
A.2 Opening net balance	**100,281**	**13,676**	**1,820**	**231**	**49**	**116,057**
B. Increases		**11,244**	**404**	**15**		**11,663**
B.1 Purchases			404	15		419
B.2 Capitalized improvement costs						
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences						
B.6 Transfers from investment property						
B.7 Other changes		11,244				11,244
C. Decreases	**35,464**	**2,111**	**655**	**112**	**1**	**38,343**
C.1 Sales						
C.2 Depreciation		1,043	648	112	1	1,804
C.3 Writedowns for impairment recognised in:	24,222	1,068				25,290
a) equity						
b) income statement	24,222	1,068				25,290
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences						
C.6 Transfers to:						
a) investment property						
b) assets held for sale						
C.7 Other changes	11,242		7			11,249
D. Closing net balance	**64,817**	**22,809**	**1,569**	**134**	**48**	**89,377**
D.1 Total net writedowns	(24,222)	(4,138)	(2,107)	(448)	(3)	(30,918)
D.2 Closing gross balance	**89,039**	**26,947**	**3,676**	**582**	**51**	**120,295**
E. Measurement at cost						

12.5 of which: pertaining to Other entities

(thousands of euros)	Land	Buildings	Movables	Electrical plant	Other	Total
A. Opening gross balance	**335,467**	**2,687,095**	**11,746**	**1,241,561**	**44,358,822**	**48,634,691**
A.1 Total net writedowns		(827,506)	(4,221)	(854,257)	(13,892,601)	(15,578,585)
A.2 Opening net balance	**335,467**	**1,859,589**	**7,525**	**387,304**	**30,466,221**	**33,056,106**
B. Increases	**85,327**	**166,311**	**4,449**	**175,683**	**3,714,458**	**4,146,228**
B.1 Purchases	59,667	11,546	300	29,768	2,672,940	2,774,221
B.2 Capitalized improvement costs						
B.3 Writebacks						
B.4 Fair value gains recognised in:						
a) equity						
b) income statement						
B.5 Positive exchange rate differences					1,674	1,674
B.6 Transfers from investment property						
B.7 Other changes	25,660	154,765	4,149	145,915	1,039,844	1,370,333
C. Decreases	**1,321**	**75,507**	**4,312**	**177,425**	**2,709,688**	**2,968,253**
C.1 Sales	8	1,151		584	39,234	40,977
C.2 Depreciation		66,102	4,309	110,137	1,080,541	1,261,089
C.3 Writedowns for impairment recognised in:	56			2,543	25,247	27,846
a) equity						
b) income statement	56			2,543	25,247	27,846
C.4 Fair value losses recognised in:						
a) equity						
b) income statement						
C.5 Negative exchange rate differences	1,257	7,482		14,483		23,222
C.6 Transfers to:						
a) investment property						
b) assets held for sale						
C.7 Other changes		772	3	49,678	1,564,666	1,615,119
D. Closing net balance	**419,473**	**1,950,393**	**7,662**	**385,562**	**31,470,991**	**34,234,081**
D.1 Total net writedowns	(237)	(786,031)	(5,085)	(362,739)	(14,565,434)	(15,719,526)
D.2 Closing gross balance	**419,710**	**2,736,424**	**12,747**	**748,301**	**46,036,425**	**49,953,607**
E. Measurement at cost						

12.6 Investment property: change for the year

(thousands of euros)	Insurance group		Other entities	
	Land	Buildings	Land	Buildings
A. Opening balance	**4,185**	**10,052**		**25,840**
B. Increases		**156**		**9,129**
B.1 Purchases		156		
B.2 Increases in internally-generated intangible assets				
B.3 Fair value gains				
B.4 Writebacks				
B.5 Positive exchange rate differences				
B.6 Transfers from operating property				
B.7 Other changes				9,129
C. Decreases				**3,696**
C.1 Sales				2,288
C.2 Depreciation				
C.3 Fair value losses				
C.4 Writedowns for impairment				315
C.5 Negative exchange rate differences				
C.6 Transfers to:				
a) operating property				
b) assets held for sale				
C.7 Other changes				1,093
D. Closing balance	**4,185**	**10,208**		**31,273**
E. Measurement at cost	**5,917**	**10,413**		**28,773**

12.7 Commitments to purchase property, plant and equipment

Commitments to purchase property, plant and equipment refer mainly to:

- the subsidiary Fincantieri which, at 31 December 2015, had commitments for the purchase of property, plant and equipment for approximately €52 million, referring mainly to investing activities in property, plant and equipment;
- the subsidiary SNAM, whose purchase commitments with respect to property, plant and equipment amounted to €349 million.

SECTION 13 - INTANGIBLE ASSETS - ITEM 130

13.1 Intangible assets: composition by category

	Banking group		Insurance group		Other entities		31/12/2015		31/12/2014	
(thousands of euros) Assets	Definite life	Indefinite life	Definite life	Indefinite life	Definite life	Indefinite life	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**X**		**X**		**X**	**649,775**	**X**	**649,775**	**X**	**712,094**
A.1.1 Pertaining to Group	X		X		X	649,775	X	649,775	X	712,094
A.1.2 Non-controlling interests	X		X		X		X		X	
A.2 Other intangible assets	**5,396**		**7,538**		**7,259,704**	**16,993**	**7,272,638**	**16,993**	**7,158,883**	**15,238**
A.2.1 Assets carried at cost:	5,396		7,538		7,259,704	16,993	7,272,638	16,993	7,158,883	15,238
a) internally-generated intangible assets			5,952		75,648		81,600		64,587	
b) other assets	5,396		1,586		7,184,056	16,993	7,191,038	16,993	7,094,296	15,238
A.2.2 Assets carried at fair value:										
a) internally-generated intangible assets										
b) other assets										
Total	**5,396**		**7,538**		**7,259,704**	**666,768**	**7,272,638**	**666,768**	**7,158,883**	**727,332**

Other intangible assets mainly relate to intangible assets resulting from business combinations involving the various companies of the Group.

They mainly regard:

- concessions and licences worth €983,406 thousand, which mainly include the value of concessions for the storage of natural gas;
- infrastructure rights worth €5,646,170 thousand, of which €5,530,850 thousand refer to SNAM, and the remain to Terna. The item includes the value of the public-private service concession agreements relating to the development, maintenance and operation of infrastructures under concession arrangements. Under the terms of the agreements, the operator holds the right to use the infrastructure in order to provide the public service;
- customer contracts valued at €149,389 thousand;
- trademarks worth €11,226 thousand;
- technological know-how worth €18,200 thousand;
- the order portfolio of the Group's industrial companies, worth €3,481 thousand;
- software licences worth €182,600 thousand.

13.2 Intangible assets: change for the year

(thousands of euros)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening gross balance	**712,094**	**211,093**		**11,044,048**	**15,238**	**11,982,473**
A.1 Total net writedowns		(146,506)		(3,949,752)		(4,096,258)
A.2 Opening net balance	**712,094**	**64,587**		**7,094,296**	**15,238**	**7,886,215**
B. Increases	**37,666**	**38,421**		**796,300**	**1,755**	**874,142**
B.1 Purchases	37,159	4,894		629,575		671,628
- *of which business combinations*	*37,159*			*14,983*		*52,142*
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
- equity	X					
- income statement	X					
B.5 Positive exchange rate differences					1,755	1,755
B.6 Other changes	507	33,527		166,725		200,759
C. Decreases	**99,985**	**21,408**		**699,558**		**820,951**
C.1 Sales		132		12,489		12,621
- *of which business combinations*						
C.2 Writedowns:		21,101		482,914		504,015
- Amortisation	X	21,101		482,914		504,015
- Impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
- equity	X					
- income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences	17,224	175		6,052		23,451
C.6 Other changes	82,761			198,103		280,864
D. Closing net balance	**649,775**	**81,600**		**7,191,038**	**16,993**	**7,939,406**
D.1 Total net writedowns		(153,696)		(4,509,247)		(4,662,943)
E. Closing gross balance	**649,775**	**235,296**		**11,700,285**	**16,993**	**12,602,349**
F. Measurement at cost						

Key
DEF: definite life
INDEF: indefinite life

13.2 of which: pertaining to the Banking group

(thousands of euros)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening gross balance				**25,464**		**25,464**
A.1 Total net writedowns				(19,730)		(19,730)
A.2 Opening net balance				**5,734**		**5,734**
B. Increases				**1,943**		**1,943**
B.1 Purchases				1,943		1,943
- *of which business combinations*				*14,983*		
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
- equity	X					
- income statement	X					
B.5 Positive exchange rate differences						
B.6 Other changes						
C. Decreases				**2,281**		**2,281**
C.1 Sales						
- *of which business combinations*						
C.2 Writedowns:				2,280		2,280
- Amortisation	X			2,280		2,280
- Impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
- equity	X					
- income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences						
C.6 Other changes				1		1
D. Closing net balance				**5,396**		**5,396**
D.1 Total net writedowns				(21,969)		(21,969)
E. Closing gross balance				**27,365**		**27,365**
F. Measurement at cost						

Key
DEF: definite life
INDEF: indefinite life

13.2 of which: pertaining to the Insurance group

(thousands of euros)	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening gross balance		**9,480**		**1,444**		**10,924**
A.1 Total net writedowns		(3,298)		(898)		(4,196)
A.2 Opening net balance		**6,182**		**546**		**6,728**
B. Increases		**1,149**		**1,428**		**2,577**
B.1 Purchases		1,149		1,428		2,577
- *of which business combinations*						
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
- equity	X					
- income statement	X					
B.5 Positive exchange rate differences						
B.6 Other changes						
C. Decreases		**1,379**		**388**		**1,767**
C.1 Sales						
- *of which business combinations*						
C.2 Writedowns:		1,379		388		1,767
- Amortisation	X	1,379		388		1,767
- Impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
- equity	X					
- income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences						
C.6 Other changes						
D. Closing net balance		**5,952**		**1,586**		**7,538**
D.1 Total net writedowns		(4,678)		(1,286)		(5,964)
E. Closing gross balance		**10,630**		**2,872**		**13,502**
F. Measurement at cost						

Key:
DEF: definite life
INDEF: indefinite life

13.2 of which: pertaining to Other entities

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
(thousands of euros)		DEF	INDEF	DEF	INDEF	
A. Opening gross balance	**712,094**	**201,613**		**11,017,140**	**15,238**	**11,946,085**
A.1 Total net writedowns		(143,208)		(3,929,124)		(4,072,332)
A.2 Opening net balance	**712,094**	**58,405**		**7,088,016**	**15,238**	**7,873,753**
B. Increases	**37,666**	**37,272**		**792,929**	**1,755**	**869,622**
B.1 Purchases	37,159	3,745		626,204		667,108
- *of which business combinations*	*37,159*					
B.2 Increases in internally-generated intangible assets	X					
B.3 Writebacks	X					
B.4 Fair value gains:						
- equity	X					
- income statement	X					
B.5 Positive exchange rate differences					1,755	1,755
B.6 Other changes	507	33,527		166,725		200,759
C. Decreases	**99,985**	**20,029**		**696,889**		**816,903**
C.1 Sales		132		12,489		12,621
- *of which business combinations*						
C.2 Writedowns:		19,722		480,246		499,968
- Amortisation	X	19,722		480,246		499,968
- Impairment:						
+ equity	X					
+ income statement						
C.3 Fair value losses:						
- equity	X					
- income statement	X					
C.4 Transfer to non-current assets held for sale						
C.5 Negative exchange rate differences	17,224	175		6,052		23,451
C.6 Other changes	82,761			198,102		280,863
D. Closing net balance	**649,775**	**75,648**		**7,184,056**	**16,993**	**7,926,472**
D.1 Total net writedowns		(149,018)		(4,485,992)		(4,635,010)
E. Closing gross balance	**649,775**	**224,666**		**11,670,048**	**16,993**	**12,561,482**
F. Measurement at cost						

Key
DEF: definite life
INDEF: indefinite life

Impairment testing of goodwill

Goodwill recognised in the balance sheet in the amount of €649.8 million, mainly consists of:

- €214 million for the Terna group;
- €299 million for the SNAM group;
- the companies in the Vard group, included in the scope of consolidation in 2013, in relation to which goodwill of €136.6 million was recognised.

In relation to Terna and SNAM, the CGUs to which goodwill was allocated coincide with the individual legal entities and the recoverable value is equivalent to the market value of the companies, determined on the basis of the average of the stock market prices of the last 24 months.
Both companies' fair values were higher than the value of their respective net assets, inclusive of the results of the purchase price allocation and goodwill.
With respect to the goodwill pertaining to Vard group companies, no loss of value was detected in the impairment test, as the recoverable value of CGUs was higher than their accounting value.

The findings were subject to a sensitivity analysis, taking as a reference the assumptions whose change may reasonably impact test results in a significant way. It was shown that, if WACC had increased by 50 basis points or the growth rates (g rates) had reduced by 50 basis points in the terminal value calculation, recoverable values would be higher than the relevant carrying amounts.

SECTION 14 - TAX ASSETS AND LIABILITIES - ITEM 140 OF ASSETS AND ITEM 80 OF LIABILITIES

14.1 Deferred tax assets: composition

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Deferred tax assets recognised in income statement	**293,026**	**223,954**	**792,589**	**1,309,569**	**1,203,728**
Losses carried forward	100,580		51,159	151,739	59,325
Grants			23,326	23,326	35,514
Sundry writedowns		17,325	47,044	64,369	36,635
Financial instruments		12,104	1,359	13,463	19,621
Debts		16		16	132
Dismantling and site restoration			143,949	143,949	204,584
Provisions for risks and charges	18,599	18,046	140,639	177,284	188,737
Writedowns of receivables	56,424	45,041	41,432	142,897	108,963
Property, plant and equipment/intangible assets	3,690	339	210,868	214,897	114,014
Product guarantee			8,214	8,214	12,832
Employee benefits		141	32,983	33,124	49,328
Technical provisions		106,166		106,166	51,141
Exchange differences		23,919		23,919	29,948
Other temporary differences	113,733	857	91,616	206,206	292,954
Deferred tax assets recognised in equity	**40,080**	**11**	**21,341**	**61,432**	**65,108**
Assets available for sale	36,226		403	36,629	29,015
Exchange rate differences					
Cash flow hedge	3,841		4,980	8,821	14,865
Other assets	13	11	15,958	15,982	21,228
Total	**333,106**	**223,965**	**813,930**	**1,371,001**	**1,268,836**

14.2 Deferred tax liabilities: composition

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Deferred tax liabilities recognised in income statement	**92,114**	**202,086**	**3,236,752**	**3,530,952**	**4,108,955**
Capital gains taxed in instalments			18,107	18,107	35,931
Severance pay		99	8,290	8,389	9,794
Property, plant and equipment		9,553	2,535,570	2,545,123	2,921,595
Own securities portfolio		3,025		3,025	2,607
Equity investments	92,059		35,162	127,221	113,170
Other financial instruments		10,409	52	10,461	13,619
Technical provisions		45,794		45,794	49,213
Other		109,442		109,442	78,697
Offsetting against deferred tax assets	55	23,764	639,571	663,390	884,329
Deferred tax liabilities recognised in equity	**75,585**		**5,588**	**81,173**	**140,698**
Assets available for sale	66,066		5,571	71,637	126,188
Other liabilities	9,519		17	9,536	14,510
Total	**167,699**	**202,086**	**3,242,340**	**3,612,125**	**4,249,653**

14.3 Changes in deferred tax assets (recognised in income statement)

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Opening balance	**174,313**	**164,357**	**865,058**	**1,203,728**	**1,253,001**
2. Increases	**125,555**	**93,731**	**82,207**	**301,493**	**273,431**
2.1 Deferred tax assets recognised during the year:	58,046	93,731	61,481	213,258	185,400
a) in respect of previous periods	133			133	
b) due to change in accounting policies					
c) writebacks					
d) other	57,913	93,731	61,481	213,125	185,400
2.2 New taxes or increases in tax rates			16,756	16,756	
2.3 Other increases	67,509		3,970	71,479	83,026
2.4 Business combination					5,005
3. Decreases	**6,842**	**34,134**	**154,676**	**195,652**	**322,704**
3.1 Deferred tax assets derecognised during the year:	6,842	22,789	32,287	61,918	205,334
a) reversals	6,842	20,573	30,560	57,975	112,014
b) writedowns for supervening non-recoverability					
c) due to change in accounting policies					
d) other		2,216	1,727	3,943	93,320
3.2 Reduction in tax rates		11,345	76,675	88,020	101,667
3.3 Other decreases:			45,714	45,714	15,703
a) transformation in tax credits under Law 214/2011					
b) other			45,714	45,714	15,703
3.4 Business combinations					
Closing balance	**293,026**	**223,954**	**792,589**	**1,309,569**	**1,203,728**

14.4 Changes in deferred tax liabilities (recognised in income statement)

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Opening balance	**113,170**	**183,237**	**3,812,548**	**4,108,955**	**4,910,166**
2. Increases	**30,330**	**53,237**	**40,725**	**124,292**	**285,812**
2.1 Deferred tax liabilities recognised during the year:	30,330	53,237	15,632	99,199	131,462
a) in respect of previous periods					4,005
b) due to change in accounting policies					
c) other	30,330	53,237	15,632	99,199	127,457
2.2 New taxes or increases in tax rates			22	22	
2.3 Other increases			25,071	25,071	154,350
2.4 Business combinations					
3. Decreases	**51,386**	**34,388**	**616,521**	**702,295**	**1,087,023**
3.1 Deferred tax liabilities derecognised during the year:	51,386	25,996	395,809	473,191	623,272
a) reversals	51,386	25,985	343,531	420,902	623,272
b) due to change in accounting policies					
c) other		11	52,278		
3.2 Reduction in tax rates		8,392	178,881	187,273	324,824
3.3 Other decreases			41,831	41,831	138,927
3.4 Business combinations					
4. Closing balance	**92,114**	**202,086**	**3,236,752**	**3,530,952**	**4,108,955**

14.5 Changes in deferred tax assets (recognised in equity)

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Opening balance	**33,854**	**7**	**31,247**	**65,108**	**70,036**
2. Increases	**10,174**	**4**	**1,691**	**11,869**	**20,028**
2.1 Deferred tax liabilities recognised during the year:	10,174	4	1,475	11,653	8,315
a) in respect of previous periods					
b) due to change in accounting policies					
c) other	10,174	4	1,475	11,653	8,315
2.2 New taxes or increases in tax rates					
2.3 Other increases			216	216	11,713
2.4 Business combinations					
3. Decreases	**3,948**		**11,597**	**15,545**	**24,956**
3.1 Deferred tax liabilities derecognised during the year:	3,943		1,433	5,376	5,204
a) reversals	3,943		1,433	5,376	5,204
b) writedowns for supervening non-recoverability					
c) due to changes in accounting policies					
d) other					
3.2 Reduction in tax rates			1,152	1,152	
3.3 Other decreases	5		9,012	9,017	19,752
3.4 Business combinations					
4. Closing balance	**40,080**	**11**	**21,341**	**61,432**	**65,108**

14.6 Changes in deferred tax liabilities (recognised in equity)

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Opening balance	**134,542**		**6,156**	**140,698**	**86,353**
2. Increases	**23,513**		**1,406**	**24,919**	**90,521**
2.1 Deferred tax liabilities recognised during the year:	23,513			23,513	86,934
a) in respect of previous periods					77
b) due to change in accounting policies					
c) other	23,513			23,513	86,857
2.2 New taxes or increases in tax rates					
2.3 Other increases			1,406	1,406	3,587
2.4 Business combinations					
3. Decreases	**82,470**		**1,974**	**84,444**	**36,176**
3.1 Deferred tax liabilities derecognised during the year:	82,470		1,879	84,349	31,915
a) reversals	82,470		1,879	84,349	31,715
b) due to change in accounting policies					
c) other					200
3.2 Reduction in tax rates					90
3.3 Other decreases			95	95	4,171
3.4 Business combinations					
4. Closing balance	**75,585**		**5,588**	**81,173**	**140,698**

SECTION 15 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 150 OF THE ASSETS AND ITEM 90 OF THE LIABILITIES

15.1 Non current assets and disposal groups held for sale: composition by category

(thousands of euros)	31/12/2015	31/12/2014
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A3 Property, plant and equipment	24,479	23,783
A4 Intangible assets		
A.5 Other non-current assets		
Total A	**24,479**	**23,783**
- ***of which carried at cost***	***24,479***	***23,783***
- ***of which designated at fair value - level 1***		
- ***of which designated at fair value - level 2***		
- ***of which designated at fair value - level 3***		
B. Groups of assets (discontinued operations)		
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		
- ***of which carried at cost***		
- ***of which designated at fair value - level 1***		
- ***of which designated at fair value - level 2***		
- ***of which designated at fair value - level 3***		
C. Liabilities associated with individual assets held for sale		
C.1 Payables		
C.2 Securities		
C.3 Other liabilities	6,782	7,249
Total C	**6,782**	**7,249**
- ***of which carried at cost***	***6,782***	***7,249***
- ***of which designated at fair value - level 1***		
- ***of which designated at fair value - level 2***		
- ***of which designated at fair value - level 3***		
D. Liabilities associated with disposal groups held for sale		
D.1 Due to banks		
D.2 Due to customers		
D.3 Securities issued		
D.4 Financial liabilities held for trading		
D.5 Financial liabilities at fair value		
D.6 Provisions		
D.7 Other liabilities		
Total D		
- ***of which carried at cost***		
- ***of which designated at fair value - level 1***		
- ***of which designated at fair value - level 2***		
- ***of which designated at fair value - level 3***		

SECTION 16 - OTHER ASSETS - ITEM 160

16.1 Other assets: composition

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Payments on account for withholding tax on postal Saving passbooks	205,550			205,550	238,419
Other tax receivables	22	5,061	202,521	207,604	68,611
Leasehold improvements			7,445	7,445	5,740
Receivables due from investees	28		146,296	146,324	105,151
Trade receivables and advances to public entities	12,805		26,564	39,369	31,370
Construction contracts			2,601,435	2,601,435	1,665,139
Advances to suppliers	467	436	145,851	146,754	198,882
Inventories		21	2,378,385	2,378,406	2,249,462
Advances to personnel	16	957	14,522	15,495	14,845
Other trade receivables	56	143,935	3,588,673	3,732,664	4,068,369
Other items	748	5,048	468,299	474,095	732,838
Accrued income and prepaid expenses	1,111	1,932	220,051	223,094	227,917
Total	**220,803**	**157,390**	**9,800,042**	**10,178,235**	**9,606,743**

The item includes assets that are not classified under the previous items.

The most significant amounts refer to:
- trade receivables for €3,733 million, referred mainly to SNAM for €1,677 million, Terna for €1,362 million, Fincantieri for €435 million and SACE for €144 million;
- construction contracts for €2,601 million, mainly regarding the shipbuilding activities of Fincantieri;
- inventories of semi-finished goods and products being manufactured in the amount of €2,378 million.

Liabilities

SECTION 1 - DUE TO BANKS - ITEM 10

1.1 Due to banks: composition by type

(thousands of euros)

Type of operations	31/12/2015	31/12/2014
1. Due to central banks	**4,677,343**	**5,597,974**
2. Due to banks	**18,845,196**	**16,210,906**
2.1 Current accounts and demand deposits	1,504,677	238,618
2.2 Fixed-term deposits	2,362,513	1,927,773
2.3 Loans:	14,753,833	13,969,298
2.3.1 Repurchase agreements	2,270,553	1,566,210
2.3.2 Other	12,483,280	12,403,088
2.4 Liabilities in respect of commitments to repurchase own equity instruments		
2.6 Other payables	224,173	75,217
Total	**23,522,539**	**21,808,880**
Fair value - Level 1		
Fair value - Level 2		
Fair value - Level 3	22,215,986	21,806,138
Total fair value	**22,215,986**	**21,806,138**

The item “Due to central banks” mainly refers to lines of credit extended to the Parent Company by the ECB.

Fixed-term deposits, also referring to the Parent Company, include mainly:
- the balance of passbook savings accounts and postal savings bonds held by banks (approximately €1,359 million);
- the amounts referred to Credit Support Annex contracts to hedge counterparty risk on derivative contracts (approximately €576 million);
- liabilities to banks (€427.5 million).

Loans refer mainly to:
- repurchase agreements (around €2,271 million) and loans received from the EIB (around €4,616 million) and the KfW (around €400 million), with respect to the Parent Company;
- loans granted by the banking system to SNAM for approximately €2,627 million, to Terna for approximately €2,145 million and Fincantieri for 1,428 million.

1.2 Details of item 10 “Due to banks” : subordinated liabilities

At 31 December 2015, there were no subordinated liabilities due to banks.

1.3 Details of item 10 “Due to banks” structured liabilities

At 31 December 2015, there were no structured liabilities due to banks.

1.4 Due to banks: liabilities hedged specifically

(thousands of euros)	31/12/2015	31/12/2014
1. Liabilities covered by specific fair value hedges		
a) Interest rate risk		
b) Exchange rate risk		
c) Multiple risks		
2. Liabilities covered by specific cash flow hedges	**2,577,436**	**2,389,831**
a) Interest rate risk	2,577,436	2,389,831
b) Exchange rate risk		
c) Other		
Total	**2,577,436**	**2,389,831**

SECTION 2 - DUE TO CUSTOMERS - ITEM 20

2.1 Due to customers: composition by type

(thousands of euros)

Type of operations	31/12/2015	31/12/2014
1. Current accounts and demand deposits	6,405	450
2. Fixed-term deposits	281,160,407	288,545,537
3. Loans:	4,857,573	1,413,495
3.1 Repurchase agreements	4,409,596	975,393
3.2 Other	447,977	438,102
4. Liabilities in respect of commitments to repurchase own equity instruments		
5. Other payables	5,775,860	6,297,203
Total	**291,800,245**	**296,256,685**
Fair value - Level 1		
Fair value - Level 2	17,809	2,412
Fair value - Level 3	291,782,335	296,254,272
Total fair value	**291,800,144**	**296,256,684**

Due to customers consist mainly of fixed-term deposits, which include:
- the balance of passbook savings accounts, equal to €118.5 billion, and postal savings bonds, equal to €132 billion, issued by the Parent Company;
- the balance of MEF's liquidity management transactions of around €30 billion.

Other payables mainly regard amounts not yet disbursed at the end of the year on loans being repaid granted by the Parent Company to public entities and public-law bodies, for about €5.4 billion.
The fair value reported above, for the part relating to postal savings bonds issued by the Parent Company, is equal to the carrying amount. In theory, for postal savings bonds it would be possible, using statistical models of redemptions, to apply valuation techniques that incorporate a credit risk premium in line with that on medium/long-term government securities. The application of these valuation techniques would lead to a fair value greater than the carrying amount in cases where the rates paid to savers are higher than market rates, taking also into account early redemption options. Conversely, for postal bonds that, taking into account the early redemption option, pay savers lower than market rates, the fair value would be less than the carrying amount.
The net effect of these differences may fully or partially offset the positive differences recognized between the fair value and the carrying amount of loans.
However, the fair value assessments based on a combination of statistical predictions on redemptions and technical assessment of the options, are not very reliable due to the uncertainty affecting market conditions at 31 December 2015. These elements are the volatility of credit spreads and their high percentage impact on overall interest rates, given that interest rates, net of credit spreads, are very low. Taking into account the considerable uncertainty about redemption forecasts in the presence of these conditions, it was decided that the best estimate of the fair value of postal savings bonds is their carrying amount.

2.2 Breakdown of item 20 “Due to customers”: subordinated liabilities

At 31 December 2015, there were no subordinated liabilities due to customers.

2.3 Breakdown of item 20 “Due to customers”: structured liabilities

Structured liabilities at 31 December 2015 refer to the Parent Company and amount to around €6,718 thousand. They consist in postal bonds index-linked to baskets of shares for which the embedded derivative classed as financial liability held for trading has been separated.

2.4 Due to customers: liabilities hedged specifically

(thousands of euros)	31/12/2015	31/12/2014
1. Liabilities covered by specific fair value hedges		
a) Interest rate risk		
b) Exchange rate risk		
c) Multiple risks		
2. Liabilities covered by specific cash flow hedges	**449,231**	**442,163**
a) Interest rate risk	449,231	442,163
b) Exchange rate risk		
c) Other		
Total	**449,231**	**442,163**

Amounts due to customers covered by specific cash flow hedges refer to part of the inflation-linked postal savings bonds issued by the Parent Company and subject to cashflow hedge.

2.5 Due to customers for finance leasing

(thousands of euros)	Minimum payments
Up to 3 months	
From 3 months to 1 year	298
From 1 year to 5 years	1
More than 5 years	
Present value of minimum payments gross/net	**299**

SECTION 3 - SECURITIES ISSUED - ITEM 30

3.1 Securities issued: composition by type

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of securities	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds	29,906,440	18,226,688	12,948,668		26,404,220	17,388,133	9,792,421	23,684
1.1 Structured	51,212		51,748		52,734		47,018	
1.2 Other	29,855,228	18,226,688	12,896,920		26,351,486	17,388,133	9,745,403	23,684
2. Other securities	179,919		179,919		510,695		510,695	
2.1 Structured								
2.2 Other	179,919		179,919		510,695		510,695	
Total	**30,086,359**	**18,226,688**	**13,128,587**		**26,914,915**	**17,388,133**	**10,303,116**	**23,684**

3.1 of which: pertaining to the Banking group

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of securities	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds	12,323,428		12,789,676		9,363,083		9,630,678	23,684
1.1 Structured	51,212		51,748		52,734		47,018	
1.2 Other	12,272,216		12,737,928		9,310,349		9,583,660	23,684
2. Other securities	179,919		179,919		510,695		510,695	
2.1 Structured								
2.2 Other	179,919		179,919		510,695		510,695	
Total	**12,503,347**		**12,969,595**		**9,873,778**		**10,141,373**	**23,684**

With respect to the Banking group, the balance of securities issued at 31 December 2015 refers to the Parent Company and includes:

- bonds issued by the Parent Company under the Euro Medium Term Notes programme for €9.4 billion. During the year new issues were made under this programme for a total nominal value of €1 billion, (of which €250 million as part of the Separate Account and 750 million as part of the Ordinary Account);
- the first bond for retail issued in march 2015 for €1.5 billion, with a view to diversifying the source of funding for the development of public interest projects (fully part of the Separate Account);
- the two bonds issued in December 2015, guaranteed by the Italian State, fully underwritten by Poste Italiane S.p.A., for a total amount of €1.5 billion (fully part of the Separate Account).

3.1 of which: pertaining to the Insurance group

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of securities	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds	531,733	503,369						
1.1 Structured								
1.2 Other	531,733	503,369						
2. Other securities								
2.1 Structured								
2.2 Other								
Total	**531,733**	**503,369**						

Securities issued pertaining to the Insurance group refer to SACE's subordinate bond issues placed with institutional investors, with an annual coupon of 3.875% for the first 10 years and indexed to the 10-year swap rate plus 318.6 basis points for the following years. The bonds can be redeemed by the issuer initially after 10 years and then at every subsequent coupon date.

3.1 of which: pertaining to Other entities

(thousands of euros)	31/12/2015				31/12/2014			
	Carrying	Fair value			Carrying	Fair value		
Type of securities	amount	Level 1	Level 2	Level 3	amount	Level 1	Level 2	Level 3
A. Securities								
1. Bonds	17,051,279	17,723,319	158,992		17,041,137	17,388,133	161,743	
1.1 Structured								
1.2 Other	17,051,279	17,723,319	158,992		17,041,137	17,388,133	161,743	
2. Other securities								
2.1 Structured								
2.2 Other								
Total	**17,051,279**	**17,723,319**	**158,992**		**17,041,137**	**17,388,133**	**161,743**	

Securities issued by other entities mainly refer to SNAM's and Terna's bond placements quoted on active markets (Level 1), equal to €9,811 million and €6,406 million respectively.

3.2 Breakdown of item 30 "Securities issued": subordinated securities

At 31 December 2015 subordinated securities issued, for a total amount of €532 million, related to issues of the Insurance Group previously referred to.

3.3 Breakdown of item 30 “Securities issued”: securities hedged specifically

(thousands of euros)	31/12/2015	31/12/2014
1. Securities covered by specific fair value hedges	**19,107,405**	**15,131,257**
a) Interest rate risk	19,107,405	15,131,257
b) Exchange rate risk		
c) Multiple risks		
2. Securities covered by specific cash flow hedges	**76,448**	**68,995**
a) Interest rate risk		
b) Exchange rate risk	76,448	68,995
c) Other		
Total	**19,183,853**	**15,200,252**

SECTION 4 - FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 40

4.1 Financial liabilities held for trading: composition by type

	31/12/2015					31/12/2014				
(thousands of euros)	NV	Fair value			FV *	NV	Fair value			FV *
Type of operations		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks										
2. Due to customers										
3. Debt securities:										
3.1 Bonds:										
3.1.1 structured					X					X
3.1.2 other					X					X
3.2 Other securities:										
3.2.1 structured					X					X
3.2.2 other					X					X
Total A										
B. Derivatives										
1. Financial derivatives			136,777	103,822				205,509	193,310	
1.1 Trading	X		68,409		X	X		82,955	25,890	X
1.2 Associated with fair value option	X				X	X				X
1.3 Other	X		68,368	103,822	X	X		122,554	167,420	X
2. Credit derivatives										
2.1 Trading	X				X	X				X
2.2 Associated with fair value option	X				X	X				X
2.3 Other	X				X	X				X
Total B	**X**		**136,777**	**103,822**	**X**	**X**		**205,509**	**193,310**	**X**
Total (A + B)	**X**		**136,777**	**103,822**	**X**	**X**		**205,509**	**193,310**	**X**

Key
NV: Nominal o Notional Value
FV: Fair Value

The item includes mainly:

- the value of the optional component of bonds linked to baskets of shares that were separated from the host contract (approximately €97.4 million), issued by the Parent Company;
- the negative fair value of swaps on interest rates (around €63.5 million) recorded in the Parent Company financial statements;
- SACE’s derivatives (mainly currency purchase/sale futures) for €50 million.

SECTION 6 - HEDGING DERIVATIVES - ITEM 60

6.1 Hedging derivatives: composition by type of hedge and level of inputs

	31/12/2015				31/12/2014			
(thousands of euros)	Level 1	Level 2	Level 3	NV	Level 1	Level 2	Level 3	NV
A. Financial derivatives		**960,045**	**41,960**	**11,982,264**	**9,772**	**2,589,100**	**40,238**	**11,180,466**
1) Fair value		877,690		7,653,386	9,772	2,544,844		8,255,625
2) Cash flow		82,355	41,960	4,328,878		44,256	40,238	2,924,841
3) Investment in foreign operation								
B. Credit derivatives								
1) Fair value								
2) Cash flow								
Total		**960,045**	**41,960**	**11,982,264**	**9,772**	**2,589,100**	**40,238**	**11,180,466**

Key
NV= nominal or notional value

6.2 Hedging derivatives: composition by hedged portfolio and type of hedge

	Fair value						Cash flow		Investment in foreign operation
	Specific					Generic	Specific	Generic	
(thousands of euros) Type of hedging	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale						X		X	X
2. Loans	467,697			X	1,377	X		X	X
3. Financial assets held to maturity	X			X		X		X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other		384,403				X	70,328	X	
Total assets	**467,697**	**384,403**			**1,377**		**70,328**		
1. Financial liabilities	24,213			X		X	53,987	X	X
2. Portfolio	X	X	X	X	X		X		X
Total liabilities	**24,213**			**X**			**53,987**		
1. Forecast transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X		X		

SECTION 7 - ADJUSTMENT OF FINANCIAL LIABILITIES HEDGED GENERICALLY - ITEM 70

7.1 Value adjustments of hedged financial liabilities

(thousands of euros)	31/12/2015	31/12/2014
1. Positive adjustments of financial liabilities	43,273	47,922
2. Negative adjustments of financial liabilities		
Total	**43,273**	**47,922**

7.2 Liabilities covered by macro-hedges against interest rate risk: composition

This item reports the net change in the value of the postal savings bonds portfolio hedged generically against interest rate risk. The hedging relationship was interrupted in 2009 in view of the closure of the derivative hedging instruments. 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.

SECTION 8 - TAX LIABILITIES - ITEM 80

For more information concerning this item, please see Section 14 of "Assets".

SECTION 10 - OTHER LIABILITIES - ITEM 100

10.1 Other liabilities: composition

(thousands of euros)

Type of operations	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Items being processed	18,837			18,837	101,019
Amounts due to employees	3,364	2,876	119,206	125,446	119,920
Charges for postal funding service	396,696			396,696	901,119
Tax payables	352,518	6,107	85,953	444,578	462,902
Construction contracts			699,054	699,054	551,468
Trade payables	25,491	83,691	4,103,589	4,212,771	4,090,159
Due to social security institutions	3,543	2,451	94,485	100,479	101,158
Writedowns of commitments to disburse funds	64,851			64,851	23,612
Accrued expenses and deferred income		746	369,807	370,553	372,864
Other items of insurance companies:		90,780		90,780	31,114
- due to insured for recovered amounts		8		8	
- liabilities for premiums to be reimbursed		18,272		18,272	14
- premium deposits					
- processing expenses		33		33	37
- collections from factoring being processed		72,467		72,467	31,063
Other	53,121	20,717	1,435,792	1,509,630	1,533,952
Total	**918,421**	**207,368**	**6,907,886**	**8,033,675**	**8,289,287**

The item reports liabilities not otherwise classified under the previous items and is analysed as follows.

For the Banking group, the main items under this heading are:

- the payable to Poste Italiane of about €397 million, relating to the portion of commissions due in respect of the postal savings funding service not yet paid at the reporting date;
- tax payables totalling about €353 million, mainly regarding the tax on interest paid on postal savings products.

With regard to Other group entities, the item mainly regards:

- trade payables for about €4.1 billion, mainly related to Terna (about €2.1 billion), Fincantieri (about €1.1 billion) and SNAM (about €0.7 billion)
- other SNAM items for approximately €1 billion, referred to payables for investing activities for €467 million and liabilities towards Cassa Conguaglio Settore Elettrico of €418 million. The latter mainly refer to accessory tariff components pertaining to natural gas transportation and distribution activities .

SECTION 11 - STAFF SEVERANCE PAY - ITEM 110

11.1 Staff severance pay: change for the year

(thousands of euros)	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
A. Opening balance	**1,213**	**6,959**	**254,308**	**262,480**	**266,980**
B. Increases	**1,909**	**361**	**9,314**	**11,584**	**46,827**
B.1 Provision for the year	1,870	344	3,385	5,599	7,532
B.2 Other increases	39	17	5,929	5,985	39,295
C. Decreases	**1,846**	**1,018**	**43,598**	**46,462**	**51,327**
C.1 Severance payments	42	628	27,991	28,661	16,777
C.2 Other decreases	1,804	390	15,607	17,801	34,550
D. Closing balance	**1,276**	**6,302**	**220,024**	**227,602**	**262,480**

SECTION 12 - PROVISIONS - ITEM 120

12.1 Provisions: composition

(thousands of euros)

Items	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1. Company pension plans					**1,845**
2. Other provisions	**39,780**	**228,218**	**2,355,117**	**2,623,115**	**2,997,448**
2.1 Legal disputes	22,191	3,365	717,402	742,958	486,244
2.2 Staff costs	14,806	10,255	170,579	195,640	184,000
2.3 Other	2,783	214,598	1,467,136	1,684,517	2,327,204
Total	**39,780**	**228,218**	**2,355,117**	**2,623,115**	**2,999,293**

12.2 Provisions: change for the year

	Banking group		Insurance group		Other entities		31/12/2015	
(thousands of euros) Items	Pensions	Other provisions	Pensions	Other provisions	Pensions	Other provisions	Pensions	Other provisions
A. Opening balance		**19,381**	**1,845**	**171,180**		**2,806,887**	**1,845**	**2,997,448**
B. Increases		**33,092**		**57,568**		**277,648**		**368,308**
B.1 Provision for the year		21,733		55,604		201,286		278,623
B.2 Changes due to passage of time						13,679		13,679
B.3 Changes due to changes in discount rate						6,821		6,821
B.4 Other increases		11,359		1,964		55,862		69,185
C. Decreases		**12,693**	**1,845**	**530**		**729,418**	**1,845**	**742,641**
C.1 Use during the year		7,778	1,845	504		324,614	1,845	332,896
C.2 Changes due to changes in discount rate						117,936		117,936
C.3 Other decreases		4,915		26		286,868		291,809
D. Closing balance		**39,780**		**228,218**		**2,355,117**		**2,623,115**

12.4 Provisions - Other provisions

(thousands of euros)

Items	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
2. Other provisions	**39,780**	**228,218**	**2,355,117**	**2,623,115**	**2,997,448**
2.1 Legal disputes	22,191	3,365	717,402	742,958	486,244
2.2 Staff costs:	14,806	10,255	170,579	195,640	184,000
- early retirement			40,791	40,791	53,040
- loyalty bonus			4,169	4,169	4,851
- electricity discount			33,709	33,709	49,008
- other	14,806	10,255	91,910	116,971	77,101
2.3 Other	2,783	214,598	1,467,136	1,684,517	2,327,204

The main contributors to “other provisions for risks and charges", totalling approximately €1,684 million at 31 December 2015, are mainly:

- approximately €514 million to the provision for the dismantling and reclamation of sites, recorded mainly for liabilities that are likely to be incurred to remove the structures and reclaim natural gas storage and transportation sites;
- about €308 million for the reclamation and conservation of property sites, as well as provisions for commitments in respect of contracts. The estimate of the liabilities recognised is based both on technical assessments (relating to the determination of works to be carried out or actions to be taken) and on legal assessments, bearing in mind contractual provisions in force;
- for about €52 million for potential liabilities for contractual guarantees issued to customers in line with market practices and terms and conditions;
- for approximately €46 million to tax disputes.

SECTION 13 - TECHNICAL PROVISIONS - ITEM 130

13.1 Technical provisions: composition

(thousands of euros)	Direct business	Indirect business	Total 31/12/2015	Total 31/12/2014
A. Non-life insurance	**2,708,835**	**97,864**	**2,806,699**	**2,294,435**
A.1 Provision for unearned premiums	2,007,204	89,288	2,096,492	1,647,319
A.2 Provision for outstanding claims	700,713	8,489	709,202	646,200
A.3 Other	918	87	1,005	916
B. Life insurance				
B.1 Mathematical reserves				
B.2 Provision for claims outstanding				
B.3 Other				
C. Technical provisions where the investment risk is borne by the insured				
C.1 Reserves for contracts whose benefits are linked to investment funds and market indices				
C.2 Reserves from the operation of pension funds				
D. Total technical provisions	**2,708,835**	**97,864**	**2,806,699**	**2,294,435**

13.2 Technical provisions: change for the year

(thousands of euros)	31/12/2015	31/12/2014
A. Non-life insurance	**2,806,699**	**2,294,435**
Opening balance	2,294,435	2,461,639
Business combinations		
Change in reserve (+/-)	512,264	(167,204)
B. Life insurance and other technical provisions		
Opening balance		
Business combinations		
Change in premiums		
Change in payments		
Change in income and other bonuses paid to policy holders (+/-)		
Chanhe in exchange rate (+/-)		
Change in other techical reserves (+/-)		
C. Total technical provisions	**2,806,699**	**2,294,435**

SECTION 15 - GROUP EQUITY - ITEMS 140, 170, 180, 190, 210 AND 220

15.1 "Share capital" and "Treasury shares": composition

The share capital of the Parent Company of €3,500,000,000 at 31 December 2015 is fully paid up and is composed of 296,450,000 ordinary shares, without par value.

At 31 December 2015 the Parent Company held treasury shares with a value of €57,220,116.

15.2 Share capital - Number of shares of the Parent Company: change for the year

Items	Ordinary	Other
A. Shares at start of the year	**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 year	296,450,000	
- fully paid	296,450,000	
- partly paid		

15.4 Income reserves: additional information

(thousands of euros)

Items	31/12/2015	31/12/2014
Income reserves	**15,933,788**	**15,538,120**
Legal reserve	700,000	700,000
Other reserves	15,233,788	14,838,120

SECTION 16 - NON-CONTROLLING INTERESTS - ITEM 210

16.1 Detail of item 210 “Non-controlling interests”

(thousands of euros)

Company name	31/12/2015	31/12/2014
Equity investments in consolidated companies with significant minority interests		
1. Terna S.p.A.	3,070,998	3,074,695
2. SNAM S.p.A.	7,952,746	7,368,861
Other equity investments	3,330,719	3,342,509

Other information

1. Guarantees issued and commitments

(thousands of euros)

Operations	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1) Financial guarantees issued	2,377,730		17,789	2,395,519	992,828
a) Banks	1,550,000			1,550,000	
b) Customers	827,730		17,789	845,519	992,828
2) Commercial guarantees issued		1,056	124,439	125,495	134,022
a) Banks		1,056	124,439	125,495	134,022
b) Customers					
3) Irrevocable commitments to disburse funds	18,219,633	32,135	1,980	18,253,748	15,973,149
a) Banks:	413,979			413,979	438,790
i) certain use	413,979			413,979	438,790
ii) uncertain use					
b) Customers:	17,805,654	32,135	1,980	17,839,769	15,534,359
i) certain use	17,805,654		1,980	17,807,634	15,283,467
ii) uncertain use		32,135		32,135	250,892
4) Commitments underlying credit derivatives: sales of protection					
5) Assets pledged as collateral for third-party debts					
6) Other commitments	2,389,230	7,707	1,931,392	4,328,329	2,233,545
Total	**22,986,593**	**40,898**	**2,075,600**	**25,103,091**	**19,333,544**

2. Assets pledged as collateral for own debts and commitments

(thousands of euros)

Portfolios	Banking group	Other entities	31/12/2015	31/12/2014
1. Financial assets held for trading				
2. Financial assets at fair value				
3. Financial assets available for sale	766,000		766,000	1,018,500
4. Financial assets held to maturity	14,518,000		14,518,000	9,798,500
5. Loans to banks	1,035,836		1,035,836	202,273
6. Loans to customers	39,862,303		39,862,303	33,529,964
7. Property, plant and equipment		226,414	226,414	166,527
8. Other assets		488,056	488,056	1,762,085

The assets pledged as collateral for debts of the Banking group refer to the Parent Company and are mainly represented by receivables and securities pledged as collateral in refinancing operations with the ECB. The remainder are securities in repurchase agreements used for funding and receivables pledged as security for loans from the EIB and KfW.
Other assets pledged as collateral refer to the contribution of CDP Immobiliare and consist almost completely of the surety issued by Banca Nuova in favour of the Piedmont region, as a guarantee for the execution and completion of remediation activities in Vitali area - 1st Lot in Turin.

3. Information on operating leases

(thousands of euros)	31/12/2015	31/12/2014
Information from lessee perspective		
Future non-cancellable operating lease payments	**87,019**	**90,938**
Up to 3 months		394
From 3 months to 1 year	20,317	21,233
From 1 year to 5 years	40,784	42,760
More than 5 years	25,918	26,551
Information from lessor perspective		
Future non-cancellable operating lease payments		
Up to 3 months		
From 3 months to 1 year		
From 1 year to 5 years		
More than 5 years		

5. Management and intermediation services

(thousands of euros)	31/12/2015
1. Order execution on behalf of customers	
a) Purchases:	
1. settled	
2. not yet settled	
b) Sales:	
1. settled	
2. not yet settled	
2. Asset management	
a) Individual	
b) Collective	538,429
3. Securities custody and administration	
a) Third-party securities held as part of depository bank services (excluding asset management):	
1. securities issued by consolidated companies	
2. other securities	
b) Other third-party securities on deposit (excluding asset management) - other:	9,682,499
1. securities issued by consolidated companies	
2. other securities	9,682,499
c) Third-party securities deposited with third parties	9,682,499
d) Own securities portfolio deposited with third parties	40,363,612
4. Other	**93,557,785**
Management on behalf of third parties in separate accounts on the basis of specific argreements:	
Postal savings bonds managed on behalf of MEF (1)	70,616,687
Loans transferred to the MEF - Ministerial Decree 5 December 2013 (2)	8,011,164
Payment PA payable - Decree Law 8 April 2013, no. 35 (3)	6,526,753
Funds for Approved and Subsidised Residential Building initiatives (4)	2,943,941
Funds for Regional Agreements and Area Contracts - Law 662/96, article 2, paragraph 207 (4)	569,833
Funds of Public Entities and Other Entities deposited pursuant to Legislative Decree 1058/1919 and Law no. 1041/1971 (4)	823,790
Kyoto Fund (3)	629,130
Funds for Methanisation of Southern Italy - Law 784/80, Law 266/97 and Law 73/98 (4)	201,242
MIUR Student Accomodation - Law 388/00 (4)	130,485
Minimum Environmental Impact Fund (4)	28,497
Residential Construction Mortgages - Law 179/82 article 5 (2)	50
Contributions Fund pursuant to Law 295/73 c/o SIMEST (5)	2,118,782
Revolving Fund pursuant to Law 394/81 c/o SIMEST (5)	718,218
Revolving Fund for Venture Capital Operations (5)	235,218
Start Up Fund (5)	3,995

(1) The figure represents the amount at the reporting date of the financial statements.
(2) The figure represents the remaining principal, at the reporting date of the financial statements, of loans managed on behalf of the MEF.
(3) The figure represents the sum of the remaining principal of the loans disbursed and the remaining funds on the dedicated current accounts, at the reporting date of the financial statements, of loans managed on behalf of the MEF.
(4) The figure represents the remaining balances of the funds on the dedicated current accounts at the reporting date of the financial statements.
(5) The figure shown relates to the total assets of the public subsidised fund.

6. Financial assets offset in the financial statements, or subject to master netting agreements or similar agreements

(thousands of euros) Type	Gross amount of financial assets (A)	Amount of financial assets offset in financial statements (B)	Net amount of financial assets shown in financial statements (C = A - B)	Correlated amounts not offset in financial statements: Financial instruments (D)	Correlated amounts not offset in financial statements: Cash deposits received as guarantee (E)	Net amount 31/12/2015 (F = C - D - E)	Net amount 31/12/2014
1. Derivatives	981,824		981,824	393,381	572,900	15,543	6,400
2. Repurchase agreements	10,508,656		10,508,656	10,508,656			
3. Securities lending							
4. Other							
Total 31/12/2015	**11,490,480**		**11,490,480**	**10,902,037**	**572,900**	**15,543**	**X**
Total 31/12/2014	**28,144,802**		**28,144,802**	**27,624,571**	**513,831**	**X**	**6,400**

The table below shows the placement of the amounts shown in column c) of the table above, in the relevant items of the consolidated balance sheet:

(thousands of euros) Type	Balance sheet items	Net amount of financial assets reported in balance sheet (C = A - B)
1. Derivatives		981,824
	20. Financial assets held for trading	*192,446*
	80. Hedging derivatives	*789,378*
2. Repurchase agreements		10,508,656
	60. Loans to banks	*5,343,153*
	70. Loans to customers	*5,165,503*
3. Stock lending		
4. Other		

For details of the valuation criteria used for the financial assets shown in the table above, see Part A.

7. Financial liabilities offset in the financial statements, or subject to master netting agreements or similar agreements

(thousands of euros) Type	Gross amount of financial liabilities (A)	Amount of financial liabilities offset in financial statements (B)	Net amount of financial liabilities shown in financial statements (C = A - B)	Correlated amounts not offset in financial statements: Financial instruments (D)	Correlated amounts not offset in financial statements: Cash deposits pledged (E)	Net amount 31/12/2015 (F = C - D - E)	Net amount 31/12/2014
1. Derivatives	611,451		611,451	393,382	217,662	407	6,782
2. Repurchase agreements	6,680,149		6,680,149	6,568,589	111,560		
3. Stock lending							
4. Other							
Total 31/12/2015	**7,291,600**		**7,291,600**	**6,961,971**	**329,222**	**407**	**X**
Total 31/12/2014	**4,303,497**		**4,303,497**	**2,327,468**	**1,969,247**	**X**	**6,782**

The table below shows the placement of the amounts shown in column c) of the table above, in the relevant items of the consolidated balance sheet:

(thousands of euros) Type	Balance sheet items	Net amount of financial liabilities reported in balance sheet (C = A - B)
1. Derivatives		611,451
	10. Due to banks	*2,213*
	20. Due to customers	*1,811*
	40. Financial liabilities held for trading	*72,180*
	60. Hedging derivatives	*535,247*
2. Repurchase agreements		6,680,149
	10. Due to banks	*2,270,553*
	20. Due to customers	*4,409,596*
3. Stock lending		
4. Other		

For details of the valuation criteria used for the financial liabilities shown in the table above, see Part A.

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

SECTION 1 - INTEREST - ITEMS 10 AND 20

1.1 Interest income and similar revenues: composition

(thousands of euros)

Items/Type	Debt securities	Loans	Other	31/12/2015	31/12/2014
1. Financial assets held for trading	3,425			3,425	8,914
2. Financial assets at fair value	3,004			3,004	2,889
3. Financial assets available for sale	79,001			79,001	108,671
4. Financial assets held to maturity	972,843		3	972,846	985,960
5. Loans to banks		322,248	2	322,250	373,403
6. Loans to customers	162,868	4,506,365	29,193	4,698,426	5,677,275
7. Hedging derivatives	X	X	26,657	26,657	
8. Other assets	X	X	25,049	25,049	32,376
Total	**1,221,141**	**4,828,613**	**80,904**	**6,130,658**	**7,189,488**

Interest income for 2015 was generated primarily by the Parent Company and arises from:
- interest income on loans to banks and customers, equal to around €5,021 million, of which interest income accrued on cash and cash equivalents held at the central State Treasury, account no. 29814, for approximately €898 million;
- interest income on debt securities amounted to about €1,146 million.

1.2 Interest income and similar revenues: differences on hedging transactions

(thousands of euros)	2015	2014
A. Positive differences on hedging transactions	250,219	
B. Negative differences on hedging transactions	(223,562)	
C. Balance (A - B)	**26,657**	

1.3 Interest income and similar revenues: additional information

1.3.1 Interest income financial assets in foreign currency

The item includes interest income accrued on foreign currency of about €21,303 thousand.

1.3.2 Interest income on non-performing assets

The item includes interest income accrued on non-performing assets of about €12,432 thousand.

1.4 Interest expense and similar charges: composition

(thousands of euros)

Items/Type	Payables	Securities	Other	31/12/2015	31/12/2014
1. Due to central banks	3,296	X		3,296	25,067
2. Due to banks	152,259	X		152,259	159,573
3. Due to customers	4,473,014	X		4,473,014	5,133,049
4. Securities issued	X	882,362		882,362	802,902
5. Financial liabilities held for trading					
6. Financial liabilities at fair value					873
7. Other liabilities and provisions	X	X	68,926	68,926	20,173
8. Hedging derivatives	X	X			122,708
Total	**4,628,569**	**882,362**	**68,926**	**5,579,857**	**6,264,345**

Interest expense at 31 December 2015 related mainly to:

- remuneration of the Parent Company's postal funding, amounting to approximately €4,497 million;
- interest expense on securities issued by industrial companies, equal to around €565 million, and by the Parent Company, equal to €298 million.

Interest on amounts due to central banks regards financing from the ECB.
The sub-item Other liabilities and provisions includes, *inter alia*, interest accrued on financial assets that, due to negative remuneration, gave rise to a charge (interest expense).

1.5 Interest expense and similar charges: differences on hedging transactions

(thousands of euros)

Items	31/12/2015	31/12/2014
A. Positive differences on hedging transactions		243,046
B. Negative differences on hedging transactions		365,754
C. Balance (A - B)		**(122,708)**

SECTION 2 - COMMISSIONS - ITEMS 40 AND 50

2.1 Commission income: composition

(thousands of euros)

Type of services	31/12/2015	31/12/2014
a) Guarantees issued	11,854	6,552
b) Credit derivatives		
c) Management, intermediation and advisory services:	2,351	9,939
1. Trading of financial instruments		
2. Trading of currencies		
3. Management of portfolios:	2,351	9,939
3.1 individual		
3.2 collective	2,351	9,939
4. Custody and administration of securities		
5. Custodian bank		
6. Placement of securities		
7. Receipt and transmission of orders		
8. Advisory services:		
8.1 For investments		
8.2 For structured finance		
9. Distribution of third party services:		
9.1 Management of portfolios:		
9.1.1 individual		
9.1.2 collective		
9.2 Insurance products		
9.3 Other products		
d) Collection and payment services		
e) Servicing for securitisations		
f) Factoring services	8,553	11,067
g) Collection services		
h) Management multilateral trading systems		
i) Maintenance and management of current accounts		
j) Other services	65,695	65,065
Total	**88,453**	**92,623**

Commission income accrued by the Parent Company during the year mainly relates to lending activities, in the amount of about €44.7 million.
Also contributing to this item were the commission income accrued by the Parent Company of €2.6 million relating to the agreements signed with the Ministry for the Economy and Finance in respect of assets and liabilities transferred to the MEF pursuant to article 3 of Italian Ministerial Decree of 5 December 2003, and commission income totalling about €1.7 million relating to the management of the Kyoto Fund and the Revolving Fund supporting enterprises and investment in research (FRI), as well as other services provided.
The balance also includes commission income of €18.7 million received by the subsidiary SIMEST for the management of Public Funds, as well as €8.5 million for commission for services related to factoring transactions of the subsidiary SACE and commission income of €2.3 million accrued by the subsidiary CDPI SGR for the performance of its own institutional portfolio management activity.
Commission income of around €11.8 million was accrued by the Parent Company on guarantees given.

2.2 Commission expense: composition

(thousands of euros)

Services	31/12/2015	31/12/2014
a) Guarantees received	12,722	19,191
b) Credit derivatives		
c) Management and intermediation services:	1,635,232	1,689,743
1. Trading of financial instruments		
2. Trading of currencies		
3. Management of portfolios:		
3.1 Own portfolio		
3.2 Third-party portfolio		
4. Custody and administration of securities		
5. Placement of financial instruments	1,635,232	1,689,743
6. Door-to-door selling of financial instruments, products and services		
d) Collection and payment services	3,422	2,017
e) Other services	13,576	14,293
Total	**1,664,952**	**1,725,244**

Commission expense is almost exclusively attributable to the Parent Company and regards the charge for the period, equal to about €1,610.4 million, of the remuneration paid to Poste Italiane S.p.A. for managing postal funding products.
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.

SECTION 3 - DIVIDENDS AND SIMILAR REVENUES - ITEM 70

3.1 Dividends and similar revenues: composition

(thousands of euros)	31/12/2015		31/12/2014	
Items	Dividends	Units in collective investment undertakings	Dividends	Units in collective investment undertakings
A. Financial assets held for trading	880		1,243	
B. Financial assets available for sale	575	6,346	32,109	4,506
C. Financial assets at fair value				
D. Equity investments	1,339	X		X
Total	**2,794**	**6,346**	**33,352**	**4,506**

SECTION 4 - NET GAIN (LOSS) ON TRADING ACTIVITIES - ITEM 80

4.1 Net gain (loss) on trading activities: composition

(thousands of euros) Type of operations/P&L items	Capital gains (A)	Profits on trading (B)	Capital Losses (C)	Losses on trading (D)	Net gain (loss) [(A + B) - (C + D)]
1. Financial assets held for trading	**47,090**	**19,425**	**39,538**	**752**	**26,225**
1.1 Debt securities	12,651	46	84	12	12,601
1.2 Equity securities	1,430	14,847	19,485	417	(3,625)
1.3 Units in collective investment undertakings	33,009	4,532	19,969	323	17,249
1.4 Loans					
1.5 Other					
2. Financial liabilities held for trading					
2.1 Debt securities					
2.2 Paybales					
2.3 Other					
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**123,755**
4. Derivatives	**102,141**	**178,717**	**51,553**	**111,304**	**488,576**
4.1 Financial derivatives:	102,141	178,717	51,553	111,304	488,576
- on debt securities and interest rates	13,246	73,042	13,214	9,259	63,815
- on equity securities and equity indices	88,895	105,675	34,949	101,576	58,045
- on currencies and gold	X	X	X	X	370,575
- other			3,390	469	(3,859)
4.2 Credit derivatives					
Total	**149,231**	**198,142**	**91,092**	**112,056**	**638,556**

Net gain (loss) on trading activities is mainly due to the contribution of the Insurance group companies, equal to €614 million, of which €171 million relating to currency exchange differences.

The Parent Company's contribution was €69.7 million (of which -€5.7 million for exchange rate differences) and was mainly attributable to a swap previously classed as hedging, which, as a result of no longer passing the efficiency test after renegotiation of the loan hedged, was reclassified to trading and subsequently extinguished. In the period between the renegotiation date of the loan and the termination date of the swap, the derivative recorded a positive change in fair value of around €56 million. The remainder, amounting to €13.1 million, relates to operational hedges of the embedded option in the Premia and Indexed postal savings bonds established with the purchase of options mirroring the exposure.

The Fincantieri group provides a negative contribution of €99.4 million, due to derivatives (€54 million) and exchange rate differences on financial assets and liabilities in foreign currency (€45.3 million).

SECTION 5 - NET GAIN (LOSS) ON HEDGING ACTIVITIES - ITEM 90

5.1 Net gain (loss) on hedging activities: composition

(thousands of euros)

Items/P&L items	31/12/2015	31/12/2014
A. Income deriving from:		
A.1 Fair value hedges	452,480	598,669
A.2 Hedged financial assets (fair value)	127,999	1,044,150
A.3 Hedged financial liabilities (fair value)	95,844	23,202
A.4 Cash flow hedges	50	
A.5 Assets and liabilities in foreign currencies	37,935	31,494
Total income on hedging activities (A)	**714,308**	**1,697,515**
B. Expense on:		
B.1 Fair value hedges	216,503	1,078,249
B.2 Hedged financial assets (fair value)	339,216	7,585
B.3 Hedged financial liabilities (fair value)	116,634	617,683
B.4 Cash flow hedges	6,688	223
B.5 Assets and liabilities in foreign currencies	37,969	31,351
Total expense on hedging activities (B)	**717,010**	**1,735,091**
C. Net gain (loss) on hedging activities (A - B)	**(2,702)**	**(37,576)**

SECTION 6 - GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

6.1 Gains (losses) on disposal or repurchase: composition

(thousands of euros)

	31/12/2015			31/12/2014		
Items/P&L items	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Loans to banks	245		245	492		492
2. Loans to customers	72,567	(3,887)	68,680	58,622	(287)	58,335
3. Financial assets available for sale:	471,479		471,479	436,209		436,209
3.1 Debt securities	332,692		332,692	340,693		340,693
3.2 Equity securities	138,787		138,787	95,516		95,516
3.3 Units in collective investment undertakings						
3.4 Loans						
4. Financial assets held to maturity	10		10			
Total assets	**544,301**	**(3,887)**	**540,414**	**495,323**	**(287)**	**495,036**
Financial liabilities						
1. Due to banks						
2. Due to customers						
3. Securities issued						
Total liabilities						

The balance of the amount is mainly due to the Parent Company and refers primarily to income accrued for the trading of debt securities allocated to financial assets available for sale. The income accrued following the sale of debt securities recorded as loans to customers and the penalties received by customers for the early redemption of loans are the residual contribution of the Parent Company.
Finally, the item includes the gain resulting from the sale of 2.57% of Generali by the subsidiary FSI, equal to €136 million.

SECTION 7 - NET GAIN (LOSS) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE - ITEM 110

7.1 Net change in value of financial assets and liabilities at fair value : composition

(thousands of euros)	Gains	Realised profits	Losses	Realised losses	Net gain (loss)
1. Financial assets	**63,216**				**63,216**
1.1 Debt securities	63,216				63,216
1.2 Equity securities					
1.3 Units in collective investment undertakings					
1.4 Loans					
2. Financial liabilities					
2.1 Debt securities					
2.2 Due to banks					
2.3 Due to customers					
3. Foreign currency financial assets and liabilities	X	X	X	X	
4. Credit and financial derivatives					
Total	**63,216**				**63,216**

SECTION 8 - NET IMPAIRMENT ADJUSTMENTS - ITEM 130

The balance, totalling €116.1 million, refers to the net balance between writedowns and writebacks on loans 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.

8.1 Net impairment adjustments of loans: composition

	Writedowns			Writebacks				31/12/2015	31/12/2014
	Specific		Portfolio	Specific		Portfolio			
(thousands of euros) Type of operation/P&L items	Writeoffs	Other		From interest	Other writebacks	From interest	Other writebacks		
A. Loans to banks			**(4,847)**				**8**	**(4,839)**	**(3,919)**
Loans			(4,847)				8	(4,839)	(3,919)
Debt securities									
B. Loans to customers	**(159)**	**(57,776)**	**(72,857)**	**174**	**8,166**		**7,620**	**(114,832)**	**(120,842)**
Impaired loans acquired:									
- loans			X			X	X		
- debt securities			X			X	X		
Other receivables:									
- loans	(159)	(56,528)	(72,514)	174	8,166		7,620	(113,241)	(116,245)
- debt securities		(1,248)	(343)					(1,591)	(4,597)
C. Total	**(159)**	**(57,776)**	**(77,704)**	**174**	**8,166**		**7,628**	**(119,671)**	**(124,761)**

8.2 Net impairment losses on financial assets available for sale: composition

	Writedowns		Writebacks		31/12/2015	31/12/2014
	Specific		Specific			
(thousands of euros) Type of operation/P&L items	Writeoffs	Other	From interest	Other writebacks		
A. Debt securities						
B. Equity securities		(177)	X	X	(177)	(23,243)
C. Units in collective investment undertakings		(2,458)	X		(2,458)	
D. Loans to banks						
E. Loans to customers						
F. Total		**(2,635)**			**(2,635)**	**(23,243)**

8.4 Net impairment adjustments of other financial transactions: composition

	Writedowns			Writebacks				31/12/2015	31/12/2014
(thousands of euros)	Specific		Portfolio	Specific		Portfolio			
Type of operation/P&L items	Writeoffs	Other		From interest	Other writebacks	From interest	Other writebacks		
A. Guarantees issued					45		18	63	(332)
B. Credit derivatives									
C. Commitments to disburse funds		(298)	(419)		5,057		1,823	6,163	(17,382)
D. Other operations									
E. Total		**(298)**	**(419)**		**5,102**		**1,841**	**6,226**	**(17,714)**

SECTION 9 - NET INSURANCE PREMIUMS - ITEM 150

9.1 Net insurance premiums: composition

(thousands of euros)	Direct work	Indirect work	Total 31/12/2015	Total 31/12/2014
A. Life insurance				
A.1 Gross premium income recognised (+)				
A.2 Premiums transferred to reinsurance (-)	2,839	X	2,839	
A.3 Total	2,839		2,839	
B. Non-life insurance				
B.1 Gross premium income recognised (+)	492,136	33,971	526,107	376,328
B.2 Premiums transferred to reinsurance (-)	(104,370)	X	(104,370)	(29,605)
B.3 Change in gross amount of provision for unearned premiums (+/-)	(408,324)	(25,636)	(433,960)	25,096
B.4 Change in reinsurer's share of provision for unearned reserves (-/+)	123,231	69	123,300	7,252
B.5 Total	102,673	8,404	111,077	379,071
C. Total net premium income	**105,512**	**8,404**	**113,916**	**379,071**

SECTION 10 - OTHER NET INSURANCE INCOME (EXPENSE) - ITEM 160

10.1 Other net insurance income (expense): composition

(thousands of euros)	31/12/2015	31/12/2014
1. Net change in technical provisions	(5,384)	(18)
2. Claims accrued and paid during the year	(173,675)	131,916
3. Other net profit (loss) on insurance operations	(6,016)	(7,903)
Total	**(185,075)**	**123,995**

10.2 Breakdown of sub-item "Net change in reserves"

(thousands of euros)	31/12/2015	31/12/2014
1. Life insurance		
A. Mathematical reserves		
A.1 Gross annual amount		
A.2 (-) Amounts borne by reinsurers		
B. Other technical provisions		
B.1 Gross annual amount		
B.2 (-) Amounts borne by reinsurers		
C. Technical provisions where the investment risk is borne by the insured		
C.1 Gross annual amount		
C.2 (-) Amounts borne by reinsurers		
Total "Life insurance reserves"		
2. Non-life insurance	**(5,384)**	**(18)**
Changes in other technical provisions for non-life insurance other the claims provisions net of cessions in reinsurance	(5,384)	(18)

10.3 Breakdown of sub-item "Claims accrued during the year"

(thousands of euros)	31/12/2015	31/12/2014
Life insurance: expenses for claims, net of cessions in reinsurance		
A. Amounts paid		
A.1 Gross annual amount		
A.2 (-) Amounts borne by reinsurers		
B. Change in the reserve for sums to be paid		
B.1 Gross annual amount		
B.2 (-) Amounts borne by reinsurers		
Total life insurance claims		
Non-life insurance: expenses for claims, net of recoveries and cessions in reinsurance		
C. Amounts paid	(281,896)	(373,520)
C.1 Gross annual amount	(296,513)	(404,145)
C.2 (-) Amounts borne by reinsurers	14,617	30,625
D. Change in recoveries net of amounts borne by reinsurers	188,700	366,166
E. Changes in claims reserve	(80,479)	139,270
E.1 Gross annual amount	(61,404)	143,877
E.2 (-) Amounts borne by reinsurers	(19,075)	(4,607)
Total non-life insurance claims	**(173,675)**	**131,916**

10.4 Breakdown of sub-item "Other net insurance income (expense)"

(thousands of euros)	31/12/2015	31/12/2014
Life insurance		
Other gains		
Other losses		
Non-life insurance	**(6,016)**	**(7,903)**
Other gains	8,211	17,599
Other losses	(14,227)	(25,502)
Total	**(6,016)**	**(7,903)**

SECTION 11 - ADMINISTRATIVE EXPENSES - ITEM 180

11.1 Staff costs: composition

(thousands of euros)

Type of expenses	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
1) Employees	**73,048**	**70,186**	**1,550,575**	**1,693,809**	**1,667,491**
a) Wages and salaries	51,401	41,619	1,034,525	1,127,545	1,103,590
b) Social security costs	171	8,534	141,090	149,795	155,219
c) Staff severence pay	12	857	22,547	23,416	27,778
d) Pension costs	13,253	3,726	209,815	226,794	215,112
e) Allocation to staff severance pay	1,870	344	4,227	6,441	8,537
f) Allocation to provision for post-employment benefits:					
- defined contribution					
- defined benefit					
g) Payments to external supplementary pensions funds:	2,015	2,691	43,939	48,645	51,675
- defined contribution	2,015	2,691	41,572	46,278	49,129
- defined benefit			2,367	2,367	2,546
h) Costs arising from share-based payment arrangements					
i) Other employee benefits	4,326	12,415	94,432	111,173	105,580
2) Other personnel in service	**919**	**590**	**5,372**	**6,881**	**5,789**
3) Board of Directors and Board of Statutory Auditors	**3,345**	**667**	**15,827**	**19,839**	**13,727**
4) Retired personnel					
Total	**77,312**	**71,443**	**1,571,774**	**1,720,529**	**1,687,007**

11.2 Average number of employees by category

	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Employees	**646**	**713**	**31,605**	**32,964**	**32,745**
a) Senior management	55	46	612	713	675
b) Middle management	290	282	8,507	9,079	8,779
- *of which grade 3rd and 4th*	*163*		*664*	*827*	*786*
c) Other employees	301	385	22,486	23,172	23,291
Other personnel	**14**		**37**	**51**	**24**

11.4 Other employee benefits

(thousands of euros)

Type of expenses/Figures	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Food coupons	1,017	1,058	560	2,635	1,671
Insurance policies	1,748	2,583	1,689	6,020	4,903
Lump sum repayments		41		41	1,138
Contributions to mortgage loan interest	147	495		642	615
Leaving incentives	988	4,689	19,300	24,977	54,796
Energy bonus			1,886	1,886	1,941
Length of service bonuses			17,167	17,167	2,747
Other benefits	426	3,549	53,830	57,805	37,769
Total	**4,326**	**12,415**	**94,432**	**111,173**	**105,580**

11.5 Other administrative expenses: composition

(thousands of euros)

Type of expenses/Figures	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
IT costs	21,451	6,453	119,415	147,319	147,352
General services	7,883	5,049	3,593,787	3,606,719	3,387,601
Professional and financial services	11,676	6,799	344,084	362,559	386,268
Publicity and marketing expenses	9,115	2,251	22,092	33,458	36,448
Other personnel-related expenses	1,491	2,396	29,892	33,779	33,644
Utilities, duties and other expenses	6,279	6,756	219,388	232,423	227,230
Information resources and databases	1,809	4,849	468	7,126	6,590
Corporate bodies	505		486	991	921
Total	**60,209**	**34,553**	**4,329,612**	**4,424,374**	**4,226,054**

The following table reports the fees paid for statutory auditing and non-audit services.

	PricewaterhouseCoopers		Ernst & Young	Other auditors	Total
(thousands of euros) Type	Parent company	Other Group companies	Other Group companies	Other Group companies	
Auditing	844	3,746	1,037		5,627
Certification services	110	259	415	4	788
Tax consultancy services		19			19
Other services		213			213
Total	**954**	**4,237**	**1,452**	**4**	**6,647**

SECTION 12 - NET PROVISIONS - ITEM 190

12.1 Net provisions: composition

(thousands of euros)

Type	Accruals	Reversal of excess	31/12/2015
Net provisions for legal disputes	(30,060)	16,583	(13,477)
Net provisions for sundry expenses for personnel	(11,080)	4,826	(6,254)
Net provisions for tax disputes	(5,360)	39	(5,321)
Net sundry provisions	(207,653)	97,412	(110,241)
Total	**(254,153)**	**118,860**	**(135,293)**

12.1 of which: pertaining to the Banking group

(thousands of euros)

Type	Accruals	Reversal of excess	31/12/2015
Net provisions for legal disputes	(20,788)	2,360	(18,428)
Net provisions for sundry expenses for personnel			
Net provisions for tax disputes			
Net sundry provisions	(58)		(58)
Total	**(20,846)**	**2,360**	**(18,486)**

12.1 of which: pertaining to the Insurance group

(thousands of euros) Type	Accruals	Reversal of excess	31/12/2015
Net provisions for legal disputes	(1,599)	177	(1,422)
Net provisions for sundry expenses for personnel	(6,380)		(6,380)
Net provisions for tax disputes	(334)		(334)
Net sundry provisions	(47,291)		(47,291)
Total	**(55,604)**	**177**	**(55,427)**

12.1 of which: pertaining to Other entities

(thousands of euros) Type	Accruals	Reversal of excess	31/12/2015
Net provisions for legal disputes	(7,673)	14,046	6,373
Net provisions for sundry expenses for personnel	(4,700)	4,826	126
Net provisions for tax disputes	(5,026)	39	(4,987)
Net sundry provisions	(160,304)	97,412	(62,892)
Total	**(177,703)**	**116,323**	**(61,380)**

SECTION 13 - NET ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT - ITEM 200

13.1. Net adjustments of property, plant and equipment: composition

(thousands of euros) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
A.1 Owned:	(1,258,452)	(53,451)		(1,311,903)
- for operations	(1,258,452)	(53,136)		(1,311,588)
- for investment		(315)		(315)
A.2 Acquired under finance leases:	(9,038)			(9,038)
- for operations	(9,038)			(9,038)
- for investment				
Total	**(1,267,490)**	**(53,451)**		**(1,320,941)**

13.1 of which: pertaining to the Banking group

(thousands of euros) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
A.1 Owned:	(4,597)			(4,597)
- for operations	(4,597)			(4,597)
- for investment				
A.2 Acquired under finance leases:				
- for operations				
- for investment				
Total	**(4,597)**			**(4,597)**

13.1 of which: pertaining to the Insurance group

(thousands of euros) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Property, plant and equipment				
A.1 Owned:	(1,804)	(25,290)		(27,094)
- for operations	(1,804)	(25,290)		(27,094)
- for investment				
A.2 Acquired under finance leases:				
- for operations				
- for investment				
Total	**(1,804)**	**(25,290)**		**(27,094)**

13.1 of which: pertaining to Other entities

(thousands of euros) Assets/P&L items	Depreciation (A)	Impairment adjustments (B)	Writebacks (C)	Risultato netto (A + B - C)
A. Property, plant and equipment				
A.1 Owned:	(1,252,051)	(28,161)		(1,280,212)
- for operations	(1,252,051)	(27,846)		(1,279,897)
- for investment		(315)		(315)
A.2 Acquired under finance leases:	(9,038)			(9,038)
- for operations	(9,038)			(9,038)
- for investment				
Total	**(1,261,089)**	**(28,161)**		**(1,289,250)**

SECTION 14 - NET ADJUSTMENTS OF INTANGIBLE ASSETS - ITEM 210

14.1 Net adjustments of intangible assets: composition

(thousands of euros) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
A.1 Owned:	(504,015)			(504,015)
- internally generated by the company	(21,101)			(21,101)
- other	(482,914)			(482,914)
A.2 Acquired under finance leases				
Total	**(504,015)**			**(504,015)**

14.1 of which: pertaining to the Banking group

(thousands of euros) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
A.1 Owned:	(2,280)			(2,280)
- internally generated by the company				
- other	(2,280)			(2,280)
A.2 Acquired under finance leases				
Total	**(2,280)**			**(2,280)**

14.1 of which: pertaining to the Insurance group

(thousands of euros) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
A.1 Owned:	(1,767)			(1,767)
- internally generated by the company	(1,379)			(1,379)
- other	(388)			(388)
A.2 Acquired under finance leases				
Total	**(1,767)**			**(1,767)**

14.1 of which: pertaining to Other entities

(thousands of euros) Assets/P&L items	Amortisation (A)	Impairment adjustments (B)	Writebacks (C)	Net result (A + B - C)
A. Intangible assets				
A.1 Owned:	(499,968)			(499,968)
- internally generated by the company	(19,722)			(19,722)
- other	(480,246)			(480,246)
A.2 Acquired under finance leases				
Total	**(499,968)**			**(499,968)**

SECTION 15 - OTHER OPERATING INCOME (COSTS) - ITEM 220

15.1 Other operating costs: composition

(thousands of euros) Type of expenses/Figures	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Other costs from expense cycle					
Settlements for lawsuits					
Depreciation of leasehold improvements			1,066	1,066	860
Other	23,854	5,964	227,453	257,271	214,987
Total	**23,854**	**5,964**	**228,519**	**258,337**	**215,847**

15.2 Other operating income: composition

(thousands of euros)

Type of expenses/Figures	Banking group	Insurance group	Other entities	31/12/2015	31/12/2014
Income for company engagements to employees	247		1,139	1,386	710
Recovery of expenses	222	160	16,133	16,515	
Rental income and other income from property management		799	69,826	70,625	26,771
Revenues from industrial management			10,177,017	10,177,017	10,172,319
Other	1,037	8,252	56,996	66,285	86,936
Total	**1,506**	**9,211**	**10,321,111**	**10,331,828**	**10,286,736**

Revenues from industrial operations mainly derive from:
- Fincantieri in the amount of €4,129 million;
- SNAM, in the amount of €3,966 million;
- Terna in the amount of €2,081 million.

Revenue from real estate operations is primarily attributable to CDP Immobiliare.

SECTION 16 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 240

16.1 Gains (losses) on equity investments: composition

(thousands of euros)

P&L items/Sectors	31/12/2015	31/12/2014
1. Joint ventures		
A. Income	73,467	205,509
1. Writebacks	43,609	133,152
2. Gains on disposal	29,858	
3. Writebacks		
4. Other		72,357
B. Expenses	(17,534)	(16,894)
1. Impairment	(14,714)	(4,935)
2. Writedowns for impairment	(2,820)	(11,673)
3. Losses on disposal		
4. Other		(286)
Net gain (loss)	**55,933**	**188,615**
2. Enterprises subject to significant influence		
A. Income	155,209	406,070
1. Writebacks	145,168	401,490
2. Gains on disposal		1,963
3. Writebacks	178	205
4. Other	9,863	2,412
B. Expenses	(2,553,594)	(299)
1. Impairment	(2,488,821)	(298)
2. Writedowns for impairment	(64,773)	
3. Losses on disposal		(1)
4. Other		
Net gain (loss)	**(2,398,385)**	**405,771**
Total	**(2,342,452)**	**594,386**

The main effects from valuation at equity of companies subject to significant influence or joint ventures relate to investments in:
- ENI, written down by -€2,483 million;
- TAG, written up by €73 million,
- SIA, written up by €29 million;

- TIGF Holding S.A.S., written up by €23 million;
- Toscana Energia, written up by €20 million.

Writedowns for impairment, amounting to €65 million, are referred to the investee Trevi Finanziaria Industriale S.p.A.

SECTION 19 - GAINS (LOSSES) ON THE DISPOSAL OF INVESTMENTS - ITEM 270

19.1 Gains (losses) on disposal of investments - Item 270

(thousands of euros)

P&L Items/Sectors	31/12/2015	31/12/2014
A. Land and buildings	**443**	**320**
Gains on disposal	443	320
Losses on disposal		
B. Other assets	**(13,369)**	**2,562**
Gains on disposal	3,385	4,123
Losses on disposal	(16,754)	(1,561)
Net gain (loss)	**(12,926)**	**2,882**

SECTION 20 - INCOME TAX FOR THE PERIOD ON CONTINUING OPERATIONS - ITEM 290

20.1 Income tax for the period on continuing operations: composition

(thousands of euros)

P&L Items/Sectors	31/12/2015	31/12/2014
1. Current taxes (-)	(1,174,919)	(1,386,177)
2. Change in current taxes from previous years (+/-)	19,019	19,993
3. Reduction of current taxes for the year (+)	58	
3.*bis* Reduction of current income taxes for the year due to tax credits pursuant to Law 214/2011 (+)		
4. Change in deferred tax assets (+/-)	80,076	(121,601)
5. Change in deferred tax liabilities (+/-)	561,243	816,634
6. Taxes for the year (-) (-1 +/- 2 + 3 + 3.*bis* +/- 4 +/- 5)	**(514,523)**	**(671,151)**

Deferred tax assets and liabilities variances resulted mainly from the impact of the reduction of the IRES rate from 27.5% to 24%, effective from 1 January 2017, introduced by the 2016 Stability Law (Italian Law no. 208 of 28 December 2015, article 1, paragraphs 61-64).

20.2 Reconciliation of theoretical tax liability and actual tax liability recognised

(thousands of euros)	31/12/2015	Tax rate
Income (loss) before taxes	**(351,352)**	
IRES - Theoretical tax liability (27.5% rate)	**96,622**	**-27.50%**
Increases in taxes		
Non-deductible interest expense	(56,194)	15.99%
Writedowns of equity investments	(744,635)	n.s.
Other non-deductible costs	(263,936)	n.s.
Adjustments on receivables (+)	(47,100)	13.41%
Non-deductible temporary differences	(201,458)	n.s.
Non-deductible permanent differences	(72,984)	n.s.
Additional IRES ("Robin Hood tax")	(10,636)	3.03%
Effect of different foreign tax rates (+)	(64,597)	18.39%
Decreases in taxes		
Dividends 95% exempt	92,374	-26.29%
Ace benefit	48,725	-13.87%
Exchange difference	53,508	-15.23%
Non taxable income	11,542	-3.29%
Use of accruals	69,537	-19.79%
Other changes	119,923	-34.13%
IRES - Actual tax liability	**(969,309)**	**n.s.**

	31/12/2015	Tax rate
IRAP - Tax amount	**3,720,008**	
IRAP - Theoretical tax liability (5.57% rate)	**(207,204)**	**-5.57%**
Increases in taxes		
Non-deductible interest 4%	(19,242)	-0.52%
Other non-deductible costs	(24,605)	-0.66%
Different regional rate	(2,496)	-0.07%
Decreases in taxes		
Costs deductible in previous years	865	0.02%
Deductible costs for staff costs	8,146	0.22%
Different regional rate	34,129	0.92%
Other decreases	4,797	0.13%
IRAP - Actual tax liability	**(205,610)**	**-5.53%**

SECTION 21 - INCOME (LOSS) AFTER TAX OF DISPOSAL GROUPS HELD FOR SALE - ITEM 310

21.1 Income (loss) after tax on disposal groups held for sale: composition

(thousands of euros)

P&L Items/Sectors	31/12/2015	31/12/2014
1. Income		1,299,094
2. Expenses		(1,249,635)
3. Results of valuations of the disposal groups and associated liabilities		72,979
4. Gains (losses) on disposal		66,382
5. Duties and taxes	7,283	(26,640)
Net income (loss)	**7,283**	**162,180**

21.2 Breakdown of income taxes on disposal groups held for sale

(thousands of euros)	31/12/2015	31/12/2014
1. Current tax (-)	7,283	(32,307)
2. Change in deferred tax assets (+/-)		(5,015)
3. Change in deferred tax liabilities (+/-)		10,682
4. Income taxes for the year (-1 +/- 2 +/- 3)	**7,283**	**(26,640)**

SECTION 22 - NET INCOME (LOSS) FOR THE YEAR PERTAINING TO NON-CONTROLLING INTERESTS - ITEM 330

22.1 Breakdown of item 330 "Net income (loss) pertaining to non-controlling interests"

(thousands of euros)

Company name	31/12/2015	31/12/2014
Equity investments in consolidated companies with significant third party interests		
1. Terna S.p.A.	514,801	466,674
2. SNAM S.p.A.	1,002,673	986,594
Other equity investments	**(128,292)**	**47,392**
Total	**1,389,182**	**1,500,660**

Net income pertaining to non-controlling interests amounts to €1,389,182 thousand.

PART D - CONSOLIDATED COMPREHENSIVE INCOME

DETAILED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(thousands of euros)

Items		Gross amount	Income taxes	Net amount
10.	**Income (loss) for the period**	**X**	**X**	**(858,592)**
	Other comprehensive income not transferred to income statement			**25,458**
20.	Property, plant and equipment			
30.	Intangible assets			
40.	Defined benefit	22,318	(4,192)	18,126
50.	Non-current assets held for sale			
60.	Share of valuation reserves of equity investments accounted for using equity method	7,332		7,332
	Other comprehensive income transferred to income statement	**788,569**	**68,224**	**856,793**
70.	Hedging of foreign investments			
	a) Fair value changes			
	b) Transfer to income statement			
	c) Other changes			
80.	Exchange rate differences	15,105		15,105
	a) Changes in value	15,105		15,105
	b) Transfer to income statement			
	c) Other changes			
90.	Cash flow hedges	2,655	6,136	8,791
	a) Fair value changes	2,655	6,136	8,791
	b) Transfer to income statement			
	c) Other changes			
100.	Financial assets available for sale	(340,431)	62,088	(278,343)
	a) Fair value changes	46,815	(14,724)	32,091
	b) Transfer to income statement:	(387,246)	76,812	(310,434)
	- impairment adjustments			
	- gains (losses) on disposal	(387,246)	76,812	(310,434)
	c) Other changes			
110.	Non-current assets held for sale			
	a) Changes in value			
	b) Transfer to income statement			
	c) Other changes			
120.	Share of valuation reserves of equity investments accounted for using equity method	1,111,240		1,111,240
	a) Fair value changes	1,111,240		1,111,240
	b) Transfer to income statement:			
	- impairment adjustments			
	- gains (losses) on disposal			
	c) Other changes			
130.	**Total other comprehensive income**	**818,219**	**64,032**	**882,251**
140.	**Comprehensive income (items 10 + 130)**	**X**	**X**	**23,659**
150.	Consolidated comprehensive income pertaining to non-controlling interests	X	X	1,417,899
160.	**Consolidated comprehensive income pertaining to shareholders of the Parent Company**	**X**	**X**	**(1,394,240)**

PART E - INFORMATION ON RISKS AND RELATED HEDGING POLICIES

Within CDP's organizational structure, the Chief Risk Officer (CRO), who reports directly to the Chief Executive Officer (CEO), is responsible for the governance of all types of risk and the clear representation to the top management and to the Board of Directors of CDP's overall risk profile and solidity. As part of this mandate, the CRO coordinates the activities of the Risk Management and Anti-Money Laundering (RMA) Area, of the Compliance Service and of the Credit Area. RMA is responsible for supporting the CRO with the governance and monitoring of all types of risks, rendering transparent CDP's overall risk profile and the capital requirements associated with each category of risk.
These risk categories are defined in the Risk Policy approved by the Board of Directors in 2010, as subsequently updated according to needs, and comprise market risks (which includes equity risk, interest rate risk, inflation risk and exchange rate risk), liquidity risk, credit risk (which includes concentration risk and counterparty risk), operational risks and reputational risk. The Risk Policy 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 Board of Directors to set CDP's risk appetite, the thresholds of tolerance, the risk limits, the risk governance policies and the overall framework of organizational 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 Risk Management and Anti-Money Laundering area is structured into the following Services:
1) Credit and Counterparty Risk;
2) Financial Engineering and Fair Value Measurement;
3) Market and Liquidity Risks (ALM);
4) Operational risks;
5) Equity Investment Risks;
6) Loan monitoring and control;
7) Anti-Money Laundering.

The Head of the Equity Investments Risk Service is also attributed the role of coordinating risk management at group level.

The Board Risk Committee is set up within the Board of Directors and has control and guidance functions with respect to risk management and the assessment of the adoption of new products. The CEO, instead, is supported by the Internal Risk Committee, which is a technical-advisory collegial body that provides opinions on issues concerning CDP's overall risk policy, as well as operational assessment of particularly significant risks.

The RMA verifies compliance with the limits set by the Board of Directors and the operational limits established by the CEO, recommending correction actions to the Risk Committee that might be necessary to ensure compliance with the Risk Policy and the risk profile chosen by CDP, monitoring the use of economic capital with respect to capital requirements and participating in capital management activities.
The Financial Engineering and Fair Value Measurement unit is also responsible for providing the company with certified calculation models.

SECTION 1 - THE RISKS OF THE BANKING GROUP

1.1 Credit risk

QUALITATIVE DISCLOSURES

1. General aspects

Credit risk arises primarily in relation to the Parent Company's lending activity - both under the Separate Account and the Ordinary Account - and, on a secondary level, to hedging operations involving derivatives and treasury activities (in the form of counterparty risk).

The Separate Account, which easily has the largest stock of assets, is primarily exposed to General Government and local authorities.
In the last three years, an increasingly important role is being played by exposures under the Separate Account to the main banking groups operating in Italy, through which CDP channels various types of financing, in particular loans to SMEs and in support of the residential real estate market.
Although still accounting for a minority share, exposures under the Separate Account to private-sector parties involved in public interest projects promoted by public entities are also significant. Other exposures include those in respect of the Revolving Fund for enterprises, which at present are essentially immunised for credit risk (as they are secured by the General Government as the guarantor of last resort), and those assumed under "Export Bank" operations. 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 grants corporate and project financing for initiatives concerning the delivery of public services, in competition with banks. Loans from the Ordinary Account are mainly aimed at the provision of public services and at investments in research, development, innovation, protection and enhancement of cultural heritage, promotion of tourism, environment and energy efficiency and green economy.

2. Credit risk management policies

2.1 Organisational aspects

The principles followed by the Parent Company in its lending activities are set out in the Lending Rules, which also govern the lending process and the roles of the units involved. At the beginning of 2015 an update of Credit Regulations was approved, which regarded in particular the review of the credit process, with a refocussing of the Credit Committee and the Internal Risk Committee as well as the introduction of the CRO's opinion in specific cases. As a result, the Internal 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, the monitoring of loan performance has been strengthened, 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.
As part of the expansion of the Parent Company's activities for supporting export and the international expansion of enterprises, Country Risk policies were also defined.
The Lending department, which performs loan review activities, is responsible, among other things, for the assignment of internal ratings and estimating loss given default, parameters that are used for management purposes and are determined in accordance with the Risk Policy and the Rating and Recovery Rate Policy, a document approved by the CEO that sets out the methodologies used by CDP in assigning internal ratings to counterparties and in generating internal estimates of recovery rates for individual lending transactions. The Lending department is also responsible for monitoring existing loans, as regards performance of the loans themselves and the evolution of the counterparty's financial situation and developments in their industry.
RMA is responsible for risk-adjusted pricing, monitoring risk-adjusted returns and identifying exposure concentrations. The RMA periodically monitors overall developments in the risk level of the loan portfolio, partly with a view to identifying any necessary corrective actions to optimise the risk/return profile.

The RMA's responsibilities concerning credit risk also include:
- specific checks on the correct monitoring of individual exposures, particularly with regard to non-performing positions, on the assessment of ratings consistency, on provisions adequacy and on the effectiveness of the recovery process;
- the preparation of Guidelines, Regulations and Policies on ratings and recovery rate;
- the definition, selection and implementation of models, methods and tools of the internal rating system, guaranteeing their ongoing monitoring and updating.

With respect to non-performing loans, the Credit Area is responsible for initiating restructuring proposals - where required with the support of other Areas for more complex cases - whereas RMA performs a second-level control activity, which consists in expressing an opinion on submitted proposals. Contractual amendment requests for performing loans (so-called waivers), instead, are managed by the Loan Management Area.
The Credit Committee is a collegial body that provides technical information and advice to decision-making bodies as well as mandatory and non-binding opinions on financing operations, both in terms of creditworthiness and of the adequacy of applied conditions. The composition of the Credit Committee includes both members of the Credit Area, RMA and of the Legal and Financial Areas.
Where predetermined concentration thresholds are exceeded and the Credit Committee does not express a unanimous opinion, a non-binding opinion of the CRO is also required on lending transactions.

2.2 Management, measurement and control systems

As part of its credit risk management and control policies for the Separate Account, the Parent Company adopts a system for lending to local entities, under which each loan is allocated to a uniform risk category, defining the level of risk associated with individual authorities appropriately with the aid of specific quantitative parameters for each type and size of authority.

The lending system makes it possible to identify cases in which a more extensive assessment of the borrower's creditworthiness is necessary, using qualitative and quantitative criteria.

For the Ordinary Account and lending for projects promoted by public entities pursuant to Decree Law 185 of 29/11/2008, CDP uses a validated proprietary model to calculate portfolio credit risk. With the same system CDP also calculated the economic capital associated with the entire loan portfolio, with the sole exception of positions associated with country risk.

RMA monitors compliance with the limits framework and the guidelines for the composition of the loan portfolio, which are in integral part of the Risk Policy. The limits are set according to the credit rating of each counterparty, and become more rigorous as the rating and recovery rate decrease, according to proportions based on the extent of capital being used.

RMA also conducts stress tests on the level of risk in the loan portfolio, based on assumptions of generalized deterioration in the portfolio's creditworthiness, increased probability of default, decreased recovery rates and increase in correlation parameters.

The RMA regularly monitors the net current and contingent exposure to banks in respect of derivatives transactions in order to prevent the emergence of concentrated exposures. The RMA also monitors compliance with minimum rating requirement for counterparties and with the limits based on the maximum notional amounts of transactions and credit equivalents, by counterparty or groups of connected counterparties, established in the Parent Company's Risk Policy. Similarly, the RMA provides for the monitoring of exposures to counterparties in treasury activities, verifying compliance with the limits and criteria set out in the Risk Policy.

The methods adopted for the allocation of internal ratings aim to ensure compliance with an adequate level of transparency and consistency, including through traceability of the allocation process.
In the internal rating assignment process, CDP makes use of rating models developed by specialized 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 the Parent Company, 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; In addition there is one class for counterparties in default. Given the types of borrowers and the limited number of historical defaults on CDP's portfolio, default probabilities are calibrated on the basis of long-term default rates (*through the cycle*) calculated using data bases acquired from a specialized provider.
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 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.

2.3 Credit risk mitigation techniques

The Parent Company mitigates the credit risk in respect of lending operations using techniques commonly adopted in the banking industry.

CDP's credit exposures under the Separate Account are, to a significant extent, accounted for by specific-purpose loans secured by delegation of payment.

Financing under the Ordinary Account and that involving non-public entities under the Separate Account can be secured by security interests in property or unsecured guarantees. Specifically, some of the products in support of the economy, which are channelled through the banking system and targeted at SMEs (e.g. the New SME Fund), and in support of the housing market, are secured through the sale of the underlying loans to CDP and the creation of Pledges on Government Bonds in favour of CDP.

In addition to normal guarantee requirements, mainly in transactions under the Ordinary Account and those for non-public entities under the Separate Account, other options include requiring borrowers to comply with financial covenants and other contractual clauses, which are standard for these types of transactions, enabling the Parent Company to monitor credit risk more effectively over the life of the transaction.

With reference to loans to private-sector parties, in order to reduce the risk of involvement of criminal organizations, CDP takes part in the financing alongside the banking system, assuming a share that does not usually exceed 50% of the entire transaction.

In project finance operations, the support provided by the project's sponsors plays a significant role during the construction phase, both in terms of commitment to provide additional resources, if necessary, and in maintaining their presence as shareholders until completion of the works and start-up of operations.

As regards bank counterparties in transactions in hedging derivatives, in view of the ISDA contracts signed, netting arrangements are also used. All the contracts are based on the 2002 ISDA agreement.
Credit Support Annexes, which involve the periodic exchange of collateral, are also used to strengthen credit risk mitigation. The arrangement is based on the standard format recommended by ISDA.
CDP intends to use Global Master Repurchase Agreements (GMRA - ISMA 2000 version) for securities financing transactions; in addition, CDP joined the central counterparty system Cassa di Compensazione e Garanzia, through which it carries out repurchase transactions backed by sound counterparty risk protection mechanisms.

2.4 Non-performing financial assets

Non-performing financial assets are measured and classified in accordance with supervisory regulations issued by the Bank of Italy for banks.
The main events monitored in analysing the financial soundness of counterparties and the consequent valuation of the credit exposure in the financial statements regard failure to make payments (or other contractual breaches), declarations of financial crisis by local authorities or the initiation of bankruptcy proceedings for other borrowers.
The measurement of non-performing positions is based on an estimate of the loan recovery plan, discounted at the effective interest rate of the specific loan. In estimating the recovery plan and the consequent write-down, any collateral or unsecured guarantees received are taken into account. These include amounts granted but not yet disbursed on specific-purpose loans, which are disbursed on a state-of-completion basis. Borrowers with substantial arrears are disqualified from accessing new CDP financing and any remaining amounts to be disbursed on problem loans are frozen.
The assessment is reviewed whenever new information is received on events that might modify the outlook for recovery of the credit exposure. In order to ensure that such events are reflected promptly, the information on the financial and economic situation of borrowers is monitored periodically and developments in any out-of-court arrangements being negotiated and the various stages of court proceedings involving customers are tracked constantly.
Non-performing assets are classified in order to identify – based on information about the counterparty's financial position, the age of the past-due amounts, the materiality thresholds indicated by supervisory regulations and any debt restructuring authorised by CDP – the positions to be reported under bad debts, unlikely to pay and non-performing past-due exposures.
In the pre-litigation stage, non-performing positions are monitored and managed by the Lending department in coordination with the other organisational structures involved. Actions for the recovery of these exposures aims to maximize the financial return, making use of out-of-court arrangements, including settlements, where appropriate, in order to improve recovery times and minimise costs incurred.
The restoration of non-performing exposures to performing status is subject to verification that the problem conditions or insolvency have been eliminated and to the binding opinion, where envisaged, of the credit monitoring unit.

QUANTITATIVE DISCLOSURES

A. CREDIT QUALITY

A.1 Non-performing and performing credit exposures: stocks, writedowns, changes, economic and geographical distribution

A.1.1 Distribution of credit exposures by portfolio and credit quality (carrying amounts)

(thousands of euros) Portfolios	Bad debts	Unlikely to pay	Non-perfoming past-due exposures	Performing past-due exposures	Other performing exposures	Total
1. Financial assets available for sale					5,805,795	5,805,795
2. Financial assets held to maturity					26,073,862	26,073,862
3. Loans to banks					28,941,822	28,941,822
4. Loans to customers	30,371	154,656	191,081	119,685	260,548,500	261,044,293
5. Financial assets at fair value					219,713	219,713
6. Financial assets beign divested						
Total 31/12/2015	**30,371**	**154,656**	**191,081**	**119,685**	**321,589,692**	**322,085,485**
Total 31/12/2014	**26,350**	**148,070**	**158,438**	**99,107**	**324,440,301**	**324,872,266**

Following changes to the definition of non-performing assets introduced by the Bank of Italy starting from 1 January 2015, in order to align the new definitions 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, the exposure pertaining to the comparison figure at 31 December 2014 of the previous substandard positions was included into "Unlikey to pay".

The following table shows the breakdown by portfolio and period overdue of performing past-due exposures. The amounts highlighted refer to the total amount of the exposure recorded in the Financial Statements, including not yet past due amounts, as well as counterparties who have at least one past-due instalment and do not fulfil the requirements for classification into non-performing past-due exposures.

Distribution of performing past-due exposures: breakdown by period overdue

	Performing past-due exposures					
(thousands of euros) Portfolios	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year	Total performing past-due net exposures 31/12/2015	Total performing past-due net exposures 31/12/2014
1. Financial assets available for sale						
2. Financial assets held to maturity						
3. Loans to banks						
4. Loans to customers	53,468	45,176	165	20,876	119,685	99,107
of which forborne exposures						
5. Financial assets at fair value						
6. Financial assets held for disposal						
Total 31/12/2015	**53,468**	**45,176**	**165**	**20,876**	**119,685**	**X**
Total 31/12/2014	**20,130**		**29,417**	**49,560**	**X**	**99,107**

A.1.2 Distribution of credit exposures by portfolio and credit quality (gross and net values)

(thousands of euros) Portfolios	Non performing assets: Gross exposure	Non performing assets: Specific adjustments	Non performing assets: Net exposure	Performing assets: Gross exposure	Performing assets: Portfolio adjustments	Performing assets: Net exposure	Total (net exposure)
A. Banking group							
1. Financial assets available for sale				5,805,795		5,805,795	5,805,795
2. Financial assets held to maturity				26,073,862		26,073,862	26,073,862
3. Loans to banks				28,975,927	(34,105)	28,941,822	28,941,822
4. Loans to customers	543,360	(167,252)	376,108	260,813,597	(145,412)	260,668,185	261,044,293
5. Financial assets at fair value				X	X	219,713	219,713
6. Financial assets beign divested							
Total 31/12/2015	**543,360**	**(167,252)**	**376,108**	**321,669,181**	**(179,517)**	**321,709,377**	**322,085,485**
Total 31/12/2014	**522,888**	**(190,030)**	**332,858**	**324,481,513**	**(98,602)**	**324,539,408**	**324,872,266**

(thousands of euros) Portfolios	Assets with markedly poor credit quality: Accumulated losses	Assets with markedly poor credit quality: Net exposure	Other assets: Net exposure
1. Financial assets held for trading			325,422
2. Hedging derivatives			1,575,794
Total at 31/12/2015			**1,901,216**
Total at 31/12/2014			**1,954,554**

A.1.3 On-balance-sheet and off-balance-sheet credit exposures to banks: gross and net amounts and overdue bands

(thousands of euros) Type of exposures	Gross exposure: Non performing assets: Up to 3 months	Gross exposure: Non performing assets: More than 3 months to 6 months	Gross exposure: Non performing assets: More than 6 months to 1 year	Gross exposure: Non performing assets: More than 1 year	Gross exposure: Performing assets	Specific writedowns	Portfolio adjustments	Net exposure
A. On-balance-sheet exposures								
a) Bad debts					X		X	
- *of which forborne exposures*					*X*		*X*	
b) Unlikely to pay					X		X	
- *of which forborne exposures*					*X*		*X*	
c) Non-performing past-due exposures					X		X	
- *of which forborne exposures*					*X*		*X*	
d) Perfoming past-due exposures	X	X	X	X		X		
- *of which forborne exposures*	*X*	*X*	*X*	*X*		*X*		
e) Other performing exposures	X	X	X	X	26,052,782	X	(34,104)	26,018,678
- *of which forborne exposures*	*X*	*X*	*X*	*X*		*X*		
Total A					**26,052,782**		**(34,104)**	**26,018,678**
B. Off-balance-sheet exposures								
a) Non performing					X		X	
b) Performing	X	X	X	X	2,080,026	X	(791)	2,079,235
Total B					**2,080,026**		**(791)**	**2,079,235**
Total (A + B)					**28,132,808**		**(34,895)**	**28,097,913**

A.1.6 On-balance-sheet and off-balance-sheet credit exposures to customers: gross and net amounts and overdue bands

(thousands of euros) Type of exposures	Gross exposure					Specific writedowns	Portfolio adjustments	Net exposure
	Non performing assets				Performing assets			
	Up to 3 months	More than 3 months to 6 months	More than 6 months to 1 year	More than 1 year				
A. On-balance-sheet exposures								
a) Bad debts		431	1,359	86,418	X	(57,837)	X	30,371
- *of which forborne exposures*					*X*		*X*	
b) Unlikely to pay	74,946	21,752	15,352	139,938	X	(97,996)	X	153,992
- *of which forborne exposures*	*74,930*				*X*	*(39,034)*	*X*	*35,896*
c) Non-performing past-due exposures	15,660	43,808	4,314	904	X		X	64,686
- *of which forborne exposures*					*X*		*X*	
d) Perfoming past-due exposures	X	X	X	X	119,685	X		119,685
- *of which forborne exposures*	*X*	*X*	*X*	*X*		*X*		
e) Other performing exposures	X	X	X	X	286,790,332	X	(130,241)	286,660,091
- *of which forborne exposures*	*X*	*X*	*X*	*X*	*35,452*	*X*	*(326)*	*35,126*
Total A	**90,606**	**65,991**	**21,025**	**227,260**	**286,910,017**	**(155,833)**	**(130,241)**	**287,028,825**
B. Off-balance-sheet exposures								
a) Non performing	34,899				X	(304)	X	34,595
b) Performing	X	X	X	X	19,743,308	X	(16,291)	19,727,017
Total B	**34,899**				**19,743,308**	**(304)**	**(16,291)**	**19,761,612**
Total (A + B)	**125,505**	**65,991**	**21,025**	**227,260**	**306,653,325**	**(156,137)**	**(146,532)**	**306,790,437**

A.1.7 On-balance-sheet exposures to customers: changes in gross non-performing positions

(thousands of euros) Items	Bad debts	Unlikely to pay	Non-performing past-due exposures
A. Opening gross exposure	**78,930**	**260,074**	**26,021**
- *of which exposures assigned but not derecognised*			
B. Increases	**9,848**	**50,219**	**69,295**
B.1 Transfers from performing loans	3,117	21,193	67,479
B.2 Transfers from other categories of non performing positions	5,683	25,104	1,358
B.3 Other increases	1,048	3,922	458
C. Decreases	**570**	**58,305**	**30,630**
C.1 To performing loans		2,635	2,712
C.2 Writeoffs			
C.3 Collections	570	6,825	2,092
C.4 Gains on disposal			
C.5 Losses on disposal			
C.6 Transfers to other categories of non peforming positions		6,319	25,826
C.7 Other decreases		42,526	
D. Closing gross exposure	**88,208**	**251,988**	**64,686**
- *of which exposures assigned but not derecognised*			

The amount shown in reason “C.7 Other decreases” of Unlikely to pay represents the conversion of credit exposure into equity financial instruments pursuant to article 2346, 6, of the Italian Civil Code and into convertible debenture loans issue within restructuring agreements pursuant to article 182-*bis* of the Bankruptcy Law, effected during the year.

A.1.8 On-balance-sheet credit exposures to non-performing customers: changes in total adjustments

(thousands of euros) Items	Bad debts	Unlikely to pay	Non-performing past-due exposures
A. Total opening adjustments	**52,580**	**112,004**	**12**
- *of which exposures assigned but not derecognised*			
B. Increases	**5,514**	**29,268**	
B.1 Writedowns	4,799	28,200	
B.1*bis* Losses on disposal			
B.2 Transfers from other categories of non performing positions		6	
B.3 Other increases	715	1,062	
C. Decreases	**257**	**43,276**	**12**
C.1 Writebacks from valuations	174	1	6
C.2 Writebacks from collection	83	737	
C.3 Gains on disposal			
C.4 Writeoffs			
C.5 Transfers to other categories of non-performing positions			6
C.6 Other decreases		42,538	
D. Total closing adjustments	**57,837**	**97,996**	
- *of which exposures assigned but not derecognised*			

The amount shown in reason "C.6 Other decreases" of Unlikely to pay represents the use of the existing writedown provision for credit exposures that were converted into equity financial instruments pursuant to article 2346.6, of the Italian Civil Code and into convertible debenture loans issue within restructuring agreements pursuant to article 182-*bis* of the Bankruptcy Law, effected during the year.

A.2 Classification of exposures on the basis of external and internal ratings

A.2.1 Distribution of on-balance-sheet and off-balance-sheet credit exposures by external rating grades

(thousands of euros)	External rating grades						Not rated	Total
Exposures	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. On-balance-sheet exposures	**24,384**	**1,811,257**	**254,937,744**	**7,379,207**	**3,616,660**	**40,541**	**46,660,074**	**314,469,867**
B. Derivatives	**202**	**11,811**	**3,243**				**8,343**	**23,599**
B.1 Financial derivatives	202	11,811	3,243				8,343	23,599
B.2 Credit derivatives								
C. Guarantees issued			**761,565**	**157,287**			**1,799,078**	**2,717,930**
D. Commiments to disburse funds		**696,407**	**14,044,734**	**336,073**	**90,811**	**568**	**3,930,725**	**19,099,318**
E. Other								
Totale	**24,586**	**2,519,475**	**269,747,286**	**7,872,567**	**3,707,471**	**41,109**	**52,398,220**	**336,310,714**

The following table maps the rating grades and the agency ratings used.

Rating grades	ECAI		
	Moody's	Fitch	Standard & Poor's
Class 1	from Aaa to Aa3	from AAA to AA-	from AAA to AA-
Class 2	from A1 to A3	from A+ to A-	from A+ to A-
Class 3	from Baa1 to Baa3	from BBB+ to BBB-	from BBB+ to BBB-
Class 4	from Ba1 to Ba3	from BB+ to BB-	from BB+ to BB-
Class 5	from B1 to B3	from B+ to B-	from B+ to B-
Class 6	Caa1 and lower	CCC+ and lower	CCC+ and lower

A.3 Distribution of secured exposures by type of guarantee

A.3.1 Secured credit exposures to banks

(thousands of euros)	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1)+(2)
						Credit derivatives					Guarantees				
							Other derivatives								
		Land and buildings - mortgages	Land and buildings - finance lease	Securities	Other assets	CLN	Governments and central banks	Other government agencies	Banks	Other	Governments and central banks	Other government agencies	Banks	Other	
1. Secured on-balance-sheet credit exposures															
1.1 Fully secured	18,278,742			5,343,153	9,248,471						3,613,432			73,686	18,278,742
- *of which: non-performing*															
1.2 Partially secured	18,419										18,418				18,418
- *of which: non-performing*															
2. Secured off-balance-sheet credit exposures															
2.1 Fully secured	231,090				19,862						8,610			202,618	231,090
- *of which: non-performing*															
2.2 Partially secured															
- *of which: non-performing*															

A.3.2 Secured credit exposures to customers

(thousands of euros)	Net exposure	Collateral (1)				Unsecured guarantees (2)									Total (1)+(2)
						Credit derivatives					Guarantees				
							Other derivatives								
		Land and buildings - mortgages	Land and buildings - finance lease	Securities	Other assets	CLN	Governments and central banks	Other government agencies	Banks	Other	Governments and central banks	Other government agencies	Banks	Other	
1. Secured on-balance-sheet credit exposures															
1.1 Fully secured	10,596,108	75,916		5,545,125	678,257						1,190,164	738,860	32,776	2,335,010	10,596,108
- *of which: non-performing*	*32,767*	*12,689*									*20,078*				*32,767*
1.2 Partially secured	81,051,264	22,662		432,389	5,594,473						357,556	3	101,066	777,624	7,285,773
- *of which: non-performing*	*170,359*				*1,586*						*134,511*				*136,097*
2. Secured off-balance-sheet credit exposures															
2.1 Fully secured	4,637,560	473		38,364	113,755						563,325			3,921,533	4,637,450
- *of which: non-performing*	*27,438*										*27,438*				*27,438*
2.2 Partially secured	297,881			32,556	33,494							120,000	16,442		202,492
- *of which: non-performing*															

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 On-balance-sheet and off-balance-sheet credit exposures to customers by sector (carrying amount)

(thousands of euros)	Governments			Other government agencies			Financial companies			Insurance undertakings			Non-financial companies			Other		
Exposures/Counterparties	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments	Net exposure	Specific writedowns	Portfolio adjustments
A. On-balance-sheet exposures																		
A.1 Bad debts			X	2,525	(2,242)	X		(3,906)	X			X	26,536	(51,546)	X	1,310	(143)	X
- *of which forborne exposures*			*X*			*X*			*X*			*X*			*X*			*X*
A.2 Unlikely to pay			X	1,985	(41,999)	X		(10)	X			X	151,149	(55,987)	X	858		X
- *of which forborne exposures*			*X*			*X*		*(10)*	*X*			*X*	*35,896*	*(39,024)*	*X*			*X*
A.3 Non-performing past-due positions			X	33,083		X			X			X	31,603		X			X
- *of which forborne exposures*			*X*			*X*			*X*			*X*			*X*			*X*
A.4 Performing exposures	223,086,505	X		46,324,086	X	(2)	7,780,457	X	(287)		X		9,565,531	X	(129,952)	23,197	X	
- *-of which forborne exposures*		*X*			*X*			*X*			*X*		*35,126*	*X*	*(326)*		*X*	
Total A	**223,086,505**			**46,361,679**	**(44,241)**	**(2)**	**7,780,457**	**(3,916)**	**(287)**				**9,774,819**	**(107,533)**	**(129,952)**	**25,365**	**(143)**	
B. Off-balance-sheet exposures																		
B.1 Bad debts			X			X		(304)	X			X	879		X	2,144		X
B.2 Unlikely to pay			X			X			X			X	15,616		X			X
B.3 Other non-performing assets			X			X			X			X	15,956		X			X
B.4 Performing exposures	7,504,154	X		3,275,288	X		269,606	X			X		8,665,311	X	(16,291)	12,658	X	
Total B	**7,504,154**			**3,275,288**			**269,606**	**(304)**					**8,697,762**		**(16,291)**	**14,802**		
Total (A + B) at 31/12/2015	**230,590,659**			**49,636,967**	**(44,241)**	**(2)**	**8,050,063**	**(4,220)**	**(287)**				**18,472,581**	**(107,533)**	**(146,243)**	**40,167**	**(143)**	
Total (A + B) at 31/12/2014	**219,976,098**			**49,636,905**	**(36,431)**		**21,522,571**	**(3,911)**	**(35)**				**16,180,099**	**(129,243)**	**(83,269)**	**31,157**	**(119)**	

B.2 On-balance-sheet and off-balance-sheet credit exposures to customers by geographical area (carrying amount)

	Italy		Other European countries		Americas		Asia		Rest of the world	
(thousands of euros) Exposures/Geographical areas	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet exposures										
A.1 Bad debts	30,371	(57,837)								
A.2 Unlikely to pay	153,992	(97,996)								
A.3 Non performing past-due positions	64,686									
A.4 Performing exposures	285,487,070	(130,241)	864,164		234,020		178,092		16,430	
Total A	**285,736,119**	**(286,074)**	**864,164**		**234,020**		**178,092**		**16,430**	
B. Off-balance sheet exposures										
B.1 Bad debts	3,023	(304)								
B.2 Unlikely to pay	15,616									
B.3 Other non-performing assets	15,956									
B.4 Performing exposures	16,205,197	(16,291)	250,287		3,098,205		56,465		116,863	
Total B	**16,239,792**	**(16,595)**	**250,287**		**3,098,205**		**56,465**		**116,863**	
Total (A + B) 31.12.2015	**301,975,911**	**(302,669)**	**1,114,451**		**3,332,225**		**234,557**		**133,293**	
Total (A + B) 31.12.2014	**304,588,502**	**(253,008)**	**409,580**		**1,979,253**		**234,377**		**135,118**	

B.3 On-balance-sheet and off-balance-sheet credit exposures to banks by geographical area (carrying amount)

	Italy		Other European countries		Americas		Asia		Rest of the world	
(thousands of euros) Exposures/Geographical areas	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns	Net exposure	Total writedowns
A. On-balance-sheet exposures										
A.1 Bad debts										
A.2 Unlikely to pay										
A.3 Non-performing past-due positions										
A.4 Performing exposures	25,725,874	34,104	292,804							
Total A	**25,725,874**	**34,104**	**292,804**							
B. Off-balance sheet exposures										
B.1 Bad debts										
B.2 Unlikely to pay										
B.3 Other non-performing assets										
B.4 Performing exposures	1,858,290	791	220,945							
Total B	**1,858,290**	**791**	**220,945**							
Total (A + B) 31.12.2015	**27,584,164**	**34,895**	**513,749**							
Total (A + B) 31.12.2014	**24,940,520**	**(29,716)**	**2,324,664**							

C. SECURITISATIONS

QUALITATIVE DISCLOSURES

At the end of 2002, CDP, then a public entity, carried out a securitisation with the assignment without recourse of six portfolios of claims on customers in respect of loans to the following types of borrowers:

1) special corporations or consortiums operated by local authorities, consortiums of local authorities, and public or private limited companies operating public services (portfolio extinguished);
2) departments of the State, the regions, the autonomous provinces or local authorities (portfolio extinguished);
3) A2A S.p.A. (portfolio extinguished);
4) Acea Distribuzione S.p.A. (portfolio extinguished);
5) RFI S.p.A.;
6) Poste Italiane S.p.A. (portfolio extinguished).

At 31 December 2015, there was only one portfolio of securitised loans (RFI S.p.A.) outstanding. The transaction and the associated cash flows are proceeding as envisaged.
It should be noted that the loans underlying this transaction were fully derecognised, since CDP applied the provisions of paragraph B2, Appendix B, of IFRS 1, which requires first-time adopters to apply rules for the prospective derecognition of financial for transactions effected as from 1 January 2004.

QUANTITATIVE DISCLOSURES

C.5 Servicer activity - own securitisations: collections on securitised assets and redemption of securities issued by the securitisation vehicle

	Vehicle company	Securitised (end period figure)		Collections in the year		% of securitised redeemed (end-period figure)					
						Senior		Mezzanine		Junior	
(thousands of euros) Servicer		Non-performing	Performing	Non-performing	Performing	Non-performing assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets
CDP S.p.A.	CPG - Società di cartolarizzazione a r.l.		197,527		31,938						

E. ASSET DISPOSALS

A. FINANCIAL ASSETS ASSIGNED BUT NOT DERECOGNISED

QUALITATIVE DISCLOSURES

Financial assets assigned but not derecognised regard Government securities classified as "Financial assets available for sale" and "Financial assets held to maturity" involved in repurchase agreements.

QUANTITATIVE DISCLOSURES

E.1 Financial assets assigned but not derecognised: carrying amount and total value

(thousands of euros)	Financial assets held for trading			Financial assets at fair value			Financial assets available for sale			Financial assets held to maturity			Loans to banks			Loans to customers			Total	
Portfolios	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31/12/2015	31/12/2014
A. On-balance-sheet assets							**680,093**			**4,947,596**									**5,627,689**	**1,660,037**
1. Debt securities							680,093			4,947,596									5,627,689	1,660,037
2. Equity securities										X	X	X	X	X	X	X	X	X		
3. Units in collective investment undertakings										X	X	X	X	X	X	X	X	X		
4. Loans																				
B. Derivatives				**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
Total 31.12.2015							**680,093**			**4,947,596**									**5,627,689**	**X**
- *of which: non-performing*																				*X*
Total 31.12.2014							**294,714**			**1,365,323**									**X**	**1,660,037**
- *of which: non-performing*																			*X*	

Key:
A = financial assets assigned recognised in full (carrying amount)
B = financial assets assigned partially recognised (carrying amount)
C = financial assets assigned partially recognised (entire value)

E.2 Financial liabilities in respect of financial assets assigned but not derecognised: carrying amount

(thousands of euros) Portfolios	Financial assets held for trading	Financial assets at fair value	Financial assets available for sale	Financial assets held to maturity	Loans to banks	Loans to customers	Total
1. Due to customers			**394,830**	**3,906,476**			**4,301,306**
a) In respect of assets fully recognised			394,830	3,906,476			4,301,306
b) In respect of assets partially recognised							
2. Due to banks			**284,304**	**1,986,249**			**2,270,553**
a) In respect of assets fully recognised			284,304	1,986,249			2,270,553
b) In respect of assets partially recognised							
3. Securities issued							
a) In respect of assets fully recognised							
b) In respect of assets partially recognised							
Total 31.12.2015			**679,134**	**5,892,725**			**6,571,859**
Total 31.12.2014			**294,234**	**1,581,009**			**1,875,243**

E.3 Disposals with liabilities with recourse only on divested assets: fair value

(thousands of euros)	Financial assets held for trading		Financial assets at fair value		Financial assets available for sale		Financial assets held to maturity (fair value)		Loans to banks (fair value)		Loans to customers (fair value)		Total	
Portfolios	A	B	A	B	A	B	A	B	A	B	A	B	31/12/2015	31/12/2014
A. On-balance-sheet assets					**680,093**		**5,888,496**						**6,568,589**	**1,885,583**
1. Debt securities					680,093		5,888,496						6,568,589	1,885,583
2. Equity securities							X	X	X	X	X	X		
3. Units in collective investment undertakings							X	X	X	X	X	X		
4. Loans														
B. Derivatives			**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**X**		
Total assets					**680,093**		**5,888,496**						**6,568,589**	**1,885,583**
C. Associated liabilities					**679,134**		**5,892,725**						**X**	**X**
1. Due to customers					394,830		3,906,476						X	X
2. Due to banks					284,304		1,986,249						X	X
Total liabilities					**679,134**		**5,892,725**						**6,571,859**	**1,875,243**
Net value 31.12.2015					**959**		**(4,229)**						**(3,270)**	**X**
Net value 31.12.2014					**480**		**9,860**						**X**	**10,340**

Key:
A = financial assets sold recognised in full
B = financial assets sold partially recognised

B. FINANCIAL ASSETS ASSIGNED AND DERECOGNISED WITH RECOGNITION OF CONTINUING INVOLVEMENT

QUALITATIVE DISCLOSURES

There were no existing transactions classified in the portfolio of financial assets assigned and derecognised with recognition of continuing involvement.

E.4 Covered bond transactions

At the date of the Financial Statements, no covered bond transactions have been carried out by Banking Group companies.

1.2 Banking Group - Market risk

1.2.1 Interest rate risk and price risk - Supervisory trading book

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS

In 2015, the Parent Company did not undertake any transactions qualifying for allocation to the supervisory trading book.

1.2.2 Interest rate and price risk - Banking book

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF INTEREST RATE RISK AND PRICE RISK

As part of its activities, the Parent Company is exposed to interest rate risk in all its forms: repricing, yield curve, basis and optionality. CDP also monitors inflation risk within the same conceptual and analytical framework as interest rate risk on the banking book.
These risks can affect the profits and economic value of CDP.

CDP faces a substantial level of interest rate risk due to the presence of large unhedged volumes of assets and liabilities predating its transformation into a joint-stock company and to the structure of assets and liabilities: a considerable portion of CDP's balance sheet consists of funding through Ordinary Fixed-rate Bonds with an early redemption option, while the stock of loans is mainly fixed rate. Other types of postal bonds also include an early redemption option whose value is significantly affected by interest rates and inflation.

CDP's basic approach to measuring and managing interest rate risk is an "economic value perspective", which complements the "profitability perspective". The economic value perspective corresponds to the long-term representation of the profitability perspective, as economic value is essentially equal to the discounted sequence of future net income.
From this perspective, CDP analyses its exposure and risk profile by assessing balance sheet items that are sensitive to interest rates, quantifying their reaction to small changes (sensitivity analysis) and major shocks (stress testing) to the risk factors.
The transition from exposure metrics (derived from the sensitivity analyses and stress testing) to risk metrics is carried out by assigning a probability to possible market scenarios. This gives a statistical distribution of the value of the balance sheet items and composite indicators representing the economic capital necessary for the risks involved.
This monitoring structure is translated into the calculation of value at risk (VaR), which CDP calculates using methods based on historical simulation.
To quantify and monitor the interest rate risk of the banking book, CDP measures VaR both over short time horizons – such as over one day or ten days – and annually, which is more suited to internal assessment of capital adequacy, with particular regard to risk pertaining to the banking book. The short-term and annual measures of VaR share the same combination of models for valuing balance sheet items and measuring sensitivity, and they use the same input data. The daily VaR is used for backtesting, because there is a larger pool of figures available over that interval.

VaR summarises in a single figure the results of the simulation of many scenarios generated in accordance with the statistical characteristics of the risk factors. While aware of the limits of any composite metric based on historical scenarios, VaR also has two significant strengths:
- it captures the consequences of complex characteristics of the markets and products (volatility, correlation, optionality and asymmetry) in a single value;
- it makes it possible, by way of backtesting, to check the hypotheses underpinning not only the calculation of the daily VaR but also the entire simulation.

CDP's Risk Policy sets specific limits to manage the exposure to interest rate and inflation risk. More specifically, limits have been established on the impact on the economic value of parallel shifts (+/100 basis points) in the yield curve and the inflation curve. In addition to these limits, further, more granular limits are in place, which are set by the Chief Executive Officer.

CDP also assesses the impact of interest rate risk on income for shorter horizons using internal planning and ALM systems, specifically quantifying the impact of parallel shifts in the yield curve on net interest income.

CDP's ALM approach seeks to limit the volume of hedging derivatives by exploiting "operational hedges" between fixed-rate assets and liabilities. Hedging therefore regards subsets of those items, depending on the sign of the net exposure, with a view to containing the overall risk exposure.
Operational responsibility for managing interest rate risk lies with the Finance Area.
The measurement and the monitoring of interest rate risk are performed by the RMA and are discussed within the Risk Committee. The Board of Directors approves risk management policies and the associated monitoring methods and received periodic reports on the results achieved.

Price risk regards the possibility that the net economic value, profitability or the book equity of CDP could be adversely affected by variables associated with shares, in particular the market prices of such securities and related derivatives, or changes in the current and future profitability of the investment in such instruments. For these purposes, investments in units of investment funds, including real estate funds, are treated like shares by CDP. With respect to the above, it should be noted that, as part of the co-sourcing agreement, CDP provides risk management support to CDPI SGR, the company that manages "*Fondo Investimenti per l'Abitare*" and "*Fondo Investimenti per la Valorizzazione*"; responsibility for the Function, previously with the acting Chief Risk Officer of the Parent Company, now resides with a CDPI SGR employee.
In line with the net economic value approach, equity risk is quantified in terms of VaR (with a one-year time horizon). VaR provides a proxy of the risk that liquid, listed securities - including those not recognised at fair value - will not recover any impairment losses over time. It is calculated on the basis of hypotheses about the statistical distribution of the prices of shares, the related derivatives (where present) and the fair value of unlisted securities. Risk is quantified by assuming continuity in the business model of CDP, which expects to hold most of its stock investments for the long term.
An additional source of price risk lies in CDP's funding operations, namely the issue of indexed postal bonds and Premia bonds, whose yield is linked to developments in the Dow Jones Euro Stoxx 50 index. The RMA monitors the net exposure to such risk.

B. FAIR VALUE HEDGES

The strategies underlying fair value hedging are aimed at reducing interest rate and inflation risk metrics and differ in part for the two Accounts.

The Ordinary Account is normally hedged against interest rate risk at the origination stage.
On the liability side of the Ordinary Account, this hedging involves specific hedges of fixed-rate, variable-rate and/or structured issues in Euro and other currencies, carried out using Interest Rate Swaps (IRS) and Cross Currency Swaps (CCS) indexed to 6-month Euribor.
As regards assets, fixed-rate loans are generally hedged using amortising IRSs in which CDP pays fixed and receives floating. In this case, the hedge may regard a homogeneous aggregate of loans.
The hedges in place as of today are classified as micro fair value hedges.

The Separate Account adopts a different hedging approach, due to the very large volumes of liabilities incorporating the early redemption option. As result of the sensitivity profile for these options, CDP's overall exposure to interest rate risk under the Separate Account undergoes significant fluctuations in relation to the level of interest rates. When the exposure reaches levels deemed excessive, it is necessary to activate the mechanisms available, such as entering into new derivative contracts, early termination of existing derivatives, and the purchase of fixed-rate government securities.

With respect to financial liabilities, fair value hedges are currently in place for bonds issued to Institutional and Retail Customers, in some cases supported by State guarantees, established through IRSs indexed to 6-month Euribor.
As regard financial assets, at the start of 2006, following the renegotiation of fixed-rate loans charged to the State, CDP had a negative exposure to a rate increase. CDP responded with a programme of micro-hedges of the interest rate risk on portfolios of loans with uniform rate and maturity features.
The programme was implemented using plain vanilla amortising IRSs in which CDP pays a fixed rate and receives 6-month Euribor plus a spread.

Subsequently, CDP continued to hedge part of its new fixed-rate loans, using one-to-one hedges.

Part of the hedges on fixed-rate assets were terminated early in 2010, following the renegotiation of fixed-rate loans. A number of other hedges on fixed-rate assets were also early terminated in subsequent years to contain the total exposure to the yield curve.
At the end of 2015, fair value hedges for loans charged to the Government established in 2006 were all terminated early, also as a result of the loan renegotiation programmes proposed over the course of the year. Exchange rate hedging activity continued with the establishment of new hedges for renegotiated and new loans, in some cases favouring the a so-called "Partial-term" hedge, in order to put in place targeted exchange rate hedges for particular portions of the discount curve.

Moreover, interest rate and exchange rate risks linked to a loan granted within the Export Bank activity that entails repayment in US Dollars were hedged. The hedge through Currency Swap is classed a micro fair value hedge from an accounting viewpoint.

The equity risk linked to postal bonds indexed to the Euro Stoxx 50 Index ("Index Linked at maturity" and "*Premia*" and "Europe") is immunised through the purchase of options that mirror those embedded in the bonds, taking into account the risk profile resulting from the periodic monitoring and putting in place hedges from a portfolio perspective. The financial characteristics of the most recent issues make it possible to take advantage of partial over-hedges on other positions in the portfolio with the same characteristics. More specifically, the hedges of options embedded in the Europa bonds, issued starting from June 2013, are put in place by either purchasing matching options[42], or through long positions in options already in the portfolio for the pre-existing Premia bonds, where the financial characteristics in terms of strike, fixing dates, expiration coincide. The metrics introduced in the monitoring of the risk arising from equity options enable the verification of hedges both on a "one to one" basis and on an aggregated basis for similar positions according to the above characteristics.
These transactions are not subject to hedge accounting: the embedded options sold and the options purchased are both recognised at fair value and qualify as operational hedges.
During 2015, in order to minimize the exposure arising from hedge discrepancies resulting from redemptions differing from estimates, CPD continued to pursue the programme to unwind the options it had purchased to hedge the embedded options of the "Indexed-linked at maturity" and "Premia" bonds. In line with this strategy, it only hedged the new issues for the optional amounts not hedged in the portfolio.

C. CASH FLOW HEDGES

During 2010 the Parent Company launched a hedging programme for the issue of postal bonds indexed to the consumer price index for blue-collar and office worker households (FOI), a leading source of exposure to inflation that is only partially mitigated by the operational hedge against loans with the same type of indexing. The hedges, which are classified as cash flow hedges, are implemented using zero-coupon inflation swaps with the notional determined on a conservative basis, estimating the nominal amount that CDP expects to reach at maturity for each series of hedged bond. In most of the transactions in this category, CDP retains the basis risk in respect of any differences between European and Italian inflation.
CDP has also used derivatives to hedge exchange rate risk, which were designated as cash flow hedging relationships.
As regards the assets of the Separate Account, two hedges are currently in place through cross currency swaps in which CDP converts the cash flows of two floating-rate securities in yen (issued by the Republic of Italy) into fixed rate securities in euros.

42 The notional purchased as hedge is estimated on the basis of the proprietary model of customer redemption behaviour.

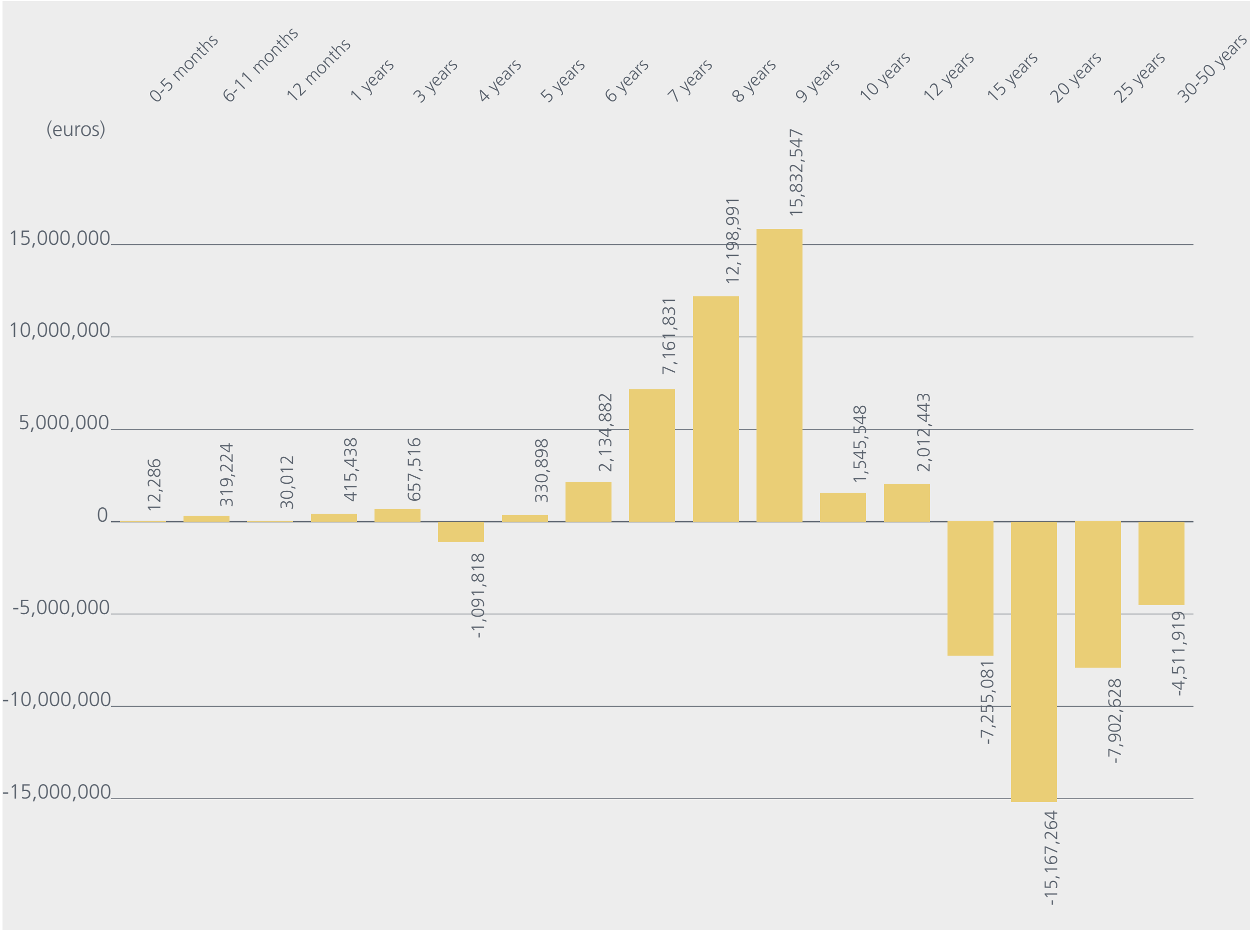
QUANTITATIVE DISCLOSURES

1. Banking book: distribution of financial assets and liabilities by residual maturity (repricing date)

The following figure shows an analysis of interest rate risk sensitivity developed on the basis of internal models.

Sensitivity to Euro zero-coupon rates by maturity

Market figures at 31/12/2015



1.2.3 Exchange rate risk

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF EXCHANGE RATE RISK

Exchange rate risk is the risk that changes in exchange rates might have a negative impact on the net income or economic value of CDP.
Certain activities of CDP can generate exchange rate risk. CDP undertakes such activities only if covered by appropriate exchange rate hedges.
The activities of CDP that can engender such exposure are normally associated with the issue of bonds denominated in foreign currencies, equity investments the value of which can be exposed to changes in exchange rates, the purchase of bonds denominated in foreign currencies and the granting of loans denominated in currencies other than the Euro under the "Export Bank" system.

B. HEDGING EXCHANGE RATE RISK

The Parent Company's liabilities currently do not entail exchange rate risk resulting from foreign currency issues (the last Cross Currency in the portfolio, resulting from an issue under the EMTN programme in the Ordinary Account denominated in Yen, expired on 15 January 2015).

In CDP's assets, exchange rate risks linked to the purchase of bonds denominated in foreign currencies (currently two Yen-denominated bonds issued by the Italian Republic) and to the granting of a loan within the Export Bank activity that entails repayment in US Dollars were hedged. The Italian Republic bonds issue in Yen was hedged through CCS that make CDPs cashflows equal to those of fixed-rate bonds denominated in Euro. The loan, instead, was hedged through a CCS in which CDP exchanges USD cashflows with variable-rate cashflows indexed to the Euribor 6M index.

QUANTITATIVE DISCLOSURES

1. Distribution by currency of assets, liabilities and derivatives

(thousands of euros)	Currency					
Items	US dollar	Pound sterling	Yen	Canadian dollar	Swiss francs	Other currencies
A. Financial assets			**458,065**			
A.1 Debt securities			458,065			
A.2 Equity securities						
A.3 Loans to banks						
A.4 Loans to customers	123,855					
A.5 Other financial assets						
B. Other assets						
C. Financial liabilities						
C.1 Due to banks						
C.2 Due to customers						
C.3 Debt securities						
C.4 Other financial liabilities						
D. Other liabilities						
E. Financial derivatives						
- Options						
+ long positions						
+ short positions						
- Other derivatives						
+ long positions						
+ short positions	123,855		458,065			
Total assets	**123,855**		**458,065**			
Total liabilities	**123,855**		**458,065**			
Difference (+/-)						

1.2.4 Derivatives

A. FINANCIAL DERIVATIVES

A.2 Banking book: end-period notional values

A.2.1 Banking book: end-period notional values - Hedges

(thousands of euros)	31/12/2015		31/12/2014	
Underlying assets/Type of derivatives	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**24,563,055**		**15,370,390**	
a) Options				
b) Swaps	24,563,055		15,370,390	
c) Forwards				
d) Futures				
e) Other				
2. Equity securities and equity indices				
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other				
3. Foreign currencies and gold	**580,090**		**413,138**	
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other	580,090		413,138	
4. Commodities				
5. Other underlyings				
Total	**25,143,145**		**15,783,528**	
Average values	**20,463,337**		**15,119,669**	

A.2.2 Banking book: end-period notional values - Other derivatives

(thousands of euros)	31/12/2015		31/12/2014	
Underlying assets/Type of derivatives	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**2,179,080**		**1,158,750**	
a) Options				
b) Swaps	2,099,080		1,078,750	
c) Forwards				
d) Futures				
e) Other	80,000		80,000	
2. Equity securities and equity indices	**34,054,732**		**27,480,737**	
a) Options	34,054,732		27,400,737	
b) Swaps				
c) Forwards			80,000	
d) Futures				
e) Other				
3. Foreign currencies and gold			**89,513**	
a) Options				
b) Swaps				
c) Forwards				
d) Futures				
e) Other			89,513	
4. Commodities				
5. Other underlyings				
Total	**36,233,812**		**28,729,000**	
Average values	**32,481,406**		**36,437,607**	

A.3 Financial derivatives: gross positive fair value - breakdown by product

(thousands of euros) Portfolio/Type of derivatives	Positive fair value 31/12/2015 Over the counter	Central counterparties	Totale 31/12/2014 Over the counter	Central counterparties
A. Supervisory trading book				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
B. Banking book - hedging	**789,378**		**683,757**	
a) Options				
b) Interest rate swaps	665,487		506,354	
c) Cross currency swaps	123,891		177,403	
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
C. Banking book - other derivatives	**200,502**		**298,682**	
a) Options	127,761		189,418	
b) Interest rate swaps	64,685		66,140	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards			33,141	
f) Futures				
g) Others	8,056		9,983	
Total	**989,880**		**982,439**	

A.4 Financial derivatives: gross negative fair value - breakdown by product

(thousands of euros) Portfolio/Type of derivatives	Negative fair value 31/12/2015 Over the counter	Central counterparties	Totale 31/12/2014 Over the counter	Central counterparties
A. Supervisory trading book				
a) Options				
b) Interest rate swaps				
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
B. Banking book - hedging	**535,247**		**2,305,631**	
a) Options				
b) Interest rate swaps	535,247		2,305,631	
c) Cross currency swaps				
d) Equity swaps				
e) Forwards				
f) Futures				
g) Others				
C. Banking book - other derivatives	**169,572**		**290,044**	
a) Options	98,041		169,463	
b) Interest rate swaps	63,475		64,978	
c) Cross currency swaps			12,479	
d) Equity swaps				
e) Forwards			33,141	
f) Futures				
g) Others	8,056		9,983	
Total	**704,819**		**2,595,675**	

A.7 Over-the-counter financial derivatives: banking book - notional values, gross positive and negative fair values by counterparty - contracts not covered by netting arrangements

(thousands of euros) Contracts not covered by netting arrangements	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance companies	Non-financial companies	Other
1) Debt securities and interest rates							
Notional value							40,000
Positive fair value							8,056
Negative fair value							
Future exposure							
2) Equity securities and equity indices							
Notional value							19,313,082
Positive fair value							
Negative fair value							97,391
Future exposure							
3) Currencies and gold							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							
4) Others							
Notional value							
Positive fair value							
Negative fair value							
Future exposure							

A.8 Over-the-counter financial derivatives: banking book - notional values, gross positive and negative fair values by counterparty - contracts covered by netting arrangements

(thousands of euros) Contracts covered by netting arrangements	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance companies	Non-financial companies	Other
1) Debt securities and interest rates							
Notional value			25,019,428	1,682,707			
Positive fair value			704,735	25,437			
Negative fair value			602,340	3,060			
2) Equity securities and equity indices							
Notional value			14,344,150	397,500			
Positive fair value			126,056	1,706			
Negative fair value			650				
3) Currencies and gold							
Notional value			580,090				
Positive fair value			123,890				
Negative fair value			1,378				
4) Others							
Notional value							
Positive fair value							
Negative fair value							

A.9 Residual life of over-the-counter financial derivatives: notional values

(thousands of euros) Underlyings/Residual maturity	To 1 year	From 1 year to 5 years	More than 5 years	Total
A. Supervisory trading book				
A.1 Financial derivatives on debt securities and interest rates				
A.2 Financial derivatives on equity securities and equity indices				
A.3 Financial derivatives on exchange rates and gold				
A.4 Financial derivatives on other				
B. Banking book	**12,831,104**	**31,075,558**	**17,470,295**	**61,376,957**
B.1 Financial derivatives on debt securities and interest rates	940,566	8,453,593	17,347,976	26,742,135
B.2 Financial derivatives on equity securities and equity indices	11,890,538	22,164,194		34,054,732
B.3 Financial derivatives on exchange rates and gold		457,771	122,319	580,090
B.4 Financial derivatives on other				
Total 31/12/2015	**12,831,104**	**31,075,558**	**17,470,295**	**61,376,957**
Total 31/12/2014	**10,693,361**	**23,587,126**	**10,232,041**	**44,512,528**

C. FINANCIAL AND CREDIT DERIVATIVES

C.1 Over-the-counter financial and credit derivatives: net fair value and future exposure by counterparty

(thousands of euros)	Governments and central banks	Other government agencies	Banks	Financial companies	Insurance undertaking	Non-financial companies	Other
1) Bilateral arrangements financial derivatives							
Positive fair value			564,360	24,082			
Negative fair value			214,046				
Future exposure			227,010	10,529			
Net counterparty risk			276,528	10,816			
2) Bilateral arrangements credit derivatives							
Positive fair value							
Negative fair value							
Future exposure							
Net counterparty risk							
3) "Cross product" arrangements							
Positive fair value							
Negative fair value							
Future exposure							
Net counterparty risk							

1.3 Banking Group - Liquidity risk

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF LIQUIDITY RISK

Exposure to liquidity risk in the form of asset liquidity risk[43] is limited as the Company does not engage in trading.
For CDP, liquidity risk becomes significant mainly in the form of funding liquidity risk[44], in view of the dominant weight of demand deposits (passbook savings accounts) and bonds redeemable on demand (postal savings bonds) in the liabilities of the Separate Account.
In order to ensure that any scenario of uncontrolled redemptions remains remote, CDP benefits from the mitigating effect of the state guarantee on postal savings. In addition to the key function of that guarantee, the ability of CDP to ensure that such a scenario does in fact remain remote is based on its capital strength, on the protection and promotion of the reputation of postal savings with the public, on safeguarding CDP's reputation in the market and on liquidity management. With regard to the latter, CDP adopts a series of specific measures to prevent the emergence of unexpected funding requirements and to be able to meet them if it should prove necessary.
To this end, a lower limit on the stock of liquid assets has been established, which is monitored by the RMA, together with a number of aggregates that represent CDP's capacity to cope with potential crisis situations. As an operational protection measure for liquidity risk CDP adopted a Contingency Funding Plan (CFP). The CFP sets out the processes and strategies used by CDP 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.

As regards the Ordinary Account, CDP raises funds through the market or the EIB, adopting approaches, opportunities and constraints more similar to those of ordinary banks.
CDP prevents the emergence of unexpected liquidity requirements by developing effective loan disbursement forecasting systems, setting structural limits on maturity transformation, monitoring the short term liquidity position, carried out on a continuous basis by the Finance area, and monitoring liquidity gaps at short, medium and long term, which is performed by the RMA.

Management of treasury activities by Finance enables CDP to raise funds using repos, for both the Separate and Ordinary Accounts.
CDP can also take part in European Central Bank refinancing operations, as it holds a significant stock of eligible negotiable and non-negotiable assets.
As a further control, both for the Separate and the Ordinary Account, RMA monitors and incremental available liquidity buffer, in a stress scenario, through transaction with the European Central Bank and refinancing on the liquid securities market.

The controls put in place are corroborated by a stress test used in order to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

43 Asset liquidity risk means the impossibility, for a financial institution or a generic investor, of monetizing assets on the market without significantly reducing their price.
44 Funding liquidity risk means the impossibility, for a financial institution, to meet its obligations by collecting liquidity at non-penalizing conditions or monetizing assets held.

QUANTITATIVE DISCLOSURES

C. 1 Distribution of financial assets and liabilities by residual maturity

(thousands of euros) Items/Maturity	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	More than 5 years	Indefinite life
A. On-balance-sheet assets	**157,523,605**	**10,458,723**	**100,285**	**73,050**	**627,135**	**2,264,845**	**6,961,229**	**31,798,631**	**96,872,522**	**3,948,937**
A.1 Government securities			100,285	20,001	464,036	2,214,524	3,187,134	6,176,271	22,154,318	
A.2 Other debt securities				2,812	4,632	28,909	95,918	411,614	1,958,610	
A.3 Units in collective investment undertakings	1,422,364									
A.4 Loans:	156,101,259	10,458,723		50,237	158,467	21,412	3,678,177	25,210,746	72,759,594	3,948,937
- banks	1,738,951	5,343,198			2,000	1,375	1,432,322	8,328,991	4,719,911	3,948,937
- customers	154,362,308	5,115,525		50,237	156,467	20,037	2,245,855	16,881,755	68,039,683	
B. On-balance-sheet liabilities	**246,989,138**	**20,956,896**	**210,117**	**2,149,001**	**18,718,411**	**2,435,990**	**2,005,160**	**8,023,246**	**15,512,284**	
B.1 Deposits and current accounts:	246,941,708	16,165,000			14,130,000	2,035,001	168,187	1,077,236	5,442,161	
- banks	1,877,723									
- customers	245,063,985	16,165,000			14,130,000	2,035,001	168,187	1,077,236	5,442,161	
B.2 Debt securities			8,750	11,670	1,062,985	211,256	1,764,321	5,630,000	6,179,000	
B.3 Other liabilities	47,430	4,791,896	201,367	2,137,331	3,525,426	189,733	72,652	1,316,010	3,891,123	
C. Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital:										
- long positions			3,292		7,976		11,234	581,072	68,979	
- short positions					5,318	453	5,318	500,317	69,137	
C.2 Financial derivatives without exchange of capital:										
- long positions	127,761		2,044	8,910		14,478	81,614			
- short positions	98,041				29,364					
C.3 Deposits and loans to receive:										
- long positions										
- short positions										
C.4 Irrevocable commitments to disburse funds:										
- long positions							10,168	41,268	18,966,880	
- short positions	19,018,316									
C.5 Financial guarantees issued										
C.6 Financial guarantees received										
C.7 Credit derivatives with exchange of capital:										
- long positions										
- short positions										
C.8 Credit derivatives without exchange of capital:										
- long positions										
- short positions										

1.4 Banking group operational risks

QUALITATIVE DISCLOSURES

A. GENERAL ASPECTS, MANAGEMENT AND MEASUREMENT OF OPERATIONAL RISKS

Definition of operational risk

The Parent Company has adopted the guidelines established by the Basel Committee for the banking industry and incorporated by the Bank of Italy in Circular no. 285 of 17 December 2013 as the benchmark for managing operational risk.
Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such risk includes losses resulting from internal or external fraud, human error, employment relationships and workplace safety, business disruption, system unavailability, breach of contract, process management, damage to company assets and natural disasters.
Operational risk includes legal risk but not strategic or reputational risk.
The "legal risk" is the risk of incurring losses resulting from violations of laws or regulations, from contractual or constructive liability or from other disputes.

System for managing operational risks

The operational risk management system is a structured set of processes, functions and resources for identifying, assessing and controlling the mentioned risks. Its main objective is to ensure effective prevention and mitigation of such risks.
Apart from adopting best practice in the banking sector as a reference, CDP pays particular attention to industrial sector benchmarks for the management of operational risks. The methodological and organizational framework implemented is aimed at capturing the company's actual risk profile, similarly to what happens in the most advanced corporates, which actively manage operational risks even if not subject to capital requirements.
The objective is that of improving corporate processes and the Internal Control System, so as to lay the foundations of both more targeted remediation measures and a more accurate quantification of the associated economic capital, currently estimated using the Basic Indicator Approach.
The Operational Risks Service operating within the Risk Management and Anti-Money Laundering Area, is the Organizational Unit responsible for designing, implementing and monitoring the methodological and organizational framework for the assessment of the exposure to operational risks, the initiation of remediation measures - in agreement with the organization units involved - and the preparation of reporting to the Top Management.
The framework adopted involves the inclusion of information on operational losses classified according to specified loss event types (i.e. a model of loss events), loss effect types (i.e. a model of types of losses) and risk factors (i.e. a model for the classification of risk factors).

This information comprises:
- internal data on operational losses (*loss data collection*);
- system loss data (external data);
- data on contingent losses (assessment of level of exposure to operational risks);
- factors representing the business environment and internal control systems.

The major elements of the operational risk management system implemented within CDP are presented below.

Loss data collection

The framework for Loss Data Collection adopted within CDP is in line with the approach suggested by the Basel Committee and adopted by the Italian Banking Association (ABI) within the activity of the Italian Operational Loss Database (DIPO).

In this respect, the primary activities carried out within CDP were:
- identification and updating of information sources for the continuous feeding of operating losses database (information source means the organisational unit that can provide information concerning the main features of each loss event recorded and its associated effects);
- mapping of relevant operational risk data - relating to both operational risk events that have generated losses already recognized in profit or loss and operational risk events that have not resulted in a loss (so-called near-miss events) - and
- periodic reviews of the data collection and storage system.

Specific criteria were defined in terms of time and material thresholds for mapping loss events, in order to enable the creation of time series that are representative of the actual risk profile of the Company and such as not to exclude significant data loss that could affect operational risk assessment's reliability and accuracy.

CDP developed a proprietary application (LDC) for collecting the data in question, in order to ensure the integrity, confidentiality and availability of collected information. The application support enables the management of the following activities in a centralized, secure fashion:

- collection of internal operational loss data;
- accounting reconciliation of collected data;
- data validation;
- preparation of record layout to be sent to DIPO.

Apart from reducing the cost and the risk related to manual data management, this tool also guarantees the (i) integrity, confidentiality and availability of the information collected, as well as (ii) the traceability of the entire process, thanks to the user identification system and (iii) a high level of control, thanks to a customizable system of automated messages and alerts.

External loss data

CDP joined the Italian Operational Loss Database (DIPO) managed by ABIServizi S.p.A. in order to be able to retrieve data on operational risk events that took place in other financial institutions; this enables CDP to improve its estimates about operational losses and to compare itself against the best practices used by other main Banking Groups.

Mapping of business processes related risks

The mapping activity of business process adverse events - including risks linked to the introduction of new products/processes/systems - is a preliminary step for the assessment of the level of exposure to operational risks.
The identification of risks inherent in processes, carried out by process owners and experts appointed by the process owners, is consequence of the need to understand the origin of potential losses associated with operational risks - identifying the events and causes that might generate them - and assessing the advisability of taking targeted monitoring, control, prevention and mitigation actions.
As regards the adverse events mapped, in order to encourage the development of integrated risk management within CDP, special attention is devoted to (i) compliance risk, (ii) the risk of commission of the criminal offences referred to in Legislative Decree 231 of 8 June 2001 (Rules governing the administrative liability of legal persons, companies and associations, including entities without legal personality, pursuant to article 11 of Law 300 of 29 September 2000, published in Official Gazette no. 140 of 19 June 2001, arising in respect of criminal offences committed by natural persons connected with the legal person in an employment relationships and acting in its interest), (iii) the risk governed by Legislative Decree 231 of 21 November 2007 (Implementation of Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing as well as Directive 2006/70/EC laying down implementing measures for Directive 2005/60/EC), (iv) the risk governed by Italian Law 262 of 28 December 2005 (Provisions for the protection of savings and the regulation of financial markets, published in the Official Gazette 301 of 28 December 2005), (v) the risk of disruption or malfunction of IT systems and (vi) outsourcing risk.

Assessment of level of exposure to operational risks

The qualitative Risk Assessment method for the assessment of the Company's level of exposure to operational risks was defined in order to collect information useful for the implementation of suitable remediation measures for the most significant risks.
The estimate of the level of Company exposure to potential operational risks occurs through a self-assessment carried out by the parties involved in analysed processes.
The assessment is performed under the supervision of the Operational Risks Team, also to reduce any physiological "cognitive distortions", (*bias*) of the contact liaison persons interviewed, and, therefore, ensure greater reliability of the assessment carried out.
Based on the risk perception of the contact liaison persons surveyed (Managers of Organizational Units, Process Owners, other employees who are 'experts' in the aforementioned processes, individuals representing specialist and control func-

tions), suitably "weighted" with that of Risk Management and supplemented by additional relevant considerations, forward-looking guidelines are provided to the Company's management with respect to events that are yet to occur, but that could take place, as a result of "latent" risks in corporate processes.
Risk Assessment findings, therefore, are used for operational purposes (*use test*): the operational risks management system, integrated into the Management's decision-making, aims at strengthening corporate processes and improving the Internal Control System.

The Risk Assessment's objective can be:
- the identification of the most critical processes and/or operational areas - in terms of exposure to operational risks - to be analysed in greater depth;
- the estimate of the residual exposure to any risk detected (so-called residual risk) through the qualitative assessment of (i) operational risks linked to a certain process and (ii) of the relevant control centres;
- the assessment of potential exposure to operational risks linked to the introduction of new products, processes, systems and activities, allowing Management to provide for adequate counter-measures in terms of processes, systems and human resources, for a sound and prudent management of the new activity.

The main actors involved in assessing exposure to operational risks are:
1) the Operational Risk unit:
   - recommends the methodologies and procedures for identifying risks;
   - controls and ensures correct application of the methodologies and procedures;
   - provides methodological and technical support for identifying risks;
   - ensures the uniformity of the information collected through analysis of the quality and congruity of the data acquired in the survey;
2) the process owners and experts:
   - identify and assess main risks in the processes under their remit;
   - propose actions to mitigate risks identified;
   - periodically monitor the evolution of those risks and the emergence of new risks;
3) the Compliance unit:
   - identifies compliance risk for internal and external regulations and any reputational risks, validating and, if necessary, completing the identification of the risks performed by the owner (for adverse events that could generate compliance risk);
   - proposes actions to mitigate risks identified;
4) Anti-Money Laundering Unit:
   - identifies money laundering risk factors in line with the methodological framework adopted;
   - identifies the risks of non-compliance with laws, regulations and internal procedures on money laundering;
   - supports the owners in identifying the risks of intentional or accidental involvement in money laundering or terrorist financing;
   - proposes actions to mitigate risks identified;
5) Financial Reporting Manager:
   - identifies risks that may affect the reliability of financial reporting (risks pursuant to Law no. 262 of 28 December 2005);
   - supports the owners in identifying control measures;
   - proposes actions to mitigate risks identified;
6) the Internal Auditing area:
   - recommends the mapping of all risks that - while not identified by owners and experts - have been identified in corporate processes during audit activities;
   - assesses the risk of commission of the criminal offences referred to in Legislative Decree 231 of 8 June 2001.

Risk management and mitigation

With a view to implement an integrated management of events that streamlines the assessment of remediation actions defined during both Risk Assessment and Loss Data Collection in a single decision-making step, a dedicated work group was established to (i) assess corrective measures defined to control operational risks and (ii) identify owners responsible for the relevant implementation.
The corrective actions selected by the work group are initiated after obtaining the authorization of the Risks Committee, to which the solutions approved by the work group are submitted. Operational Risks Service monitors the status of any measures initiated by periodically checking their progress with the individuals responsible for the measures taken and/or to be taken.

Monitoring and reporting

The results of the activities performed are shared and disseminated through dedicated reports, which detail operational risk exposures and detected losses. In this way, information on operational risks is provided to the Top Management and the managers of the Organizational Units involved, in order to enable the implementation of the most appropriate corrective actions.

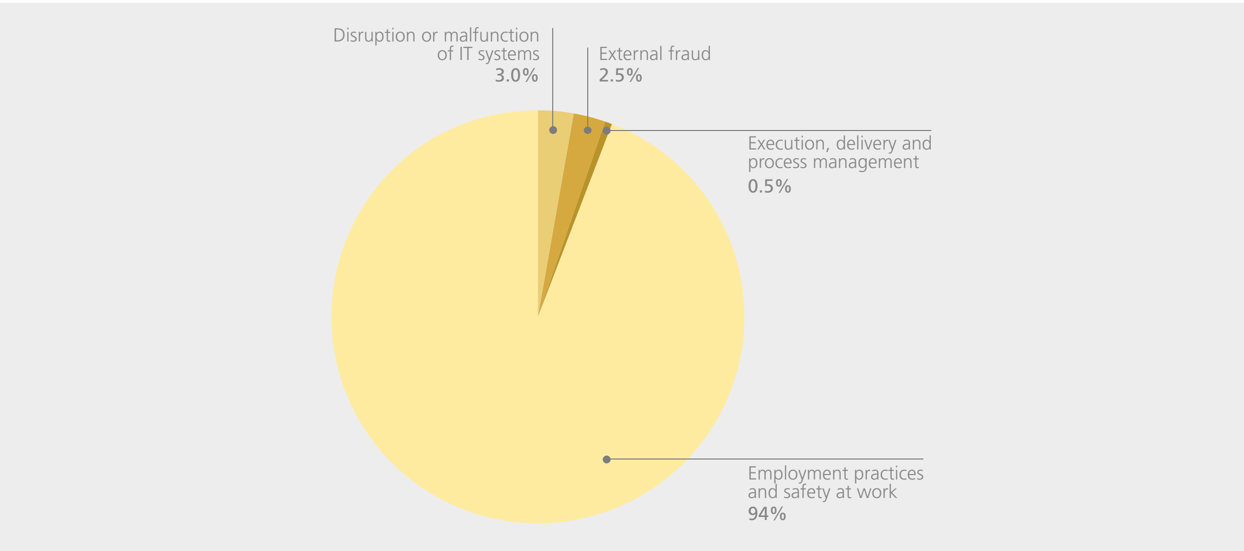
The main reports produced are on:
- Loss Data Collection, for which a "management" report is prepared with a half-yearly cadence and sent to the Top Management, together with "operational" reports for the various information sources containing data and information on operational loss events that fall under their respective remit;
- Risk Assessment, for which, at the end of each analysis on processes/operational areas a report with the assessment of individual risks and relevant control centres is produced, with an indication of the most vulnerable areas;
- management of remediation actions, for which details of the measures defined for the most significant risks detected with Loss Data Collection and Risk Assessment activities are provided.

QUANTITATIVE DISCLOSURES

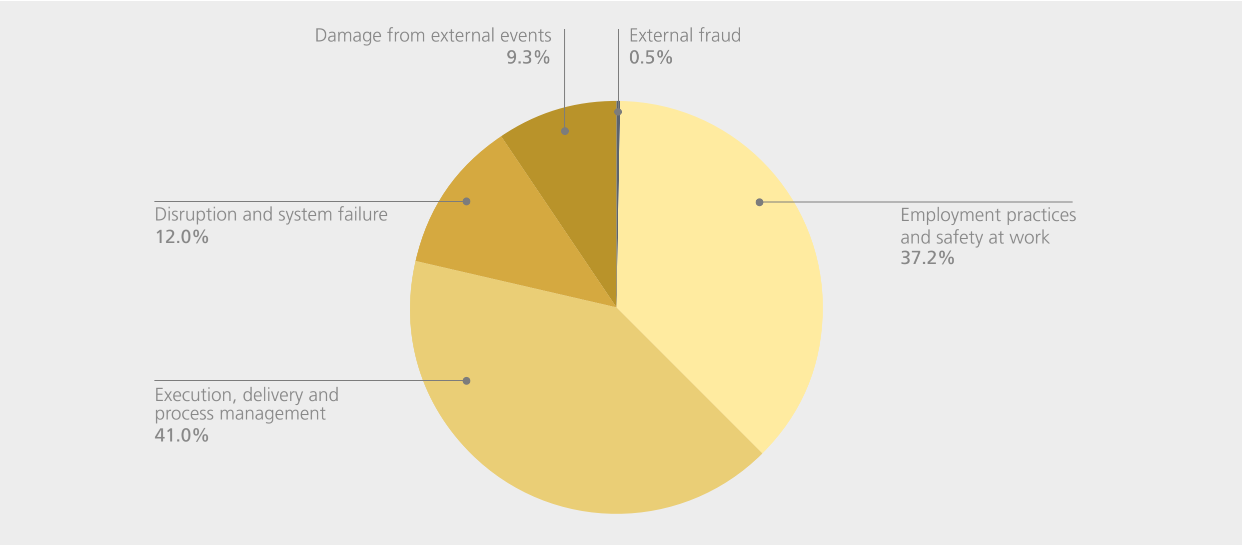
The types of operational risk events, as defined by the New Basel Accord on Capital, are the following:
- internal fraud: losses due to unauthorized acts, acts of a type intended to defraud, misappropriate property or violate regulations, the law or company policy that involve at least one internal party;
- external fraud: losses due to acts of a type intended to defraud, misappropriate property or violate the law by a third party;
- employment practices and safety at work: losses arising from acts inconsistent with employment, health or safety laws or agreements, from payment of personal injury claims, or from diversity/discrimination events;
- clients, products and business practices: losses arising from failure to meet a professional obligation to customers or from the nature or design of the product or service;
- damage from external events: losses arising from external events, such as natural catastrophes, terrorism and acts of vandalism;
- disruption and system failures: losses arising from disruption of business or system failures or unavailability;
- execution, delivery and process management : losses arising from failed transaction processing or process management, from relations with trade counterparties, vendors and suppliers.

In 2015, the main classes, in terms of economic impact, were 'Employment relationships and workplace safety' (labour disputes) and 'External fraud'.

Operational losses recorded in 2015 sorted by risk category



Operational losses recorded in the LCD database sorted by risk category



LEGAL DISPUTES

Regarding pending disputes, the overall number of cases, as well as the estimated potential liabilities, remain, in absolute terms, at insignificant levels and, even in relative terms, the impact of the estimated potential expenses on CDP's accounts is absolutely negligible.

More specifically, and with regard to Separate Account customers, it should be noted that at 31 December 2015, 74 lawsuits were pending with a total estimated liability of about €28 thousand. Of these, five regard disputes with suppliers. There are no situations that concern serial disputes that could suggest the presence of critical issues in procedures or with respect to laws and regulations.

As regards the conversion of preference shares into ordinary shares, following the exercise of the right of withdrawal, Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona filed a suit involving a claim of considerable size (about €432 million). However, the risk of losing the dispute is deemed only possible by the external legal counsel.

With reference to the Separate Account, against the risk - considered likely - of the occurrence of a future liability connected to the request received from an investee (with which an agreement had been entered into according to which CDP would repay the dividends, received in excess, in the proportional amount established in the civil proceedings, by final ruling, to be paid by the private shareholders) a total of €19.2 million was set aside.

There are currently no pending disputes in relation to the Ordinary Account and, therefore, no potential liabilities for CDP.

Finally, with respect to labour disputes, at 31 December 2015 31 suits were pending, whose overall claims were estimated at about €3 million; potential estimated costs, therefore, both in absolute and relative terms, are totally negligible with respect to the volumes in CDP's Financial Statements.

SECTION 2 - THE RISKS OF INSURANCE UNDERTAKINGS

2.1 Insurance risks

Key risks for the insurance business included the technical risk, meant as underwriting and credit risk. The former, relating to the portfolio of policies, refers to the risk of loss arising from unfavourable claim performance compared with estimated claims (pricing risk) or from mismatches between the cost of claims and the amount reserved (reserve risk). The latter refers to the risk of default and migration of a counterparty's creditworthiness. Both risks are managed by the adoption of prudent pricing and reserve policies defined using the best market practices, underwriting criteria, monitoring techniques and active portfolio management.

The total exposure of SACE S.p.A., calculated as the sum of credit and guarantees issued (principal and interest) amounted to €41.9 billion, up 11.3% compared with the end of 2014. This is a continuation of the growth trend already recorded in 2014 and 2013, mainly as a result of the guarantee portfolio that accounts for 97.0% of total exposure. The credit portfolio shows a slight increase of 4.2% over 2014; the trade component, even if it only represents 8.5% of the portfolio, grew by 84.9% from €57.8 million to €106.8 million. Compared to December 2014, sovereign claims are substantially unchanged (+0.1%), amounting to €1.1 billion. SACE BT's total exposure at 31 December 2015 amounted to 38.5 billion, an increase over the 2014 year-end figure (+5.9%).

(millions of euros)

Portfolio	2015	2014	Change
SACE	**41,970.7**	**37,699.8**	**11.3%**
Outstanding guarantees:	40,715.0	36,494.3	11.6%
- principal	35,063.4	31,439.8	11.5%
- interest	5,651.6	5,054.5	11.8%
Credits	1,255.7	1,205.5	4.2%
SACE BT	**38,429.0**	**36,359.7**	**5.7%**
Short-term credit	7,791.5	7,559.8	3.1%
Surety Italy	6,563.9	6,713.2	-2.2%
Other property damage	24,073.6	22,086.7	9.0%

SACE

The breakdown by geo-economic area showed an increase in the exposure to EU countries (41.7% compared with 41.4% in 2014), up by 12.4% versus the previous year: as before, Italy continued to rank first in terms of concentration, with a relative weight of 20.6%.
It was followed by other European and CIS countries, which, with a 18.5% share of the portfolio (down in comparison with 2014, when it amounted to 20.1%), recorded only a slight increase in exposure, equal to +2.1% The other geo-economic areas accounted for 39.8% of the portfolio as a whole and showed an 18.9% average exposure increase over 2014: Americas +37.7% (with a slightly higher share of the portfolio, up from 14.0% in 2014 to 17.3% in 2015), Middle East and Northern Africa -5.3% (whose share of the portfolio decreased from 2014 to 2015, at 11.2%), Far East and Oceania +4.2% (with a lower share of the portfolio from 2014 to 2015, at 8.7%) and, finally, Sub-Saharan Africa, significantly up by 38.8% (with a share of the portfolio slightly up from 2.1% in 2014 to 2.6% in 2015).

The proportion of loans in US dollars decreased from 52.7% to 51.4% compared with the previous year, while 43% of SACE Spa's guarantee portfolio was denominated in that currency (versus 42% in 2014): this is whilst the US dollar continues to strengthen versus the Euro, from 1.2141 in 2014 to 1.0887 in 2015. The exchange rate risk in respect of the receivables portfolio and the guarantee portfolio is mitigated in part by the operational hedge provided by the unearned premium provision and in part through asset-liability management techniques implemented by the company.

The level of sector concentration remains high, with the first five sectors accounting for 72.1% of the total private portfolio. Oil & Gas continued to be the main sector, accounting for 21.8% (it was equal to 23.6% in 2014) and an increased exposure (3.9%) compared to 2014. Noteworthy is also the marked increase in guarantees to the Cruise sector by 78.3% (with a share that grew from 13.1% in 2014 to 20.7%) and the slight 3.1% increase in guarantees to the Infrastructure and Construction sector (with a share that, however, fell from 15.9% in 2014 to 14.6%).

SACE BT

Credit insurance business

The policies in place under the credit insurance business line at 31 December 2015 were 100,922 (-7.5% compared to 2014), for a corresponding value of €7.8 billion. Nominal exposure, defined by applying payment extensions and deductibles to the ceilings, amounted to €7.0 billion (-7.4% compared to 2014). The average amount insured per debtor stood at €89 thousand. The portfolio was primarily concentrated in EU countries (81.8%), with Italy accounting for 59.1%.
Agriculture, Wholesale Trade and Retail Trade were the top three industries for this line of business, accounting for 8.3%, 21.9% and 9.5% of total exposure respectively.

Surety business

Exposure to the Surety business (amounts of share capital insured), totalled €6.6 billion (-0.9% compared to 2014). Guarantees in tenders represent 64.1% of the exposure, followed by guarantees for tax payments and reimbursements (31.2%). The portfolio consists of nearly 34 thousand contracts and is concentrated in the North of Italy (65.5%).

Construction/Other property damage business

Nominal exposure (limits and capital insured) of the Other property damage business was equal to €24.1 billion (+9.0% compared to the previous financial year), of which €21.6 billion for the Construction portfolio (€19.7 billion in 2014) and €2.5 billion for Non-life policies (€1.8 billion in 2014).
The number of existing policies was 7,587 (+5.9% versus 2014). The number of 10-year Posthumous Insurance contracts accounted for 45.4% of the portfolio, CAR and EAR policies for 42.7% and Non-life policies for the remaining 11.9%.

2.2 Financial risks

The financial management aims to achieve the two following macro-objectives:
- preserving the value of company assets: in line with developments of the reference regulatory and financial framework, the SACE group, through a process of integrated Asset & Liability Management, hedges (both directly and indirectly) in order to balance negative variances in the guarantee and loan portfolio in the event of adverse changes to risk factors,
- contributing to the achievement of corporate financial goals through targeted, effective investments.

This activity confirmed that values were in line with the limits defined for each company and each type of investment. Value-at-Risk models are used to measure capital requirements.

(millions of euros)

Asset class	HTM	HFT	Total	%
Bonds	1,591.3	776.3	2,367.5	37.0%
Collective		575.7	575.7	9.0%
Shares		35.7	35.7	0.6%
Money market		3,413.9	3,413.9	53.4%
Total	**1,591.3**	**4,801.6**	**6,392.8**	**100.0%**

Of the total portfolio, 37.0% is accounted for by bonds and other debt securities, 9.0% by stakes in collective investment undertakings mainly invested in bonds or shares, 0.6%% by shares and the remaining 53.4% by monetary instruments.
With regard to the credit risk of its securities portfolio, SACE and its subsidiaries pursued a prudent investment policy, setting limits on the types of financial instruments that can be used, on concentration by class and on the creditworthiness of the issuer.

Breakdown of securities portfolio by rating grades

Rating Class	%
AAA	1.9%
AA	1.5%
A	3.7%
BBB	90.4%
Other	2.5%

SENSITIVITY ANALYSIS

During the year, a sensitivity analysis is conducted on SACE's investment portfolio and that of its subsidiaries, specifically for bonds, shares and stakes in collective investment undertakings.
Sensitivity analysis on the securities portfolio (excluding the HTM component) is weighted on the most recent economic-financial events. In addition, tests were also performed for scenarios with rising oil prices and an appreciation of the euro against the US dollar, with propagation and correlation effects. The results confirmed the strength of the portfolio even in situations of considerable strain in financial markets and on the main commodities.

Scenario analysis/Stress Test	Impact on trading portfolio (millions of euros)	Scenario description
Lehman default (2008)	61.9	Historical returns immediately after the Lehman Brothers bankruptcy in 2008
Oil prices drop (May 2010)	60.6	Oil price down by 20% due to concerns about the reduction in government budgets as a result of the economic crisis in the European countries
Russian financial crisis (2008)	111.8	The war in Georgia and the rapid decline in the oil prices raises fears of an economic recession
Debt ceiling crisis & Downgrade (2011)	4.4	The debt crisis in the US and the subsequent downgrade by S & P. The scenario reflects market variables for 17 days: from 22 July 2011 to 8 August 2011, the day when the market began to react to the debt impasse
Libya oil shock (February 2011)	(30.2)	The civil war in Libya (which broke out on 15 February 2011) caused a drastic fall in oil prices. The scenario reflects the historical returns of risk factors from 14 February 2011 to 23 February 2011
Euro down 10% vs. USD: propagation	138.0	Euro down 10% on the USD, with propagation on other currencies and correlation effect on equity factors
Euro up 10% vs. USD: propagation	(137.9)	Euro up 10% on the USD, with propagation on other currencies and correlation effect on equity factors

As regards the non-current portfolio, the sensitivity analysis performed with the calculation of the basis point value generated a very low value (€0.51 million), substantially in line with that posted in 2014 (€0.58 million).

2.3 Legal disputes

At 31 December 2015 SACE was involved in 34 disputes, mainly relating to insurance commitments undertaken before 1998. More specifically, there are 24 pending suits against the company, involving provisions of about €26.3 million, while SACE itself has filed 10 claims, seeking a total of around €227.2 million.
Moreover, there are 38 pending lawsuits for the recognition of the privileged nature of SACE's claims in bankruptcy proceedings pursuant to Italian Legislative Decree 123/98 for damages paid (or being paid) for guarantees issued to support the international expansion of companies.

SECTION 3 - THE RISKS OF OTHER ENTITIES

TERNA GROUP

As a normal part of operations, the Terna group is exposed to a variety of financial risks: market risk (namely exchange rate risk, interest rate risk and inflation risk), liquidity risk and credit risk.
This section provides information regarding the Terna group's exposure to all the above risks, along with a presentation of the objectives, policies and processes for managing those risks and the methods used to measure them. Quantitative information on the 2015 financial statements are also provided.
Terna's risk management policies seek to identify and analyse the risks the group is exposed to, establishing appropriate limits and controls and monitoring risks and compliance with such limits. These policies and the related systems are reviewed on a regular basis in order to take account of any changes in market conditions or in the operations of group companies.
The exposure of the Terna group to the aforementioned risks is substantially represented by the exposure of the parent company. As a part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, specifically with respect to the instruments to be used and the precise operating limits in managing them.

	31/12/2015				31/12/2014			
(millions of euros)	Performing credits	Loans at fair value	Hedging derivatives	Total	Performing credits	Loans at fair value	Hedging derivatives	Total
Assets								
Derivative financial instruments			688.2	688.2			784.8	784.8
Cash, short-term deposits and intercompany loans	431.6			431.6	1,217.3			1,217.3
Total	**431.6**		**688.2**	**1,119.8**	**1,217.3**		**784.8**	**2,002.1**

	31/12/2015				31/12/2014			
(millions of euros)	Payables	Loans at fair value	Hedging derivatives	Total	Payables	Loans at fair value	Hedging derivatives	Total
Liabilities								
Long-term debt	2,233.3	6,406.1		8,639.4	2,865.7	5,983.6		8,849.3
Derivative financial instruments			7.3	7.3			35.5	35.5
Total	**2,233.3**	**6,406.1**	**7.3**	**8,646.7**	**2,865.7**	**5,983.6**	**35.5**	**8,884.8**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in financial market conditions. Market risks comprise three forms of risk: exchange rate risk, interest rate risk and inflation risk. Risk management must be performed with the objective of maximising financial income and minimising the related risks by selecting counterparties and instruments compatible with the corporate Risk Management policy. Speculative activity is not envisaged in the corporate mission.
Terna group intends to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aiming at minimising risk through continuous monitoring of financial markets in order to plan hedging transactions in favourable market conditions. The dynamic approach makes it possible to take action to improve existing hedges where changes in market conditions or in the hedged item make the latter unsuitable or unduly expensive. The concept of hedging transaction is not restricted to those hedges that qualify for hedge accounting, but rather encompasses the objective of total or partial hedging of the income statement or balance sheet item from interest rate risk.
All derivative contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, so that any change in the fair value and/or estimated cash flows of the contracts is offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position. The fair value of financial derivatives reflects the estimated amount that Terna would pay or receive in order to extinguish contracts at the closing date.
The fair value of instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (Level 2) by means of appropriate valuation techniques for each category of financial instrument, using market data as at the closing date (such as interest rates, exchange rates and volatility) and discounting projected cash flows on the basis of the market yield curve and inflation at the reporting date.

The financial assets and liabilities in respect of derivative instruments in place during the year can be classified as:
- cash flow hedge derivatives, related to hedging the risk of changes in the cash flows associated with long-term floating-rate loans;
- fair value hedge derivatives, related to hedging the exposure to changes in the fair value of a financial asset or liability associated with fluctuations in interest rates (fixed-rate bonds).

The following table shows the notional amounts and the fair value of derivatives entered into by the Terna group:

	31/12/2015		31/12/2014		Change	
(millions of euros)	Notional	Fair value	Notional	Fair value	Notional	Fair value
FVH derivatives	3,150.0	688.2	3,150.0	784.8		(96.6)
CFH derivatives	3,050.2	(7.3)	2,687.3	(35.5)	362.9	28.2

Interest rate risk

Interest rate risk is represented by the uncertainty associated with movements in interest rates that could have an impact on the fair value or future cash flows of financial instruments.
In conducting its operations, Terna is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk is associated with items of net financial debt and the related hedging positions in derivative instruments that generate financial expense. Terna's borrowing strategy focuses on long-term loans whose term reflects the useful life of company assets. It also pursued an interest rate risk hedging policy that aims to reconcile this approach with the regulatory framework, which every four years establishes the cost of debt as part of the formula to set the return on the regulatory asset base (RAB).
Accordingly, the hedging instruments used, at various maturity dates, include both derivatives that transform fixed rates into floating rates and derivatives that transform floating rates into fixed rates.
In order to reduce the amount of financial debt exposed to the risk of fluctuations in interest rates and to optimise the temporal correlation between average cost of debt and regulatory rate used in the WACC formula, various types of plain vanilla derivatives are used, such as interest rate swaps.

Interest rate swaps are used to reduce the volume of debt exposed to fluctuations in interest rates, as well as to reduce the volatility of borrowing costs. By entering into an interest rate swap with a counterparty, Terna agrees to exchange floating rate interest payments against fixed rate interest payments (agreed between the parties), or vice versa, with reference to predefined notional amounts and at specified time intervals.

The following table reports the financial instruments subscribed by Terna, classified by type of interest rate (fixed or floating):

(millions of euros) Carrying amount	31/12/2015	31/12/2014	Change
Fixed-rate financial instruments			
Liabilities	6,413.4	6,019.1	394.3
Floating-rate financial instruments			
Assets	1,119.8	2,002.1	(882.3)
Liabilities	2,233.3	2,865.7	(632.4)
Total	**7,526.9**	**6,882.7**	**644.2**

Sensitivity to interest rate risk

As regards the management of interest rate risk, Terna has, on the one hand, entered into fixed-to-floating interest rate swaps (FVH) to hedge the fair value of the fixed-rate bonds and, on the other, into floating-to-fixed interest rate swaps (CFH) to hedge the expected cash flows in respect of all other floating-rate debt.
Since the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, as initially and periodically verified, is high (between 80% and 125%), Terna chose to apply hedge accounting in order to ensure perfect time matching between the hedge and the hedged item. The purpose of hedge accounting is to simultaneously recognise the income statement effects of the hedges and the hedged item. As a result, for FVH derivatives, the fair value changes of the hedged item attributable to the risk being hedged must be recognised in the income statement, thereby offsetting the fair value changes of the derivative that are also recognized in the income statement; for CFH derivatives, the fair value changes of the derivative must be recognised in "Other comprehensive income" (immediately recognizing any ineffective portion through profit or loss) and then recycled through profit or loss in the same period in which the cash flows relating to the hedged item have an earnings effect. The characteristics of the CFH derivative contracts in place mirror those of the underlying hedged items, therefore, the related cash flows shall occur at the same maturities as the interest on debt, with no impact from fair value changes on the income statement.

The following table reports the amounts recognised in profit or loss and in "Other comprehensive income" in respect of positions sensitive to changes in interest rates, the theoretical value of the positions following a positive or negative shift in the yield curve and the differential impact of those changes recognisable in profit or loss and in "Other comprehensive income". A hypothetical 10% variation in interest rates with respect to market interest rates at the reporting date has been assumed.

	Net income or loss			Equity		
(millions of euros)	Current rates +10%	Rates at 31/12/2015	Current rates -10%	Current rates +10%	Rates at 31/12/2015	Current rates -10%
31 December 2015						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	1.1	1.1	1.1	(4.9)	(6.4)	(7.5)
Hypothetical change				*1.5*		*(1.2)*
31 December 2014						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	(4.7)	2.0	8.7	(35.1)	(35.5)	(35.9)
Hypothetical change	*(6.7)*		*6.7*	*0.4*		*(0.4)*

Inflation risk

As regards inflation rate risk, the rates established by the regulator to remunerate Terna S.p.A.'s activities are determined so as to allow coverage of the sector's recognised costs. Such cost components are updated on an annual basis to consider the accrued impact of inflation. In 2007, the company used an inflation-linked bond issue, thereby obtaining an effective hedge of profit for the year: any decrease in expected revenues due to a decrease in the inflation rate would be offset by lower financial expense.

Exchange rate risk

Terna generally hedges exchange rate risk through the forward sale or purchase of currencies (forward contracts) or the use of options. Currency options give Terna the right or the obligation to buy or sell predetermined amounts of a currency at a specific exchange rate at the end of a specific period of time. Normally, both forward contracts and options have maturities of no more than 12 months.
Such contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from an appreciation or depreciation of the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position.
In the financial statements at 31 December 2015 (as at 31 December 2014), there were no financial instruments exposed to exchange rate risk.

Liquidity risk

The liquidity risk is the risk Terna might encounter difficulty in discharging its obligations in respect of its financial liabilities and operational cycle. Liquidity risk management seeks to ensure adequate coverage of cash needs by obtaining adequate lines of credit and appropriately managing of any surplus liquidity. At 31 December 2015, Terna had approximately €493 million in short-term credit lines and €1,550 million in revolving credit lines. The following table reports the repayment schedule for nominal long-term debt at 31 December 2015.

(millions of euros)	Maturity period	31/12/2014	31/12/2015	Amount maturing within 12 months	Amount maturing after 12 months	2017	2018	2019	2020	2021	Beyond
Bonds	2014-2024	1,081.9	1,050.1		1,050.1						1,050.1
Bonds IL	2023	731.6	712.8		712.8						712.8
Bonds PP	2019	691.9	677.2		677.2			677.2			
Bonds 1250	2021	1,483.0	1,453.3		1,453.3					1,453.3	
Bonds 1250	2017	1,247.8	769.2		769.2	769.2					
Bonds 1000	2022		995.3		995.3						995.3
Bonds 750	2018	747.5	748.2		748.2		748.2				
Total fixed rate		**5,983.7**	**6,406.1**		**6,406.1**	**769.2**	**748.2**	**677.2**		**1,453.3**	**2,758.2**
EIB	2014-2030	1,707.0	1,724.5	120.6	1,603.9	132.4	132.4	111.3	116.1	111.5	1,000.2
Club Deal	2015	649.9									
CDP	2019	500.0	500.0		500.0			500.0			
Leasing	2019-21-22	8.8	8.8	2.2	6.6	2.2	2.0	1.9	0.3	0.1	0.1
Total floating rate		**2,865.7**	**2,233.3**	**122.8**	**2,110.5**	**134.6**	**134.4**	**613.2**	**116.4**	**111.6**	**1,000.3**
Total		**8,849.4**	**8,639.4**	**122.8**	**8,516.6**	**903.8**	**882.6**	**1,290.4**	**116.4**	**1,564.9**	**3,758.5**

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a transaction in financial instruments could cause a financial loss by failing to discharge an obligation. It is mainly generated by trade receivables and the financial investments of the group.
It is mainly generated by trade receivables and the financial investments of the company. The credit risk originated by open positions on transactions in financial derivatives is considered to be marginal since the counterparties, in compliance with financial risk management policies, are leading international credit institutions with high ratings and such transactions are diversified in compliance with specific concentration limits.

Terna essentially renders its services to counterparties considered solvent by the market, with an accordingly high credit standing, and does not have concentrations of credit risk.
Credit risk management is guided by the provisions of Resolution no. 111/06 of the Authority for Electricity and Gas (the Authority), which, at article 49, introduced instruments for the limitation of risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of actual insolvency. In particular, the resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their revenues), the option of terminating dispatching contracts (in the event of insolvency or failure

to replace enforced guarantees) and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee defined by the Authority.

At the close of the year, the exposure was as follows:

(millions of euros)

Carrying amount	31/12/2015	31/12/2014	Change
FVH derivatives	688.2	784.8	(96.6)
Cash and cash equivalents	431.6	1,217.3	(785.7)
Trade receivables	1,373.4	1,577.8	(204.4)
Total	**2,493.2**	**3,579.9**	**(1,086.7)**

The overall credit risk exposure at 31 December 2015 is represented by the carrying amount of financial assets (current and non-current), trade receivables and cash and cash equivalents.

Default risk and debt covenants

This risk is associated with the possibility that the loan contracts or bond rules to which the Terna is party may contain provisions authorising counterparties to call in such loans immediately upon the occurrence of certain events, thereby generating liquidity risk. For more information on the contractual provisions of outstanding loans at 31 December 2015, please see the section "Loans and financial liabilities" in the notes to the financial statements of the Terna group.

SNAM GROUP

Even it keeps a limited economic and financial risk profile, since it focuses on regulated environments, SNAM adopts a structured and systematic management system for all risks that my impact the conditions for value creation.
The risk identification, assessment, management and control system, implemented throughout the company, is subdivided into three levels, each with different objectives and responsibilities. The Chief Executive Officer is responsible for structuring and maintaining the entire system on the back of a mandate granted by the Board of Directors.
Risk assessment methods are integrated, cross-functional and dynamic, and leverage management systems already in place in individual business processes, starting from those pertaining to fraud and corruption prevention and health, environmental safety and quality.
The aforementioned control activities are an integral part of management processes. The management's task, therefore, is that of promoting the creation of a control-oriented culture, aimed at monitoring "line controls" in particular, consisting in the complex of control activities that individual operational units or companies perform on their processes. The independent audit is performed by the Internal Audit function, which is responsible for checking that the system is operational and adequate.

Through Enterprise Risk Management (ERM) and the new Risk Management Policy, issued in 2015, SNAM decided to strengthen this area by equipping itself with a structured risk identification, assessment, management that is the same across all group companies. The ERM model is managed by a dedicated corporate function, is iterative and entails an integrated, cross-functional and dynamic risk assessment and leverages management systems already implemented in individual business processes.
In 2015 4 risk assessment cycles were completed in line with the aforementioned model, which involved the entire SNAM group. At the end of 2015, around 360 enterprise risks were mapped across all business processes.

Apart from ordinary assessment and control activity for mapped risked, some measures aimed at the continuous improvement of the model adopted and at supporting risk managers were also performed. In detail:
- analysis and classification of all risk causes in order to better identify root causes and relevant management and/or remediation actions. Classification was carried out by making a distinction between internal and external causes and further subdividing them into other categories (people, process, regulations, suppliers, etc.) and sub-categories;
- preparation of an integrated intervention plan summarising all measures and relevant timescales for risk management and/or mitigation;
- implementation of a method for the identification and measurement of positive effects of events (opportunities);
- development of an IT tool that enables performance of cyclical risk mapping verification operations online.

Key risk management methods

The main types of risks identified by SNAM, described below, are the following:
- regulatory, legal and non-compliance risk;
- operational risks;
- specific risks linked to market and competition risks in the various business sectors in which the group operates;
- financial and liquidity risks, arising from exposure to interest rate fluctuations, the downgrading of medium-long term debt and non-collectable receivables.

Regulatory, legal and non-compliance risk

SNAM's regulatory risk is strictly link to the regulation of gas-sector activities. The directives and regulatory provisions issued by the European Union and the Italian government and the resolutions of the Authority for Electricity, Gas and the Water System (AEEGSI) and, more generally, changes to the reference regulatory framework may have a significant impact on Company operations, earnings and financial stability. Considering the specific nature of its business and the context in which SNAM operates, changes to the regulatory context with regard to criteria for determining reference tariffs are particularly significant.
The legal and non-compliance risk pertains to the partial or total non-compliance with rules and regulations at European, national, regional and local level that apply to SNAM's business activities. Breaches of rules and regulations can entail criminal, civil and/or administrative sanctions, as well as financial, economic and reputational damages. Specific cases, including breaches to the regulations for the protection of the health and safety of employees and the environment and to anti-corruption legislation may also entail substantial fines for the Company based on the administrative liability of entities (Italian Legislative Decree no. 231 of 8 June 2001).

Operational risks

They consist mainly in service malfunction and sudden outages due to accidental events including incidents, faults or malfunctions of equipment and control system, lower plant yield and extraordinary events such as explosions, fires, earthquakes, landslides or other similar events that are outside of SNAM's control. Such events may cause a drop in revenues as well as result in significant damages to people, with possible claim obligations. Although SNAM has taken out specific insurance policies to cover some of these risks, the related insurance cover could be insufficient to meet all the losses incurred, compensation obligations or cost increases.
SNAM may incur delays in infrastructure work progress due to the many unknown factors linked to operational, financial, regulatory, authorisation and competition aspects over which it has no control. SNAM is therefore unable to guarantee that the projects to upgrade and extend its network will be started, and that, if completed, will lead to the expected benefits in terms of tariffs. Additionally, development projects may require greater investments or longer time frames than those originally planned, affecting SNAM's financial position and results.

Market and competition risks

With respect to market and competition risks linked to individual business sectors in which SNAM operates, risks linked to the expiry and renewal of distribution concessions and the continuation of storage concession are particularly noteworthy. On the basis of current regulations applicable to Italgas's concessions, new gas distribution contracts will no longer be awarded on the basis of individual municipalities but exclusively on the basis of minimum territorial units (MTUs). As the tender process unfolds, Italgas may not be awarded concessions for planned areas, or it may be awarded them on less favourable terms than it is currently the case. This could have a negative impact on its operations, results, balance sheet and cash flow, notwithstanding - should the Company not be awarded concessions for the municipalities it previously managed - the collection of the reimbursement envisaged for the outgoing operator calculated pursuant to Italian Ministerial Decree no. 226 of 12 November 2011. As a result of this regulation, there may be cases in which the reimbursement value is lower than the RAB value.
With respect to the storage activity, eight of the ten concessions granted to SNAM through Stogit (Alfonsine, Brugherio, Cortemaggiore, Minerbio, Ripalta, Sabbioncello, Sergnano and Settala) shall expire in December 2016 and may be extended by the Ministry for Economic Development no more than twice, for a total term of ten years each; one (Fiume Trieste) shall expire in June 2022 and was already granted the first 10-year extension in 2011 and a final one (Bordolano) shall expire in November 2031 and may be extended for a further ten years. If SNAM is unable to retain ownership of one or more of its concessions or if, at the time of renewal, concessions are awarded under terms less favourable than current ones, the Company may experience negative effects on its operations, results, balance sheet and cash flow.

Market risks include, *inter alia*, the risk linked to natural gas price fluctuations. Starting from the third regulation period 2010-2013, the Authority for Electricity, Gas and the Water System defined the methods for the payment in kind by service users to the major transmission service operator of gas quantities to cover fuel gas, network leaks and Unaccounted For Natural Gas due as percentage of the quantities respectively input into and taken from the transport network. Specifically, AEEGSI defined the allowed level of unaccounted for gas on the basis of a fixed value for the entire regulatory period, in order to incentivise the major transmission service operator to achieve further efficiency gains. The aforementioned methods were confirmed by the Authority also for the fourth regulation period with Resolution 514/2013/R/gas. In view of the aforementioned mechanism for the payment in kind for unaccounted for gas, there is ongoing uncertainty about any quantities of unaccounted for natural gas recorded in excess compared to the quantities paid for in kind by service users. By virtue of the current regulatory framework, the fluctuation in the price of natural gas to hedge fuel gas and network leaks represents a significant risk factor for SNAM.

Financial risks

The main financial risks identified, monitored and, as specified below, managed by SNAM within the scope of corporate risks are:
- the risk arising from exposure to interest rate and exchange rate fluctuations;
- the credit risk resulting from the possibility of default by a counterparty;
- the liquidity risk resulting from the lack of financial resources to fulfil short-term commitments;
- the rating risk;
- the default risk and debt covenants.

The policies and principles adopted by SNAM to manage and control risks arising from the aforementioned financial instruments are described below. In line with the information to be disclosed pursuant to IFRS 7 "Financial instruments: supplementary information", the nature and size of the risks arising from the aforementioned instruments are also detailed. For the other risks that characterise operations (the risk of natural gas price variations, operational risks and specific risks for the sectors in which SNAM operates), see the chapter "Uncertainty factors and risk management" of the SNAM group's Report on Operations.

Interest rate risk

Interest rate fluctuations affect the market value of the company's financial assets and liabilities and the level of net financial charges. SNAM's Risk Management objective consists in optimising the interest rate risk whilst pursuing the objectives defined and approved in the Financial Plan. The SNAM group is run on the basis of a centralised organisational model. As a result, SNAM's business units ensure coverage of requirements through access to the financial markets and the use of funds in line with approved objectives, ensuring that the debt profile is kept within set limits.
As at 31 December 2015, the SNAM group used external financial resources in the shape of bond issues and bi-lateral and syndicated loan agreements with Banks and other Lenders, in the form of medium- to long-term loans and credit facilities at interest rates that were index-linked to market reference rates - in particular to the Europe Interbank Offered Rate (Euribor) - or at fixed rate.
Exposure to the interest rate risk at 31 December 2015 amounted to 36% of total group exposure (vs 31% at 31 December 2014).
At 31 December 2015 SNAM had an Interest Rate Swap (IRS) derivative contract for a fixed-rate bond of €500 million with maturity in 2023. The IRS derivative is used to convert the fixed-rate loan into a variable-rate loan.

The impact on net equity and net income for the year at 31 December 2015 of a possible 10% positive and negative variance of interest rates actually applied during the year is lower than € 1 million.

Exchange rate risk

SNAM's exposure to the interest rate risk pertains to both transaction risk and translation risk related to exchange rates. The transaction risk arises from the conversion of trade or financial receivables (payables) into currencies other than the functional one and can be linked to the impact of adverse exchange rate fluctuations between the moment the transaction was originated and the moment it was perfected (collection/payment). The translation rate risk consists in the fluctuation of the exchange rates of currencies other than the consolidation currency (Euro), which can result in variances to consolidated equity. SNAM's Risk Management objective is that of minimising the transaction risk, also resorting to the use of derivative financial instruments.

At 31 December 2015, SNAM had foreign currency items consisting essentially of a bond for an amount of 10 billion Japanese Yen maturing in 2019, for a counter-value of approximately €75 million on the issue date, fully converted into Euros through a Cross Currency Swap hedging derivative (CCS) with identically opposite notional amounts and maturities compared to the hedged component. This contract has been defined as a cash flow hedge. SNAM does not hold hedging derivatives on currencies for speculative purposes.
The impact on net equity and net income for the year at 31 December 2015 of a possible 10% positive and negative variance of the €/Japanese Yen exchange rate actually applied during the year is lower than € 1 million.
It should be noted that exchange rate variances have no effect on the result of the year as any relevant effects would be neutralised by the hedging derivative.

Credit risk

The credit risk is the company's exposure to potential losses arising from a counterparty defaulting on its obligations. The non-payment of delayed settlement of any amounts due may negatively impact SNAM's performance and financial soundness.
With respect to the risk of counterparty default in commercial agreements, credit management is the responsibility of business units and SNAM's dedicated centralised functions for credit collection and dispute management activities.
SNAM provides business services to a limited number of gas sector operators, of which the most important in terms of turnover volume is ENI S.p.A. The rules governing Clients' access to the services offered are established by the AAEGSI and are provided for in Network Codes, i.e. in documents that set out, for each type of service, the rules that govern duties and responsibilities of the subjects involved in the process of providing the aforementioned services and mandate contractual clauses that diminish the risk of non-compliance on the part of clients. In specific cases, the Codes provide for the issue of guarantees to partly cover some obligations entered into when the client does not possess a credit rating issued by a major international rating agency. The regulatory body of rules also provides for specific clauses to guarantee the neutrality of the entity responsible for the Balancing activity, performed by SNAM Rete Gas as major transmission service operator since 1 December 2011. Specifically, balancing regulations entail an obligation for SNAM Rete Gas to acquire, on an economic merit basis, the financial resources required to ensure the safe and efficient handling of gas from input to offtake points, in order to guarantee the constant balancing of the network, procure the storage resources required to cover any imbalances of individual users and adjusts the relevant income statement entries.
However, it cannot be ruled out SNAM may incur into liabilities and/or losses due to the non-fulfilment of payment obligations on the part of its clients, also taking into account the current economic and financial environment, which makes credit collection activity more complex and critical.
SNAM's highest credit risk exposure at 31 December 2015 consisted in the book value of financial assets recognised in the financial statements.
Loans past due and not written down at 31 December 2015 amounted to 251 million euro (€254 million at 31 December 2014) and mainly related to the storage sector (€105 million), mainly due to the VAT charged to users for the consumption of undue strategic gas drawn out over 2010 and 2011; the distribution sector (€82 million), mainly related to transactions with gas marketing companies for the distribution service, covered by guarantee policies, and loans granted to General Governments; the transport sector (64 million euro), mainly related to variance charges and additional fees not written down as to be paid back to the Authority once received. At 31 December 2015 no significant credit risks had been identified. However, it must said that approximately 60% of trade receivables (46% at 31 December 2014) refers to customers with top-rank credit rating, including ENI S.p.A., which accounts for 28% of total trade receivables (versus 25% at 31 December 2014).

Liquidity risk

The liquidity risk is the risk that, due to the inability of raising new funds (funding liquidity risk) or liquidating assets on the market (asset liquidity risk), the Company may not be able to fulfil its payment commitments, resulting in an impact on income if the company is forced to sustain additional costs to meet such commitments or, an extreme consequence, a condition of insolvency that puts the continuation of company business at risk.
SNAM's Risk Management goal is that of implementing, within the financial plan, a financial structure that, in line with business objectives, guarantees an adequate level of liquidity for the group, minimising the relevant opportunity cost and maintaining an optimal profile in terms of maturity and composition of debt.
As highlighted in the paragraph "Interest rate risk", whilst implementing the debt refinancing plan, the Company gained access to a large range of funding sources through the credit system and the capital markets (bonds, bilateral contracts, syndicated loans with major national and international banks and loan agreements funded by the European Investment Bank - EIB).

SNAM has set itself the objective of the maintenance of a balanced debt structure, in terms of split between bonds and banking loans and availability of usable committed credit facilities, in line with the business profile and the regulatory framework in which the Company operates.
As at 31 December 2015, SNAM had unused long-term committed credit facilities totalling approximately €3.95 billion. Moreover, SNAM has a Euro Medium Term Notes (EMTN) programme for an overall maximum value of €12 billion, used for approximately €9.7 billion at 31 December 2015. At the end of 2015, the programme allows for the issue of other bonds worth up to €2.3 billion, to be placed with institutional investors operating mainly in Europe by 30 June 2016, in line with the programme's terms and conditions.

Rating risk

With respect to SNAM's long-term debt, on 9 February 2015, Moody's confirmed its Baa1 rating, with stable outlook.
On 8 October 2015 the rating agency Standard & Poor's (S&P's) confirmed its BBB rating with stable outlook.
On 23 July 2015 the rating agency Fitch granted SNAM its BBB+ rating with stable outlook and confirmed its assessment on 24 September 2015.
SNAM's long-term rating with Moody's and S&P's is positioned one notch above that of the Italian Republic. Based on the methods adopted by rating agencies, the downgrade by one notch of the Italian Republic's current rating would trigger a likely equivalent downward adjustment of SNAM's current rating.

Default risk and debt covenants

The risk of default consists in the possibility that the loan agreements underwritten contain provisions that entail the possibility for the lender to activate contractual protections, which could result in the early repayment of the loan if specific circumstances occur, thereby generating a potential liquidity risk.

As at 31 December 2015 SNAM had entered into unsecured bilateral and syndicated loan agreements with banks and other Financial Institutions. Some of these agreements, provide for, *inter alia*, compliance with the following: (i) negative pledge commitments pursuant to which SNAM and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change of control clauses; (iii) limitations on some extraordinary transactions that the Company and its subsidiaries can carry out.
The bonds issued by SNAM on 31 December 2015 as part of the Euro Medium Term Notes programme provided for compliance with covenants that reflect international market practices regarding, *inter alia*, negative pledge and *pari passu* clauses.
Failure to comply with these covenants, and the occurrence of other events, some of which are subject to specific threshold values, such as cross-default events, may result in SNAM's failure to comply and could trigger the early repayment of the relevant loan. For EIB loans only, the lender is entitled to request further guarantees if SNAM's rating reaches the level of BBB- (S&P's/Fitch Ratings Limited) or Baa3 (Moody's) for at least two of the three rating agencies.

FINCANTIERI GROUP

In the normal course of its business activities, the Fincantieri group is exposed to various financial and non-financial, risk factors that, were they to materialise, could have an impact on the economic and financial position of the group.

Risks connected to operational complexity

Given the operational complexity deriving from the intrinsic characteristics of building ships, as well as geographical and product diversification and the group's inorganic growth strategy, the group is exposed to the risk deriving from:
- the inability to adequately control project management activities;
- the inability to adequately manage the operational complexity or the process of organisational integration that characterises the group;
- the inability to adequately manage the complexity arising from product diversification;
- the inability to distribute workloads efficiently based on production capability (plants and workforce) or the fact that an excess of such workload may hinder the achievement of competitive margins;
- the inability to meet market demand due to insufficient production capacity.

If the group is not capable to implement an adequate project management activity, with suitable or effective procedures and activities to control the correct completion and the efficiency of its own shipbuilding processes, or if it cannot adequately manage the complexity linked to product diversification or cannot distribute workloads efficiently based on the production capacity (plants and workforce) available at the various production sites from time to time, it could experience a drop in revenues and profitability with possible negative effects on its economic, asset and financial situation.

In order to manage processes of this kind of complexity, the group adopts procedures and activity plans aimed at managing and monitoring the implementation of each project over its entire life cycle. Moreover, the group has adopted a flexible production structure so as to adapt to ship demand fluctuations in the various business areas. This flexible approach enables it to overcome the limitations due to each individual plant's capacity and pursue several contractual opportunities in parallel, guaranteeing compliance with delivery schedules.

Risks linked to market structure

The Fincantieri group can boast a long-standing co-operation for the building of cruise ships with the US ship operator Carnival, a key player in the cruise sector that owns, apart from the brand of the same name, companies with prestigious brands such as P&O, Princess Cruises, Holland America Line, Cunard, Costa Crociere. The preferential relationship with the Carnival group is certainly a strength for the Fincantieri group, but potentially also a weakness from a customer concentration viewpoint. In the military segment the main share of turnover has been historically linked to manufacturing for the Italian Navy, which represents a strategic asset for the company, but whose demand for defence ships is heavily influenced by military expenditure policies. The subsidiary VARD operates in the offshore segment, where it has developed long-term relationships with sector ship operators and companies, such as DOF, Technip and Island Offshore. Moreover, VARD has been building a number of ships in Brazil for the customer Transpetro, a subsidiary of Petrobras. The shipbuilding industry has historically been characterised by cyclical performance, responding to trends in its reference industry. Group customers operating in the offshore and cruise sectors base their investment plans on demand from their relevant customers, mainly influenced by energy demand and oil price forecasts for the offshore sector (which feed investments in exploration and production activities), and by leisure market prices for the cruise sector.

Delays in fleet refurbishment programs or other actions that impact the workload of the Fincantieri group's main customer in the cruise sector may produce consequences in terms of business workload and profitability, and the negative trend of the offshore market has led to a reduction in the order level of the subsidiary VARD, exposing it to the risk of cancellation or delay of current projects. The lack of resources earmarked by the Government to military expenditure for fleet modernisation programmes is a variable that can impact the group's economic and financial performance.

The customer diversification policy in the cruise ship business segment pursued by the Fincantieri group, together with the maintenance of satisfaction levels for the requirements of the ship operator Carnival has enabled the expansion of the customer portfolio. As far as military production is concerned, participation in international projects, such as the French-Italian FREMM, the expansion of the group in the USA to seize development opportunities in the US defence market, and the efforts to increase business on international markets through the active presence in military production for other foreign Countries with no national manufacturers or with manufacturers without the necessary technical competencies, know-how and infrastructure In order to mitigate the impact of the cyclical performance of the shipbuilding industry, in recent years the group has pursued a strategy of the diversification, expanding its business both at product level and at geographical level. Since 2005 the group has grown in the offshore, mega-yacht, ship systems and components, repair, refitting and after-sales segments. At the same time, the group has expanded its international activities, also through acquisition. Given the current contraction in offshore market volumes, the subsidiary VARD is actively trying to diversify its products and shift its focus onto new market segments in order to reduce exposure to the cyclical nature of offshore Oil&Gas manufacturing. Moreover, VARD has initiated a work force reduction plan in its Norway and Romania plants. This plan includes efficiency and cost-reduction measures required to adjust its own production capacity to different market scenarios, reducing headcount but maintaining key competencies required to leverage any recovery opportunities in the sector.

Risks linked to maintaining competitiveness on reference markets

Standard productions are by now dominated by Asian shipyard and, therefore, competitiveness can only be maintained by specialising in value-added markets. With respect to civil-sector production, the parent company has focussed on cruise ships and cruise ferries, in which it has historically operated. This focus has recently expanded to offshore support production with the acquisition of VARD. Further factors that may impact competitiveness are the risk of not paying sufficient attention to customer needs, or of non-compliance of product quality and safety standards with market requirements and new applicable regulations. In addition, aggressive commercial policies, the development of new products and technologies or an increase in production capacity by competitors could lead to price competition, with a corresponding reduction in the level of competitiveness required.

Insufficient coverage of the markets in which the company operates and untimely reaction to both the challenges thrown by competitors and customers may result in a loss of competitiveness, with a relevant impact in terms of production volumes and/or less attractive price points, with a reduction in profit margins.
The company seeks to maintain its competitive positioning in its business areas by ensuring high standards of product quality and innovation, alongside the pursuit of cost optimisation solutions and flexible use of technical and financial solutions to remaining competitive in the industry in terms of its commercial offer. The subsidiary VARD, despite the challenging market scenario, focuses greatly on R&D activity, having initiated the "A step forward" project aimed at developing new concept designs for highly innovative crafts that can improve ROI for operators.

The difficult political and economic scenario and the deterioration of the regulatory framework in the countries where the group operates, particularly for VARD's activities in Brazil, may have negative consequences for operations and future cashflows. Moreover, the search for new business opportunities in emerging countries, particularly for military productions, entails a greater exposure to Country and/or international corruption risks.
Situations linked to Country risk may negatively impact the economic, asset and financial situation due to loss of customers, profitability and competitive advantage.
In pursuing business opportunities in emerging countries, the group takes adequate precautions by favouring commercial activities supported by inter-governmental agreements or other forms of collaboration between States, apart from implementing suitable measures for monitoring risk processes within its organisation.

Risks connected to contracts management

Shipbuilding contracts managed by the group are mainly multi-year agreements with set remuneration and any price variations must be agreed with the customer. At the time the contract is signed, price-setting can only take place through a careful assessment of raw material, machinery, component, tender prices and all costs linked to production (including labour and general expenses), which is more complex for prototype or particularly complex ships.
Upward cost variances not envisaged in the pre-contractual stage that do not result in an equivalent price increase may result in a reduction of profit margins for the relevant orders.
The group takes into account expected cost element variances for orders when determining offer prices. Moreover, when contracts is signed, fixed-price options for some of the ship's main components have already been defined.

Many factors can influence production programmes and the use of production capacity, impacting on contractual delivery timescales with possible penalties for the group. These factors include, *inter alia*, strikes, low industrial productivity, inadequate management of logistics and inventories, unexpected issues at the design, engineering and production phase, factors linked to adverse weather events, project changes or supply problems for key components.
In the event of delivery delays, when causes are not recognised at contractual level, shipbuilding contracts normally entail the payment of increasing fines in line with the delay.

Remediation actions

The group manages contracts through dedicated organizational structures that manage all aspects of a contract's lifecycle (design, purchasing, construction, fitting).

The operating management of contracts entails the risk that a counterparty with whom the Company has entered into a contract is no longer capable of meeting its obligations and, more specifically, that the customer may not pay contractually agreed amounts or that the supplier may not provide the performance requested.
Bankruptcy of a counterparty may severely impact production and the Company's cashflow, considering the high unit value of shipbuilding orders and the strategic nature of certain supplies from a manufacturing viewpoint.
When securing shipbuilding orders, where required the group verifies the financial soundness of counterparties, also liaising with banking institutions to obtain relevant information. Suppliers are subject to stringent qualification procedures, which entail an assessment of potential counterparty risks.

A significant number of shipbuilding contracts for the group (generally for cargo ships, cruise ships and offshore support ships) provides that only a part of the contractually agreed price shall be paid by the customer during the construction period; payment of the remaining amount is effected upon delivery.
As a result, the group takes on significant costs, including the risk of doing so before receiving full payment by its customers and, therefore, having to finance the working capital absorbed by ships under construction.
If the group is not capable of financing the working capital for ships under construction, it may not be able to complete the projects and secure new ones, with negative effects on its economic, asset and financial situation.

The group's objective is that of maintaining committed and uncommitted credit facilities and construction loans for an amount more than sufficient to guarantee cover of working capital requirements generated by the operational business.
The ships built by the group can have a contractually high price. Therefore, the group's customers often rely on loans to perfect contract acquisition.
International customers may benefit from export support financing schemes defined based on OECD rules.
According to such schemes, foreign ship buyers may obtain a loan from a credit institutions against a guarantee issued by a national export credit agency, such as SACE S.p.A. in Italy's case.
The availability of export loans, therefore, is a key requirement to enable international customers to grant orders to the group, particularly for cruise ships.
Non-availability of loans to customers could have a significantly negative impact on the group's ability to receive new orders as well as on the customers' ability to pay contractually due amounts.
Fincantieri supports international customers during the export loan process, particularly as far as managing relationships with entities and companies involved in the structuring of the aforementioned loans (SACE, SIMEST and banks). Moreover, the loan structuring process is managed in parallel with the commercial contract finalisation process, and execution of the agreement is often dependant on the ship operator obtaining SACE's and the banks' commitment to granting an export credit loan.
To further protect the group, in the event of default on the part of the customer on contractual obligations, Fincantieri reserves the right to terminate the contract, maintaining title to the construction and any payments received. Moreover, the customer can be deemed responsible for any costs that are not covered.

Risks linked to production outsourcing, relationships with suppliers and local communities

Fincantieri group's choice to outsource certain business activities fulfils strategic requirements and is carried out mainly in two cases: a) outsourcing activities for which the company has no adequate resources but possesses the relevant competencies; b) outsourcing activities for which the company has no in-house know-how and that are deemed too expensive and inefficient to be developed.
Dependency on suppliers for certain business activities may entail the impossibility of guaranteeing high quality standards, non-compliance with delivery timescales and suppliers acquiring too large contractual power, as well as lack of access to new technologies.
Moreover, the important role of suppliers in the production process impacts local communities, with a need for the company to tackle social, political and legal issues.
A negative contribution by suppliers in terms of quality, timescales or costs results in an increase in manufacturing costs and a worsening customer perception of the Fincantieri product quality. With respect to other local counterparties, sub-optimal relationships can reflect on the Company's ability to compete.
The group is responsible for the careful monitoring of the installation of outsourced ship assemblies and sub-assemblies through dedicated organisational units. The Fincantieri group carefully selects its "key suppliers", which must provide top-quality standards of service. To this end, a specific supplier performance assessment programme has been defined at Parent Company level, which spans measuring the performance rendered, the quality of the service provided and the ability to deliver to timescales, strict compliance with occupational safety regulations, in line with the Company's "Zero accidents" plan. Moreover, generally speaking the group focuses intensively on fostering relationships with the local communities that interact with its production sites, through relevant institutional relations sometimes supplemented by appropriate lawfulness and transparency agreements with Local Authorities.

Risks linked to knowledge management

The Fincantieri group has developed significant expertise, know-how and business knowledge. With respect to workers, the domestic job market is not always capable of sourcing skilled manufacturing personnel, both in terms of numbers and competencies. Effective business management is also linked to the ability of attracting highly qualified staff for key roles and retaining them within the group though adequate competency management with a view to a continuous improvement, through investment in personnel training and performance assessment.
The job market's inadequacy to meet the group's needs and the inability to acquire professional profiles required and the lack of transfer of specific know-how within group employees, particularly with respect to technical areas, may have a negative impact on product quality.
The Human Resources Department monitors the job market on an ongoing basis and fosters relationships with Universities, professional schools and training institutions. Moreover, the group invests heavily in training both for technical/specialist subjects and managerial/relationship-building competencies, as well as health, safety and quality. Targeted training programmes are also envisaged to guarantee coverage of key and managerial positions for succession planning purposes.

Compliance risk

The Fincantieri group is subject to the laws of the countries in which it operates. Any violation of these laws may result in civil, administrative and criminal penalties and the obligation to implement reorganisation measures. The associated costs and liabilities could have a negative impact on the group's operations and its performance. The group's activities are subject to, among other things, laws on environmental protection and workplace health and safety.

Impact

Any non-compliance with safety or environmental protection standards, changes to the reference regulatory framework, or the occurrence of unforeseeable or exceptional events may result in extraordinary environmental or occupational safety costs for the Fincantieri group.
The group actively encourages compliance with all regulations to which it is subject, and has adopted and updated preventive control tools to mitigate compliance risk. To this end, in order to prevent and manage risks linked to possible illegal events, the parent company has adopted an Organisation, management and control model pursuant to Italian Legislative Decree no. 231 of 8 June 2001, which is also binding for suppliers and, generally speaking, to third parties working with Fincantieri. The parent company in particular has implemented the provisions of Italian Legislative Decree 81/2008 - "Implementation of article 1 of Italian Law no 123 of 3 August 2007, on workplace health and safety" ("Consolidated Law on the Protection of Health and Safety in the Workplace). Fincantieri has adopted suitable organisational models aimed at preventing breaches of reference regulation, promoting their ongoing assessment and updating. The commitment to pursuing and promoting environmental sustainability principles was restated in the parent company's Environmental Policy document, which binds the company to regulatory compliance and the monitoring of work activities to ensure actual regulatory compliance. The subsidiary VARD, is also committed to minimising the impact of its activities on the environment, with measures in terms of resources, policies and procedures for the improvement of its environmental performance. Fincantieri and Vard started implementing and maintaining an Environmental Management System at their sites with the goal of becoming certified under the UNI EN ISO 14001:2004 standard.

In addition, because it operates in the defence and security sector, the group is exposed to the risk that the trend in the sector could lead, in the near future, to a reduction in the cases in which the competition rules established by current laws and regulations do not apply, with a consequent limitation in the use of direct procurement, in order to ensure greater competition in the market.
Possible limitations to the use of direct procurement could prevent the group from being awarded contracts with negotiated procedures without a previous call for tender.
The group monitors possible changes in Italian and EU law that could also open up the possibility of competing in the defence and security sector in other countries.

Risks linked to access to information and the operation of the IT system

The group activity could be negatively impacted by:
- inadequate management of information with respect to Company sensitive data, linked to the ineffectiveness of protective measures implemented, with the possibility of unauthorised third parties accessing and using confidential information;
- improper access to information, which may entail the risk of unauthorised personnel changing or erasing data either accidentally or intentionally;
- an IT infrastructure (hardware, networks, software) whose security and reliability cannot be guaranteed, with possible IT or network outages or illegal unauthorised access attempts or breaches of the data security system, including co-ordinated attacks by groups of hackers.

IT system failures, any data loss or corruption, also as a result of external attacks, IT solutions that do not meet business requirements or updates of some IT solutions not in line with user requirements may compromise the group's operations determining errors in the performance of transactions, inefficiencies and procedural delays or other activity outages, impacting on the company's ability to compete on the market.
The group deems that it has taken all necessary steps to contain such risks, inspired by governance system best practice and monitoring the management of infrastructure and applications on an ongoing basis. Access methods and the ability to operate on the IT system are managed and maintained in order to guarantee a correct separation of roles and responsibilities that has been further reinforced through the adoption of a new access management procedure supported by a dedicated software program, enabling pre-emptive identification and the management of Segregation of Duties (SoD) risks arising from the non-suitable allocation of access credentials.

Risks connected to exchange rate changes

The group is exposed to exchange rate risks on loans, contract acquisition, the use of supplies and assets and liabilities denominated in currencies other than the functional one (economic and transaction risk). Moreover, exchange rate risk manifests itself in the preparation of the consolidated financial statements, due to the translation of the income statement and balance sheet of consolidated subsidiaries that prepare their accounts using a functional currency other than the euro (mainly NOK, USD and BRL) (translation risk).

Impact

Absence of an adequate management of currency risk may result in profit margin erosion, particularly in the event of weakening of the currencies in which shipbuilding contracts are denominated, or in the event of strengthening of reference currencies for supply agreements.
The Company has adopted a policy for the management of financial (economic and transaction) risks that defines tools, responsibilities and reporting methods, thus establishing usage possibilities and authorisation levels required in various situations. The Company does not hedge the currency risk linked to the translation of the financial statements of subsidiaries that use a functional currency other than the Euro (translation risk).

Risks connected to existing debt

Some loan contracts signed by the group entail financial and legal provisions, commitments and obligations (such as the occurrence of default events, including potential ones, cross-default clauses and covenants) for the group or some group companies, which may entail an early repayment of the loan in the event of non-compliance. Moreover, future upward interest rate variances may result in greater charges depending on outstanding liabilities. Finally, the group may not be able to access loans to the extent required to finance its activities (for instance in the event of particularly unsatisfactory performance) or may be able to do so only at particularly onerous conditions.
Should the ability to access loans be limited, also due to the Company's financial performance, or in the event of interest rate increases or early repayment of debts, the group may be forced to delay funding or secure financial resources at less advantageous terms and conditions, with negative impacts on its economic, asset and financial situation.
The group monitors on an ongoing basis both the circumstances that may negatively impact its economic, asset and financial situation and its current and future capital structure and financial position, in order to guarantee access to adequate funding both in terms of amounts and conditions.

Financial risks

The key financial risks to which the Fincantieri group is exposed are credit risk, liquidity risk and market risk (particularly, exchange rate, interest rate and commodity risk).
The management of the aforementioned financial risks is co-ordinated by the parent company, which assesses the implementation of suitable hedges for such risks in liaison with its operating units.

Credit risk

The Fincantieri group's receivables consist substantially in receivables from private ship operators for work in progress, from the Italian Government for receivable grants and supplies to military corps, the UAE Navy, the US Navy and the US Coast Guard for work in progress.
With specific reference to trade receivables originating from private sector operators, the Fincantieri group monitors the counterparties' credit rating, exposure and payment timeliness on an ongoing basis. It should be noted that the amount of receivables from private-sector ship operators is limited, since the extension granted is very limited and payment terms applied in the shipping sector entail that delivery of the ship is subject to the collection of the price difference.

Liquidity risk

Liquidity risk refers to Fincantieri group's ability to discharge it obligations in respect of financial liabilities.
In 2015 the group showed a loss of €438 million (versus a gain of €44 million in 2014). The change compared to the previous year is mainly due to the increasing financial requirements of the cruise segment manufacturing activity, which has recently experienced a quick volume growth.

Market risk

The group's financial risks refer mainly to the risk that the fair value or future financial flows of assets/liabilities may fluctuate due to exchange rate variations for the currencies in which its commercial or financial transactions are denominated, market exchange rate variations or changes in raw material prices.
In pursuing corporate objectives, the group does not intend to take on any financial risks. Where this is not possible, the group takes on such risks only if they are linked to its core business, neutralising their impact (where possible) through the use of hedging instruments.
In order to hedge exchange rate risk, apart from resorting to financial instruments, it may enter into loan agreements in the same currency as that of the sales agreement, or provide for cash deposits in the same currency as that used in sourcing agreements.

Exchange rate risk

Exposure to currency risk arises in connection with shipbuilding contracts denominated in foreign currency and, to a lesser extent, with sourcing supplies in currencies other than the functional currency.
The management of exchange rate risk, for which the group makes use of forward foreign currency purchase and/or sales contracts or option structures, is conducted consistently with developments in foreign exchange markets and with regard to the expected time horizon for foreign currency flows; whenever possible, receipts and payments in the same currency are netted.
Risk management aims at total coverage of receipts, but focuses on larger amounts only in payments.
In 2015, the group was exposed to exchange rate risk mainly in connection with some contracts in the cruise and offshore segment. Such risk was mitigated by using financial hedging instruments.

Interest rate risk

The interest rate risk is defined as follows:
- uncertainty about cashflows for group assets and liabilities resulting from exchange rate variances, hedged through cash flow hedge transactions;
- variability of the fair value of group assets and liabilities linked to the change of the interest rate market value, hedged through fair value hedge instruments.

Assets and liabilities exposed to exchange rate variances are subject to the first risk, where fixed-rate assets and liabilities are subject to the second risk.
In 2009 the group implemented a cash flow hedge transaction that was still ongoing at 31 December 2015 on a variable-rate loan aimed at the long-term refinancing of the requirements arising from the acquisition of Fincantieri Marine group LLC. Specifically, Fincantieri converted the variable rate into a fixed rate by entering into an *interest rate swap.*

Other market risks

Production costs are influenced by the price trend for the main raw materials used, such as iron, copper and fuels used for sea trials and fuelling ships at quays. Wherever feasible, Fincantieri group adopts the policy of entering into agreements that reduce the risk linked to the increase in the price of goods and services in the short term. Moreover, in 2015, the group fixed the purchase price for copper supplies until 2018 using swap contracts.

Legal disputes

International legal disputes

Iraq legal dispute

With reference to the "Iraq" legal dispute, discussed in detail in the Notes to Fincantieri's Consolidated Financial Statements at 31 December 2014, it should be noted that the reopening of discussions, also with the assistance of the Italian Embassy in Baghdad, resulted in a series of meetings in Baghdad (from 24 to 29 May 2015) organised to finalise the operating contracts - Refurbishment Contract and Combat System Contract - already negotiated in July 2014 (in execution of the Settlement Agreement that defines the terms of the transaction for the resolution of the dispute). The Iraqi Government, although it has not denied its intention to perfect the transaction with the signature of operational contracts, asked and obtained from Fincantieri an extension of the agreements currently in place, first until the end of 2015 and subsequently to 30 June 2016, hoping that in the meantime the stalemate situation mainly linked to the internal conflict situation and associated internal policy issues may be resolved. Therefore, the prudent approach adopted is confirmed.

Serene legal dispute

With respect to the "Serene" legal dispute, it should be noted that in July 2015 Fincantieri submitted its defence before the Court of Appeal of Trieste (appointed by the ship operator for the recognition of foreign arbitral awards in Italy), in order to ensure the ascertainment of non-compliance of the awards with respect to internal and international public order, as well as to request the revocation of the aforementioned awards due to alteration of the facts. Serena Equity Limited entered an appearance at the first hearing (1 December 2015) and exchanges of memoranda authorised by the Judge are under way. In the meantime, with respect to the investigation action launched at the beginning of February 2015 before the Court of Venice (Industrial Property Special Section) in order to ascertain that the ship operator does not own any intellectual property rights (which, as erroneously recognised by the Arbitration Panel, determines a latent constraint to the Company's entrepreneurial freedom), the document instituting proceedings was successfully notified again to the ship operator upon initiative of the Judge and the first hearing is set for 21 September 2016. The favourable opinion expressed by our legal counsels with respect to initiated proceedings is confirmed.

Papanikolaou legal dispute

It should be noted that this dispute is pending before the Patras Court (Greece) and was initiated by Mr. Papanikolaou and his wife towards the company, Minoan Lines and others following the accident suffered by the plaintiff in 2007 on board the Europa Palace, built by Fincantieri. According to Mr. Papanikolaou's reconstruction, this accident allegedly resulted in serious physical damage to the plaintiff, theoretically of a fully debilitating nature. The Court of Appeal of Patras reversed the lower court judgement favourable to Fincantieri and condemned the Company, jointly with the other defendants, to pay €1,364 thousand, from which the amounts already paid by Minoan Lines as a result of a previous preventive action may presumably be deducted. Fincantieri appealed this ruling before the Greek Court of Cassation on 20 January 2015, with good prospects of success according to its legal counsels. The first hearing for the Cassation proceeding is set for 25 May 2016. The result of the proceeding shall also influence a second court case, initiated by Papanikolaou against Fincantieri before the same Court for his alleged loss of income from 2012 to 2052. The first hearing was held on 8 December 2015.

Yuzwa legal dispute

With two writs of summons notified in March 2014, Mr. Anthony Yuzwa initiated proceedings against Fincantieri, Carnival and others before the California and Florida District Courts. The lawsuit pertains to damages suffered by the plaintiff as a result of an accident on board the ship Oosterdam in 2011, which he maintains were caused by negligence on the part of the defendants. The amount of the compensation request has not been specified. Fincantieri's arguments with respect to lack of notification and lack of jurisdiction were accepted by the US state judges in 2014. The plaintiff then notified the same documentation to the Trieste offices and the FMSNA offices in San Diego. After a number of preliminary steps according to the applicable procedural law, the aforementioned plaintiff asked for Fincantieri to be removed from the lawsuit in California. With respect to the Florida lawsuit, the hearing about Fincantieri's exclusion request is expected for the end of March 2016.

Neuman Esser legal dispute

The arbitration award for the lawsuit for the collection of the "Neuman Esser" receivable was issued on 19 October 2015 with favourable outcome for Fincantieri, as a result of which the counterparty paid the amount of €2,102 thousand.

Transpetro legal dispute

Following the losses suffered in connection with eight shipbuilding contracts with Petrobras Transpetro S.A., the Brazilian subsidiary Vard Promar S.A. unsuccessfully attempted the extrajudicial renegotiation of contractual terms and conditions. As a result, in September 2015, the subsidiary started legal proceedings to obtain both the reimbursement of losses suffered and the rebalancing of the economic contractual imbalance, for a total amount of 244 million Brazilian real (approximately €60 million). Initial expert appraisals confirmed the presence of a contractual imbalance, but quantification of the award and the result of the request depend on the final appraisal, based on which the competent court shall issue its ruling.

In December 2015, Transpetro requested the resolution of the contracts for the construction of two ships and the reimbursement of the relevant advances paid. The request is being disputed before the Court of the State of Rio de Janeiro.
VARD did not recorded any receivables for the disputes with Transpetro in the financial statements at 31 December 2015.

Italian legal dispute

Proceedings for collection of receivables from customers

With regard to pending rulings with respect to customers involved in insolvency, bankruptcy or other insolvency procedures with whom disputes have arisen that could not be resolved by means of commercial negotiations, it should be noted that judicial proceedings initiated against Tirrenia and Siremar in Amministrazione Straordinaria and against Energy Recuperator S.p.A., continued, without resulting in any collections in 2014. In March 2015 Fincantieri collected a fifth from the Micoperi S.p.A.'s Amministrazione Straordinaria, equating to around €530 thousand and, subsequently, in August, further €22 thousand. The collectability of various receivables items was assessed in detail and, where required, they were suitably discounted.

Legal disputes against suppliers

These are legal disputes brought about to withstand suppliers' and contractors' claims deemed unfounded by the Company (asserted receivables for non-payable invoices or additional amounts not due), or to recover greater costs and/or damages suffered by the Company due to non-compliance by suppliers or contractors. In some cases, it was deemed appropriate to initiate proceedings for the negative ascertainment of third-party claims. If the result of the claim is expected to entail charges, they were included in the relevant Provision for risks and charges.

Labour legal disputes

These are proceedings initiated by employees and former employees of contractors and sub-contractors that involve the company in implementation of the provisions pursuant to article 1676 of the Italian Civil Code and article 29 of Italian Legislative Decree 276/2003 (so-called "customer's joint liability"). In 2015 settlement of asbestos-related claims continued both in and out of court.

Other legal disputes

Other legal disputes of various nature include: i) disputes against General Government for environmental charges, including the lawsuit against the Ancona Municipality and those against the Ministry for the Environment for the Muggiano and Castellammare sites; ii) opposition to the requests advanced by social security institutions, including disputes against INPS for requests arising from the non-payment of N.I. contributions by contractors and sub-contractors on the basis of the customer joint liability principle; iii) payment of direct and indirect damages arising from production phases.
Where it was deemed the disputes may result into charges, this was recorded in the Provision for risks and charges.

Criminal proceedings pursuant to Italian Legislative Decree 231 of 2001

The group is currently involved in six criminal cases pursuant to Italian Legislative Decree no. 231 of 2001 before the Gorizia Court.
In January 2014 Fincantieri S.p.A. receive a notice of the extension request for the deadline for the preliminary investigation, pursuant to article 406 of the Criminal Proceedings Code, with respect to the former Director of the Monfalcone site for an alleged breach of article 256.1, letters a) and b), of Italian Legislative Decree no. 152 of 2006, as well as with respect to the Company, investigated pursuant to article 25-*undecies* of Italian Legislative Decree no. 231 of 2001, with respect to the alleged management of sorting, temporary deposit and storage of hazardous waste without the required authorisation at the Monfalcone site, as well as the alleged forwarding of the aforementioned waste to a disposal facility, with documentation that did not support its traceability. In this respect, the request for the preventive seizure of some areas and facilities formulated by the Public Prosecutor was rejected in first and second instance, but the Court of Cassation accepted the Public Prosecutor's appeal against the rejection, re-initiating proceedings before the Court. With order of 21 May 2015, it provided for the seizure of some areas and facilities, implemented by the Operational Environmental Unit on 29 June 2015. Following the entry into force of Italian Decree-Law no. 92 of 4 July 2015, the Public Prosecutor's Office of Gorizia subsequently ordered the release of the site areas on 6 July 2015.

Between March and April 2014 a notice of completion of preliminary investigations was served to twenty-one natural persons (including members of the Board of Directors, of the Supervisory Body and employees of the Company at the date of the event, some of whom are still acting or working for the Company) investigated for various reasons for "Removal or wilful omission of preventive measures against accidents in the workplace" and "Negligent personal injury" offences, pursuant to articles 437 and 590 of the Italian Criminal Code and breach of some provisions of Italian Legislative Decree no. 81 of 2008, as well as to the Company pursuant to article 25-*septies*, paragraph 3, of Italian Legislative Decree no. 231 of 2001, with respect to an accident suffered by an employee on 13 December 2010 at the Monfalcone site when lifting two bundles of iron pipes. At the preliminary hearing of 18 December 2014 the Court decided not to prosecute members of the Board of Directors and the Supervisory Body, as well as two General Managers, whilst other individuals who were Company employees at the date of the event who received a notice of conclusion of the preliminary investigations were indicted. The Public Prosecutor of Gorizia appealed the acquittal ruling before the Court of Cassation, which, as a result of the hearing held on 20 January 2016, rejected the appeal confirming the non-admissibility of the members of the Board of Directors and the Supervisory Body, as well as of the two General Managers. Between September and October 2014 a notice of completion of preliminary investigations was served to twenty-one natural persons (including members of the Board of Directors, of the Supervisory Body and employees of the Company at the date of the event, some of whom are still acting or working for the Company) investigated for various reasons for "Removal or wilful omission of preventive measures against accidents in the workplace" and "Negligent personal injury" offences, pursuant to articles 437 and 589 of the Italian Criminal Code and breach of some provisions of Italian Legislative Decree no. 81 of 2008, as well as to the company pursuant to article 25-*septies*, of Italian Legislative Decree no. 231 of 2001, with respect to the death of a contractor's employee on 21 February 2011 at the Monfalcone site as a result of the fall from a ventilation duct.

In September 2015, a notice of completion of preliminary investigations was served to the former Director of the Monfalcone site and other three employees investigated for breaches of articles 19 f) and 71 of Italian Legislative Decree no. 81/2008 (pertaining respectively to the breach of Manager obligations and the non-provision of adequate PPE) and of article 2087 of the Italian Civil Code in general (non-adoption of adequate measures for the protection of employees' health), as well as to the company pursuant to article 25-*septies*, paragraph 1, 2 and 3 of Italian Legislative Decree no. 231 of 2001, with respect to an accident to an employee, who suffered a distorted shoulder, which healed within a year, that took place on 24 November 2009 at the Monfalcone site.

In November 2015, a notice of completion of preliminary investigations was served to the former Director of the Monfalcone site investigated for the "Negligent personal injury" offence, pursuant to article 590 of the Italian Criminal Code and breach of some provisions of Italian Legislative Decree no. 81 of 2008, as well as to the Company pursuant to article 25-*septies*, section 3, of Italian Legislative Decree no. 231 of 2001, pertaining to the accident suffered by an employee, who reported the fracture of the middle finger of the right hand, which healed in eight months, that took place on 14 March 2011 at the Monfalcone site.

In March 2016, finally, a notice of completion of preliminary investigations was served to the former Director of the Monfalcone site investigated for the "Negligent personal injury" offence, pursuant to article 590 of the Italian Criminal Code and breach of some provisions of Italian Legislative Decree no. 81/2008, as well as, more generally, article 2087 of the Italian Civil Code in general (non-adoption of adequate measures for the protection of employees' health), as well as to the Company pursuant to article 25-*septies*, section 3, of Italian Legislative Decree no. 231 of 2001, pertaining to the accident suffered by an employee, who reported an injury to the fifth finger of the left hand, which healed in eight months, that took place on 29 March 2012 at the Monfalcone site.

FINTECNA GROUP

The Fintecna group continued the careful monitoring of key risk factors that influence corporate operations also in 2015, also relying on the help of the dedicated supervisory activity of the Risk Management entity that liaises closely with the same function of the Shareholder CDP.

The key operational risk factors for the Fintecna group are linked to institutional activities of the specialised management of complex liquidation processes and the relevant ongoing dispute.

The parent company Fintecna S.p.A. and the special purpose vehicles directly controlled and dedicated to liquidation activities are also exposed to the risks arising from on-going litigation, which is mostly related to the many companies already in liquidazione that have come under their control over the years.

With respect to the aforementioned special purpose vehicles, operational risks also include those linked to environmental remediation activities for the sites used by the former EFIM group belonging to Ligestra S.r.l. and the real estate assets acquired by Ligestra Due S.r.l and originally part of the Dissolved Entities.

Taking into consideration the complexity and considerable uncertainty of these situations, the directors - acting on the best available information and a prudent assessment of the circumstances - periodically update the evaluations of the adequacy of the provisions recognised in the financial statements, which are currently deemed adequate and appropriate to meet the costs that group companies are likely to incur.

Financial risks

The types of relevant financial risks include:

Liquidity risk

According to management assessments, financial resources are sufficient to meet the cash requirements connected mainly to the major instance of litigation that has been mentioned and environmental remediation activities. Indeed, cash and cash equivalents represents the ideal asset to counterbalance the "provisions" on the liability side of its balance sheet. As such, the failure to make appropriate provisions - with particular reference to the aforementioned areas and the consequent erroneous use of liquidity - constitutes a further risk factor for the group.
Accordingly, as part of their assessments of the provisions, the directors also continually update their assessments on the use of these provisions, including using forecasts, and bear them in mind when setting their liquidity management policies.
Lastly, it is worth underlining that at present the cash and equivalents of the parent company Fintecna has been almost entirely deposited with the Shareholder; there is a deposit agreement between the parties that defines the procedures and conditions pertaining to the deposits, in accordance with the Guidelines for Treasury Operations issued by CDP and approved by the board of directors of Fintecna. Fintecna's remaining cash and equivalents are deposited on a short-term basis with banks meeting the requirements set out in the Guidelines.

Credit and counterparty risk

The credit risk refers to outstanding trade receivables. These receivables mainly comprise positions dating back years, are often subject to litigation, and have been almost entirely written down.
Banking counterparty risk also exists in relation to short-term uses of liquidity. In this regard, it is noted that the parent company Fintecna follows the Guidelines for Treasury Operations issued by CDP, which among other things set the minimum ratings criteria that banking counterparties must meet.

Other financial risks

As regards other types of financial risk, it is worth noting that during 2015 Fintecna implemented a derivative strategy, albeit of limited extent, for the purpose of completing a transaction initiated in 2014, to obtain the best value from a non-strategic asset. In any case, at 31 December 2015 there were no hedging or speculative derivatives in place.
The risks linked to the majority stake in Fincantieri, over which Fintecna no longer exercises management and control activity, should also be highlighted. This is also in view of the performance of the Fincantieri share price in the second half of 2015, as well as of the profit warning issued on 15 October 2015 by the subsidiary Vard Holdings Limited, with respect to 2015 economic and financial results.
The Company, finally, focuses particularly on regulatory compliance risk, also in consideration of any reputational repercussions that may arise and related environmental, health and occupational safety protection aspects.
Based on the findings of the risk identification and assessment activity (rule map), in February 2015 the Board of Directors of Fintecna approved the 2015 Compliance Plan, identifying operating areas earmarked for compliance risk audit activity for the year (sourcing of goods and services, obligations arising from ownership of a listed company, dispute management).
Considering that the mapping of regulations that apply to the Company is an ongoing and constantly updated activity, the entry into force during the year of some obligations arising from EU regulations (EMIR Regulation), highlighted new risk factors. The Compliance function, therefore, increased audit activities compared to planned ones.

Legal disputes

In the year ended 31 December 2015, the group continued to closely monitor and manage the various disputes involving the parent company Fintecna; specifically, support activity for legal representatives was further enhanced, to optimise defence activity, also in light of the criticality of individual labour and/or civil/administrative/tax disputes.
With regard to labour disputes, in line with previous years, there was a continued increase in the number of requests for compensation for biological injury for illnesses arising after a long periods of latency and allegedly attributable to the presence of asbestos and hazardous working conditions in the industrial facilities formerly owned by companies now belonging to Fintecna S.p.A.

With a view to rationalising disputes and minimising negative economic impacts, in presence of adequate financial and legal preconditions, the possibility of out-of-court settlements has been ascertained and generally pursued.
Case law in this respect, often not favourable to the company's arguments, and the growing sensitivity to "environmental sanitation", applied "retroactively" to industrial sites managed by companies that are predecessors of Fintecna, determined the requirement to set aside large amounts to cover counterparty obligations both as a result of out-of-court settlement agreements and, in the event of no agreement being reached, in execution of rulings unfavourable to the company. The results achieved can be considered economically satisfactory, particularly if compared with the potential of this type of events to originate substantial charges for the company in case of negative rulings.
In contrast, there was a decrease in the number of pending civil/administrative/tax lawsuits, as a result of the settlement of disputes following the conclusion of the related legal proceedings.
In this respect, too, in-depth assessment activities were stepped up in order to settle outstanding claims out of court. This was not without practical difficulties, given that positions mainly referred to events that occurred a long time ago; in many cases, however, the complexity of the issue and the valuation gap between the company and counterparty did not enable a successful resolution of settlement attempts.
It should be also be noted that, in order to exclude any potential liability with respect to contamination and environmental pollution situations for areas of the ILVA steelworks, in implementation of the provisions of Italian Decree-Law 1/2015 (currently Italian Law no. 20 of 4 March 2015), Fintecna signed a settlement agreement with the Official Receivers of ILVA in Amministrazione Straordinaria, under which the company has paid an amount of €156 million, in exchange for establishment of the "environmental" indemnity obligations provided for in article 17.7 of the agreement for the sale of the block of shares of the former llva Laminati Piani (now ILVA S.p.A. in Amministrazione Straordinaria).

The status of the dispute, which involves the company as described above, is summarised in the following table that provides a breakdown of the amounts:

Number of pending disputes	31/12/2014	Settled 2015	New 2015	31/12/2015
Civil/Administrative/Tax	192	56	5	141
Labour	656	419	482	719
Total	**848**	**475**	**487**	**860**

SIMEST

With respect to the main risks and uncertainties to which the Company is exposed in investing activities, SIMEST's financial management risk policies must be analysed with respect to the exposure to price risk, credit risk, liquidity and market risk.
In 2015 the credit risk management and control process was formalised through the Investment Regulation (approved by the Board of Directors), as well as through the Regulations of the Investment and Equity Investments Supervision Committee.
The aforementioned regulations provided for specific guidelines for Investments and dedicated control functions for the credit rating, both ex ante and ex post, for each counterparty: the regulations govern the operation of the investment and monitoring process and the roles of the organisational units involved (Investment and Loan Valuation Department, Equity Investment Department, Legal Department and Risk Management Function).
The results of the investigation carried out by the various organisational units (including determination of the Internal Rating and Pricing quantification) are summarised in the equity investment proposal submitted to an internal committee (Investment committee). If the proposal is considered of interest - taking also into account the related financial/credit risk and the methods for managing and mitigating such risk - the proposal is submitted to SIMEST Board of Directors for final approval. Following these steps, the specification and completion of the agreement with the partner may proceed, in accordance with the guidelines and instructions set out by the Board.
It should be noted that the risk associated with the equity investment is primarily mitigated through the direct commitments of the Italian partners to repurchase SIMEST's stake in foreign investments, partly secured by corporate sureties, collateral and bank or insurance guarantees.
At 31 December 2015, direct commitments of Italian partners totalled over €370 million (€357 million at 31 December 2014).

Repurchase commitments secured by bank and/or insurance guarantees amounted to almost €77 million (€92 million at 31 December 2014), while those secured by collateral amounted to €21 million. The partners repurchase commitments break down as follows:

	31/12/2015		31/12/2014	
	%	Millions of euros	%	Millions of euros
Commitments not secured by guarantees	43%	198	43%	198
Commitments secured by corporate sureties	35%	166	33%	153
Other unsecured guarantees	1%	6	1%	6
Subtotal	**79%**	**370**	**77%**	**357**
Commitments secured by:				
- bank guarantees	16%	75	20%	91
- insurance guarantees	0%	1		
- loan consortium guarantees	0%	1		1
Subtotal	**16%**	**77**	**20%**	**92**
Commitments secured by collateral guarantees	5%	21	3%	16
Subtotal	**5%**	**21**	**3%**	**16**
Total	**100%**	**468**	**100%**	**465**

Price risk and foreign exchange risk in respect of equity investments are mitigated using contractual language guaranteeing that SIMEST will recoup its investment at the historic price paid in euros for the acquisition.
Liquidity risk and interest rate risk are monitored constantly using a cash flow analysis approach, especially for equity investments.
Apart from the aforementioned risks, the Company is also subject to the so-called "Compliance risk", i.e. the risk of incurring legal or administrative sanctions, significant financial losses or reputational damage as a result of violations of external provisions (laws or regulations) or self-governance rules (e.g. codes of conduct, corporate governance rules).

Legal disputes

Disputed transactions, i.e. those for which SIMEST initiated legal proceedings for the recovery of relevant receivables (capital share plus income from investments), were 86 at 31 December 2015.
Specifically, the claim amount for proceedings relating to Law 100/90 totals about €35 million, of which about 94% secured by bank guarantees or already written down in the balance sheet at 31 December 2015.
Finally, with respect to SIMEST's labour claims, it should be highlighted that, at 31 December 2015, there were two outstanding lawsuits and that the potential overall claim was lower than €0.1 million, already included for in the Provision for risks and charges.

CDP IMMOBILIARE GROUP

New risk monitoring procedures for the company and the action plan are currently being shared for subsequent implementation.
The description of risks to which the company and its subsidiaries are exposed and relevant monitoring and minimisation activities is provided below.

Market risk

Risks relating to property values

The risk relating to property values is linked to fluctuations in the market value of the properties in the portfolio, which suffer from the critical issues experienced by the sector, which have been further exacerbated in recent years. The CDP Immobiliare group's policy is aimed at minimising the effects of such risk, operationally, by managing the development of real estate complexes in the most critical market conditions through the selection of the best development options, taking account of the state of urbanisation and construction and of the market absorption rate; administratively, by constantly

monitoring the value of property assets in the portfolio through the independent valuation of properties by third-party industry experts, whose results are recognised in the preparation of the Financial Statements.
In order to monitor operational risks, the adequacy of valuation models and the consistency over time of the valuation criteria used by the same subjects was verified for the valuation of the portfolio at 31 December 2015 by independent experts.

Financial risks

Risk linked to interest rate trends

Exposure to interest rate risk is mainly linked to medium to long-term financial liabilities of some investee companies relating to mortgages and variable-rate loans taken out for business development needs, and whose repayment is influenced by money market trends.
The policy for managing such risk for group companies aims at mitigating the possible impact on economic and financial performance of changes in key interest rates.

Exchange rate risk

The group operates exclusively in Italy, and, therefore, is not exposed to exchange rate risk.

Liquidity risk

The CDP Immobiliare group did not make investments for the management of its liquidity, since such liquidity is limited and intended to fund short-term needs. A diversification policy for bank deposits was also adopted. Therefore, there is no risk linked to recovering capital invested in investment instruments or cash deposits.
On the other hand, the liquidity risk linked to the ability of fulfilling obligations arising from financial liabilities is particularly relevant within the group in view of its activities and the issues described in the section pertaining to market risk.
For joint control companies, the liquidity risk is heightened due to the critical issues detected in recent years in the capital structure of many of the partnerships' shareholders, for whom difficulties in meeting the companies' financial requirements, have emerged, in some cases coupled with the intention to decommit resources from property initiatives.
From an operational viewpoint, the liquidity risk is monitored through a careful planning of group cashflows.

Credit risk

Credit risk is linked to a counterparty's ability to fulfil the obligations entered into with the CDP Immobiliare group.
Considering business management operating methods, credit risk is for the parent company, is mainly the risk linked to trade receivables from partnerships, whose collectability is assessed on a regular basis.
The risks in question are adequately considered during the regular assessment of receivables and, therefore, when determining any relevant devaluation.

Operational risks

The definition of the operational risk management framework has been started, with specific reference to the issues linked to real estate sites and, in this respect, to the monitoring and control of contractors and sub-contractors.

Legal disputes

The dispute in which the CDP Immobiliare group is involved originated on 1 January 2007, date on which the contribution of the real estate business unit by Fintecna S.p.A. to Fintecna Immobiliare S.r.l., currently CDP Immobiliare S.r.l., became effective.
The financial year ended at 31 December 2015 witnessed a reduction in the number the disputes of CDP Immobiliare - mostly related to the management of real estate assets (clearing of buildings occupied without title, purchases and sales, debt recovery, environment, etc).

The Civil and Administrative disputes affecting CDP Immobiliare and investees can be summarised as follows:

Number of pending disputes	31/12/2015	Settled since 2007
CDP Immobiliare S.r.l.	76	36
Investees	33	15
Total	**109**	**51**

11 tax disputes managed by the Administration organisational unit with the assistance of an external Tax Consulting Firm must be added to the aforementioned claims, of which 7 relate to taxation (specifically, registration, mortgage and cadastral duties), and 4 to Local Authority claims for municipal property taxes.
With respect to the aforementioned disputes, relevant risk provisions have been recorded for the cases for which charges for the company and/or the group are anticipated.

PART F - CONSOLIDATED CAPITAL

SECTION 1 - CONSOLIDATED CAPITAL

QUALITATIVE DISCLOSURES

Pending the issuance of specific measures in this area by the Bank of Italy, the Parent Company is subject to "informational" supervision only.

Accordingly, in 2015, in agreement with the Supervisory Authority, the CDP Group did not calculate supervisory capital or the related supervisory capital requirements.

PART G - BUSINESS COMBINATIONS

SECTION 1 - BUSINESS COMBINATIONS CARRIED OUT DURING THE YEAR

1.1 Business combinations

(millions of euros) Company names	Date of transaction	(1)	(2)	(3)	(4)
Acam Gas S.p.A. (5)	01/04/2015	47.6	51%	18.8	4.2
Alfiere S.p.A. (6)	02/04/2015	23.0	50%		(1.2)
ICD Software (5)	24/06/2015	10.4	100%	6.7	0.4
Rete S.r.l. (7)	23/12/2015	757.0	100%	7.6	
TES - Transformer Electro Services S.r.l. (7)	30/10/2015	24.7	100%	24.5	(0.9)

(1) Cost of transaction.
(2) Percentage of voting rights in ordinaty shareholders' meeting.
(3) Total group revenues.
(4) Group net profit (loss).
(5) Revenue and earnings figures refer to 31 December 2015.
(6) Revenue and earnings figures refer to 31 March 2015.
(7) Revenue and earnings figures refer to the date of the transaction.

Acquisition of Acam Gas S.p.A.

On 1 April 2015, the acquisition from Acam of the 51% stake in Acam Gas, was perfected for a total price of €48 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.

With effect from 1 April 2015, Acam Gas, whose investment was classified as a joint venture up to 31 March 2015 and valued at equity, was consolidated line-by-line pursuant to the IFRS 10 international accounting standard "Consolidated Financial Statements". The acquisition of a controlling stake in Acam Gas is a "Business combination" transaction, recognised in compliance with IFRS 3 "Business combinations". To this end, on the date of control acquisition:i) the value of the previously held equity investment (equal to 49%) was adjusted at the relevant fair value, recognising the difference with respect to the value[45] previously registered in the income statement (€1 million); (ii) individual assets and liabilities were recognised at the relevant fair value, recording the difference between the fair value of the assets acquired and the cost of the business combination in the Income Statement (€8 million).

Accounting effects of the business combination, in compliance with the provisions of IFRS 3, were restated, compared to the previous allocation, as a result of the update of the RAB 2014 estimate. The aforementioned updates determined the restatement of opening balances at the date of control acquisition, shown as follows:

Values after allocation of fair value

(millions of euros) Description	Values after allocation of fair value
Fair value of net purchased assets	105
Value of purchased assets	118
Value of purchased liabilities	13

45 This value is represented by Acam Gas valuation at 31 March 2015 at equity.

The key values of assets and liabilities of Acam Gas are shown below:

(millions of euros) Main assets and liabilities of Acam Gas S.p.A.	Values after allocation of fair value
Intangible assets	105
Current assets	12
Deferred tax assets:	1
Purchased assets	**118**
Current liabilities	11
Employee benefits provision	1
Provisions	1
Purchased liabilities	**13**
Equity	**105**

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.

Acquisition of Rete S.r.l.

On 23 December 2015 Terna S.p.A. acquire the entire share capital of Rete S.r.l. (called S.EL.F. – Società Elettrica Ferroviaria S.r.l. - up to the data of the Shareholders' Meeting of 23 December 2015), a company controlled by Ferrovie dello Stato Italiane S.p.A. (hereinafter "FSI") up to that point.

In particular, the business combination transaction was structured in two phases: in the first phase RFI (a company of the FSI Group), carried out a partial demerger of a Business Unit consisting of high and ultra-high power lines already included in the National Transmission Grid ("NTG") and additional ones, earmarked for inclusion into NTG together with the relevant sections of electrical substations and related buildings, pursuant to Italian Law no. 190 of 23 December 2014 ("RFI Business Unit"). After perfecting the demerger transaction, and therefore from the time the RFI Business Unit became part of S.EL.F.'s assets and the conditions to which the transaction's effectiveness was subject (authorisation by the Competition Authority of non recourse to the special powers pursuant to article 2 of Italian Decree-Law no. 21 of 15 March 2012, so-called "Golden Power") were met, Terna S.p.A. acquired the entire share capital of the company, renaming it Rete S.r.l. (hereinafter, "Rete").

The RFI Business Unit, therefore, consists mainly of the electricity network already included in the NTG (869 km) and additional lines and relevant electrical substations and related buildings, pursuant to Italian Law no. 190 of 23 December 2014 (7,510 km of lines and 350 electrical substations). Rete's network already included in the NTG was valued by the company using the predecessors value method, whereas the section newly included into the NTG was valued, at the company's acquisition date by Terna S.p.A., on the basis of the provisions of AEEGSI Resolution 517/2015/R/EEL.

The electrical network that is part of the Business Unit is used to supply power to the railway line and transport third-party electricity on the basis of specific agreements. Since 16 April 2007 and up to the date of effectiveness of the demerger of the RFI Business Unit in its favour, the company, by virtue of a lease agreement entered into with RFI, has enjoyed full availability of the electric network section owned by the FSI Group, already included in the NTG (869 km). For such lease, the company was committed to pay RFI an annual fee of €1 million, apart from a charge for ordinary and extraordinary maintenance. The fee was determined on the basis of the contribution received by Terna based on the agreement detailed below, net of the amount provided for by the lease agreement with RFI (€1 million) and own overheads. In 2008 the company and Terna entered into an agreement ("Agreement"), on the basis of the template approved by the Ministry, which governs the exercise of electricity transmission activity with respect to the section owned by RFI. Based on this Agreement, Terna pays the company a fee for using the Network.

Moreover, RFI entered into two linked contracts with the company Basictel S.p.A. on 13 October 2000, called respectively "Transfer of transit rights agreement" and "Agreement for the use of fibre optics", and subsequent amendments (overall, "Basictel Agreement"). With the first agreement RFI, inter alia, granted Basictel the exclusive right to lay and maintain a fibre optic file within the security cable of some RFI power lines, for the provision of telecommunication services. With the second agreement, moreover, conditions and methods for the maintenance of infrastructure installed by Basictel were defined. Both agreements were transferred to Rete S.r.l. upon its demerger with RFI together with new power lines.

The price was set at €757 million and was fully paid.

Assets and liabilities were entered at their fair value on the acquisition date. Specifically, the share of assets newly included into the NTG was recognised on the basis of the provisions of AEEGSI Resolution 517/2015/R/EEL (€ 674 million), whilst the share of network already included in the NTG was valued based on expected tariff flows. Finally, an intangible asset relating to the Basictel agreement was identified on the basis of the current value of payment flows envisaged by the agreement.

It should also be noted that ancillary costs for the merger transaction, on the date of this Report, amounted to €13.1 million, relating mainly to registration tax paid.

The table below details the price paid for the acquisition of Rete S.r.l. and the value of assets and liabilities acquired on the purchase date:

Amount of assets purchased and liabilities assumed at 23 December 2015

(millions of euros)	
Assets	
Fixed assets	
Property, plant and equipment	719
of which :	
- *assets already included in the NTG*	*45*
- *assets already included in the NTG as of 23/12/2015*	*674*
Intangible assets	38
Total fixed assets	**757**
Total assets	**757**
Liabilities	
Deferred tax liabilities	16.9
Total liabilities	**16.9**
Net acquired assets	**740.1**
Goodwill	**16.9**
Consideration	**757**

The contribution at the acquisition date of Rete S.r.l. to consolidated revenues of the 2015 financial year amounted to €0.2 million, whilst contribution to consolidated EBITDA was €0.1 million.
Finally, it should be noted that recognition of acquired assets and liabilities at the date of these financial statements must be considered as temporary.

Acquisition of TES - Transformer Electro Services S.r.l.

The business combination transaction between Tamini Trasformatori S.r.l. (company controlled by the Terna group through Terna Plus S.r.l.) and TES Transformer Electro Service S.r.l. was perfected on 30 October 2015, based on the agreement underwritten on 16 September 2015.

The transaction was executed through a share capital increase for Tamini of approximately €26.4 million, reserved to the Holdco TES S.r.l. company (controlled by the Xenon Private Equity V fund, Riccardo Reboldi and Giorgio Gussago).
Following execution of the agreement, Terna Plus owns a 70% share in Tamini's share capital, whilst Holdco TES owns the remaining 30%.
The transaction, implementing an important business and entrepreneurial combination aims at further consolidating Tamini's position as leader in the industrial and after-sales sector, apart from strengthening its footprint in the power and utilities sectors, to the advantage of its customers and the world steel industry.
The fee was determined on the basis of the contribution to the balance of the Tamini Group on the acquisition date, for a share of 30%, equal to €24.7 million.

Assets and liabilities were entered at their fair value on the acquisition date; specifically, with respect to intangible assets, brand, trademarks and technological know-how were valued using the relief from royalty method. Land and buildings were recognised at market price and plant and machinery at cost.

Amount of assets purchased and liabilities assumed at 30 October 2015

(millions of euros)	Carrying amount	Adjustments	Fair value
ASSETS			
Fixed assets			
Property, plant and equipment	4	5	9
Intangible assets	8	(2)	6
Financial fixed assets			
Total fixed assets	**12**	**3**	**15**
Current assets			
Trade receivables	4		4
Inventory	9		9
Other loans and other assets	2		2
Cash and equivalents	5		5
Total current assets	**20**		**20**
Total assets	**32**	**3**	**34**
LIABILITIES			
Non-current liabilities			
Employee benefits	1		1
Provisions	1		1
Total non-current liabilities	**2**		**2**
Current liabilities			
Trade payables	8		8
Deferred tax liabilities		3	3
Other liabilities	2		2
Total current liabilities	**10**	**3**	**13**
Payables	**11**	**2**	**12**
Total liabilities	**22**	**5**	**27**
Net acquired assets	**9**	**(2)**	**8**
Goodwill			**17**
Consideration			**25**

Finally, it should be noted that recognition of acquired assets and liabilities at the date of these financial statements must be considered as temporary.

SECTION 2 - BUSINESS COMBINATIONS CARRIED OUT AFTER THE CLOSE OF THE YEAR

No business combinations were effected after the end of 2015.

PART H - TRANSACTIONS WITH RELATED PARTIES

1. Information on the compensation of key management personnel

The following table reports the compensation paid in 2015 to members of the Board of Directors, Board of Statutory Auditors and key management personnel of the Parent Company and the wholly-owned subsidiaries.

Board of Directors and Board of Statutory Auditors fees

(thousands of euros)		Directors	Board of Statutory Auditors	Key management personnel
a)	Short-term benefits	16,769	2,185	15,551
b)	Post-employment benefits	154		342
c)	Other long-term benefits	731		1,247
d)	Severance benefits			3,885
e)	Share-based payments			
Total		**17,654**	**2,185**	**21,025**

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 company. 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 CDP Group's transactions in 2015 with:
- companies subject to significant influence or joint control;
- the Ministry for the Economy and Finance;
- subsidiaries and direct and indirect affiliates of the Ministry for the Economy and Finance.

Information on transactions with related parties

(thousands of euros) Name	Assets	Liabilities	Off balance sheet	Costs/ Revenues
AgustaWestland S.p.A.	32,457			1,981
Alenia Aermacchi S.p.A.	228,916		3,671	13,187
Alfiere S.p.A.	10,870	22		864
Alitalia Servizi S.p.A. in amministrazione straordinaria	1			
Amundi (*)		47		(262)
ANAS S.p.A.	2,995	4,622		3,426
Ansaldo Energia S.p.A.	59,228	242	28,750	32,812
Ansaldo Sviluppo Energia S.r.l.	39			35
AnsaldoBreda S.p.A.	595		1,264	3
Banca del Mezzogiorno - MedioCredito Centrale S.p.A.	66,935	20,000		1,175
Bonafous S.p.A.	810			181
Brevik Technology AS	357			8
Bridge Eiendom AS	448			
Cagliari 89 S.c.ar.l. in liquidazione	1,166	1,049		
Camper & Nicholsons Monaco Bureau Administratif	264			
Castor Drilling Solution AS	104			
Cesi S.p.A.	20,876	9,737	3,200	(2,962)
Cinecittà Luce S.p.A. in liquidazione	1,455			1,148
Cinque Cerchi S.p.A.	3			66
Cometa - Fondo per Quadri e Impiegati (*)		2,858		(8,106)
Concessioni Autostradali Venete S.p.A.	332,150			11,609

(thousands of euros) Name	Assets	Liabilities	Off balance sheet	Costs/ Revenues
Consorzio Aerest in liquidazione	6,865	4,498		23
Consorzio Codelsa in liquidazione	240	261		9
Consorzio Condif in liquidazione		12		
Consorzio Edinca in liquidazione	1,092	66	42	10
Consorzio Edinsud in liquidazione	782	84		10
Consorzio G1	144			(128)
Consorzio IMAFID in liquidazione	539	33		
Consorzio INCOMIR in liquidazione	45		623	
Consorzio Italtecnasud in liquidazione	3,962	89		13
Consorzio MED.IN. in liquidazione	297	90		13
CORESO S.A.				(1,590)
CSS Design Limited	704			
DOF Iceman AS	6,543			192
ELETTRONICA S.p.A.	11	231		(658)
Enel Distribuzione S.p.A.	1,161,392			24,695
Enel Green Power S.p.A.	4,390			26
Enel Italia S.r.l.	334,384	29,515	445,800	1,517,715
Enel Produzione S.p.A.	342			336
Enel S.p.A.	112,273	49,508	154,000	442,385
ENI Fuel Centrosud S.p.A.		42		(452)
ENI S.p.A.	506,902	164,091	466,880	1,953,789
ENIPower S.p.A.	1,327	573	24,100	5,675
Etihad Ship Building LLC	21,613	3,837		4,338
Europrogetti & Finanza S.p.A. in liquidazione	3,906	304	304	(299)
Expo 2015 S.p.A.				(915)
Finmeccanica S.p.A.	4,726	110		(72)
Fondenel (*)				(397)
Fondo Pensione Complementare per i Dirigenti della Società		1,207		(3,756)
Fincantieri - Cantieri Navali Italiani S.p.A. (*)				
Fopen (*)		1,549		(1,950)
FS - Ferrovie dello Stato Italiane S.p.A.	182,332	3,006	422,000	2,516
Galaxy S.àr.l. SICAR	17			17
GasBridge 1 B.V.		9,317		(91)
GasBridge 2 B.V.		9,382		(91)
Grandi Stazioni S.p.A.			43,750	171
GSE - Gestore dei Servizi Energetici S.p.A.	6,356	1,403		44,614
Inalca S.p.A.	10			28
IQ Made in Italy Investment Company S.p.A.	69	136,436		(256)
Istituto per il Credito Sportivo	351,256			14,327
Kedrion Biopharma Inc.	3			5
Kedrion S.p.A.	7	5,780	51,936	(3,598)
Ligestra Due S.r.l.	155,590	9		2,096
Ligestra Quattro S.r.l.	43			20
Ligestra S.r.l.	80,248			1,506
Ligestra Tre S.r.l.	229,037			3,918
M.T. Manifattura Tabacchi S.p.A.	4,263			87
Manifatture Milano S.p.A.	12,352			803
Metano S. Angelo Lodigiano S.p.A.	158			284
Metroweb Italia S.p.A.	6			30
Metroweb S.p.A.	11			53
Ministry for the Economy and Finance	221,052,706	32,284,592	7,447,689	3,485,592
Olympic Challenger KS	49			
Olympic Green Energy KS	1,332			61
OMSAV S.p.A. in fallimento		80		
Orizzonte Sistemi Navali S.p.A.	86,535	2,536		399,883
OTO Melara S.p.A.	321	415		(2,012)
Pentagramma Perugia S.p.A.	865			32
Pentagramma Piemonte S.p.A.	4,436	2		195
Pentagramma Romagna S.p.A.		6		35
Poste Italiane S.p.A.	220,658	396,733		(1,571,021)
Previgen - Fondo Pensione (*)		17		(20)

(thousands of euros) Name	Assets	Liabilities	Off balance sheet	Costs/ Revenues
Quadrifoglio Brescia S.p.A. in liquidazione				32
Quadrifoglio Genova S.p.A. in liquidazione				43
Quadrifoglio Piacenza S.p.A. in liquidazione				29
Quadrifoglio Verona S.p.A. in liquidazione				29
Quadrifoglio Modena S.p.A.				60
RAI - Radio Televisione Italiana S.p.A.	540			3
RAM - Rete Autostrade Mediterranee S.p.A.	149		208	
Rem Supply AS	555			26
Rete Ferroviaria Italiana - Società per Azioni (RFI)	29			(44)
Rocco Forte Hotels Limited	7			8
Rosetti Marino S.p.A.		1,292		(6,050)
Saipem S.p.A.	620		439,425	(35)
SDA Express Courier S.p.A.				(3)
SELEX ELSAG Ltd.		2,005		
SELEX ES S.p.A.	14,991	2,715	8,646	(8,564)
SELEX Sistemi Integrati S.p.A. in liquidazione	45	123		(1,179)
SIA S.p.A.				35
Sir Rocco Forte & Family Mediterranea Golf & Resort S.p.A.				(2)
Società Italiana per Azioni per il Traforo del Monte Bianco	146,773		49,699	5,705
SOGEI - Società Generale di Informatica S.p.A.	35,080			202
Solidarietà Veneto Fondo Pensione (*)		46		(125)
STMicroelectronics N.V.	170			313
TIGF Holding S.a.s.	11	4		96
TIGF Investissements S.a.s.	1,048	21		142
TIGF S.A.	223	205		77
Tirrenia di Navigazione S.p.A. in amministrazione straordinaria	10,760		516	
Toscana Energia S.p.A.	3,229	98	15,750	2,868
Trans Adriatic Pipeline A.G.	77,726			50
Trans Austria Gasleitung GmbH	1,745	1,138		1,707
Trenitalia S.p.A.				(41)
Trevi Finanziaria Industriale S.p.A.		2		
Umbria Distribuzione Gas S.p.A.	531			560
Valvitalia Finanziaria S.p.A.	219,713			66,220
Valvitalia S.p.A.				60
Whitehead Sistemi Subacquei S.p.A.	244	106		(258)

(*) These are pension funds that collect contributions for severance benefit plans for CDP Group employees.

PART I - SHARE-BASED PAYMENTS

No share-based payment agreements were entered into in 2015 nor are any plans from previous years outstanding.

PART L - CONSOLIDATED OPERATING SEGMENTS

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 the Parent Company'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 31 December 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

(thousands of euros)	31/12/2015 Parent Company Business and Finance Areas	Group companies, other equity investments and other	Elimination/ adjustment	Total CDP Group
Cash and cash equivalents and other treasury investments	168,643,966	9,689,648	(5,351,863)	172,981,751
Loans to customers and banks	103,398,835	4,588,259	(1,027,742)	106,959,352
Debt securities	35,499,942	2,574,665	(461,714)	37,612,893
Equity investments and shares		39,572,994	(21,648,323)	17,924,671
Funding	294,428,907	57,086,477	(6,786,256)	344,729,128
of which:				
- *postal funding*	*224,093,687*	*28,003,529*		*252,097,216*
- *funding from banks*	*17,399,426*	*9,182,793*		*26,582,219*
- *funding from customers*	*39,648,462*	*1,509,683*	*(4,571,424)*	*36,586,720*
- *bond funding*	*13,287,332*	*18,390,472*	*(2,214,831)*	*29,462,973*

Reclassified Income Statement

(thousands of euros)	31/12/2015 Parent Company Business and Finance Areas	Group companies, other equity investments and other	Total CDP Group
Net interest income	**1,477,305**	**(926,504)**	**550,801**
Dividends and gains (losses) on equity investments		(2,333,312)	(2,333,312)
Net commission	(1,374,355)	(202,144)	(1,576,499)
Other net revenues	474,429	765,055	1,239,484
Gross income	**577,379**	**(2,696,905)**	**(2,119,526)**
Profit (loss) on insurance business		(71,159)	(71,159)
Profit (loss) on banking and insurance operations	**577,379**	**(2,768,064)**	**(2,190,685)**
Net writedowns	(95,330)	(20,750)	(116,080)
Overheads	(20,808)	(7,948,273)	(7,969,081)
- *of which administrative expenses*	*(20,808)*	*(6,123,316)*	*(6,144,124)*
Other operating income (costs)	412	10,072,301	10,072,713
Operating income	**461,653**	**1,160,170**	**1,621,824**
Net income			**(858,592)**
Net income (loss) for the year pertaining to non-controlling interests			1,389,182
Net income (loss) for the year pertaining to shareholders of the Parent Company			**(2,247,774)**

ANNEXES

ANNEX 1

Scope of consolidation

Company name	Registered office	Investor	% holding	Consolidation method
Parent Company				
Cassa depositi e prestiti S.p.A.	Rome			
Consolidated companies				
Aakre Eigendom AS	Alesund (Norway)	Vard Group AS	100.00%	Line-by-line
Acam Gas S.p.A.	La Spezia	Italgas S.p.A.	100.00%	Line-by-line
ACE Marine LLC	Green Bay - WI (USA)	Fincantieri Marine Group LLC	100.00%	Line-by-line
African Trade Insurance Company	Nairobi (Kenya)	Sace S.p.A.	6.76%	Equity
Aja Ship Design AS	Drobeta Turnu Severin	Vard Braila SA	60.00%	Line-by-line
Alfiere S.p.A	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Alitalia Servizi S.p.A. in amministrazione straordinaria	Fiumicino (RM)	Fintecna S.p.A.	68.85%	Unconsolidated subsidiary
Altiforni Ferriere Servola S.p.A. in amministrazione straordinaria	Udine	Fintecna S.p.A.	24.10%	Equity
Ansaldo Energia	Genoa	FSI Investimenti S.p.A.	44.55%	Equity
		Fondo Strategico Italiano S.p.A.	0.29%	Equity
Azienda Energia e Servizi Torino S.p.A.	Turin	Italgas S.p.A.	100.00%	Line-by-line
Bacini di Palermo S.p.A.	Palermo	Fincantieri S.p.A.	100.00%	Line-by-line
Bonafous S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Brevik Elektro AS	Brevik (Norway)	Multifag AS	100.00%	Line-by-line
Brevik Technology AS	Brevik (Norway)	Vard Brevik Holding AS	34.00%	Equity
Bridge Eiendom AS	Brevik (Norway)	Vard Brevik Holding AS	50.00%	Equity
Cagliari 89 S.c.ar.l. in liquidazione	Monastir (CA)	Fintecna S.p.A.	51.00%	Unconsolidated subsidiary
Camper and Nicholsons International S.A.	Lussemburgo	Fincantieri S.p.A.	17.63%	Equity
Canadian Subsea Shipping Company AS	Bergen (Norway)	Vard Group AS	45.00%	Equity
Castor Drilling Solution AS	Kristisnsand (Norway)	Seaonics AS	34.07%	Equity
CDP GAS S.r.l.	Rome	CDP S.p.A.	100.00%	Line-by-line
CDP Immobiliare S.r.l.	Rome	CDP S.p.A.	100.00%	Line-by-line
CDP Investimenti SGR S.p.A.	Rome	CDP S.p.A.	70.00%	Line-by-line
CDP RETI S.p.A.	Rome	CDP S.p.A.	59.10%	Line-by-line
Centro per gli Studi di Tecnica Navale - Cetena S.p.A.	Genoa	Fincantieri S.p.A.	71.10%	Line-by-line
		Seaf S.p.A.	15.00%	Line-by-line
Cesi S.p.A.	Milan	Terna S.p.A.	42.70%	Equity
CGES A.D.	Podgorica (Montenegro)	Terna S.p.A.	22.09%	Equity
Cinecittà Luce S.p.A. in liquidazione	Rome	Ligestra Quattro S.r.l.	100.00%	Unconsolidated subsidiary
Cinque Cerchi S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity

Company name	Registered office	Investor	% holding	Consolidation method
Consorzio Aerest in liquidazione	Rome	Fintecna S.p.A.	97.38%	Unconsolidated subsidiary
Consorzio Codelsa in liquidazione	Rome	Fintecna S.p.A.	100.00%	Unconsolidated subsidiary
Consorzio Condif in liquidazione	Rome	CDP Immobiliare S.r.l.	33.33%	Unconsolidated associate
Consorzio Edinca in liquidazione	Naples	Fintecna S.p.A.	47.32%	Equity
Consorzio Edinsud in liquidazione	Naples	Fintecna S.p.A.	58.82%	Unconsolidated subsidiary
Consorzio G1	Rome	CDP Immobiliare S.r.l.	99.90%	Unconsolidated subsidiary
Consorzio Imafid in liquidazione	Naples	Fintecna S.p.A.	56.85%	Unconsolidated subsidiary
Consorzio Incomir in liquidazione	Mercogliano (AV)	Fintecna S.p.A.	45.46%	Equity
Consorzio Italtecnasud in liquidazione	Rome	Fintecna S.p.A.	75.00%	Unconsolidated subsidiary
Consorzio Med.In. in liquidazione	Rome	Fintecna S.p.A.	85.00%	Unconsolidated subsidiary
Coreso S.A.	Brussels (Belgium)	Terna S.p.A.	20.00%	Equity
CSS Design Limited	Isle of Man (UK)	Vard Marine Inc.	31.00%	Equity
Dameco AS	Skien (Norway)	Vard Offshore Brevik AS	34.00%	Equity
Delfi S.r.l.	Follo (SP)	Fincantieri S.p.A.	100.00%	Line-by-line
DOF Iceman AS	Norway	Vard Group AS	50.00%	Equity
Elmed Etudes S.a.r.l.	Tunis (Tunisia)	Terna S.p.A.	50.00%	Equity
ENI S.p.A.	Rome	CDP S.p.A.	25.76%	Equity
Estaleiro Quissamã Ltda	Rio de Janeiro (Brazil)	Vard Group AS	50.50%	Line-by-line
Etihad Ship Building LLC	Abu Dhabi (UAE)	Fincantieri S.p.A.	35.00%	Equity
Europrogetti & Finanza S.p.A. in liquidazione	Rome	CDP S.p.A.	31.80%	Equity
Faster Imaging AS	Lysaker (Norway)	Seaonics AS	100.00%	Line-by-line
Fincantieri (Shanghai) Trading Co. Ltd.	Shanghai (China)	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri do Brasil Participações S.A.	Rio de Janeiro (Brazil)	Fincantieri Holding B.V.	20.00%	Line-by-line
		Fincantieri S.p.A.	80.00%	Line-by-line
Fincantieri Holding B.V.	Amsterdam (The Netherlands)	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri India Private Limited	New Delhi (India)	Fincantieri Holding B.V.	99.00%	Line-by-line
		Fincantieri S.p.A.	1.00%	Line-by-line
Fincantieri Marine Group Holdings Inc.	Green Bay - WI (USA)	Fincantieri USA Inc.	87.44%	Line-by-line
Fincantieri Marine Group LLC	Washington, DC (USA)	Fincantieri Marine Group Holdings Inc.	100.00%	Line-by-line
Fincantieri Marine Systems North America Inc.	Chesapeake - VI (USA)	Fincantieri Holding B.V.	100.00%	Line-by-line
Fincantieri Oil & Gas S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri S.p.A.	Trieste	Fintecna S.p.A.	71.64%	Line-by-line
Fincantieri SI S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Sweden AB	Stockholm (Sweden)	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri USA Inc.	Washington, DC (USA)	Fincantieri S.p.A.	86.02%	Line-by-line
Fintecna S.p.A.	Rome	CDP S.p.A.	100.00%	Line-by-line
FIV Comparto Extra	Rome	CDP S.p.A.	100.00%	Line-by-line
FIV Comparto Plus	Rome	CDP S.p.A.	100.00%	Line-by-line
FMSNA YK	Nagasaki (Japan)	Fincantieri Marine Systems North America Inc.	100.00%	Line-by-line
Fonderit Etruria S.r.l. in fallimento	Campiglia Marittima (LU)	Fintecna S.p.A.	36.25%	Equity
Fondo Strategico Italiano S.p.A.	Milan	CDP S.p.A.	77.70%	Line-by-line
		Fintecna S.p.A.	2.30%	Line-by-line
Fosider S.r.l. in amministrazione straordinaria	Bologna	CDP Immobiliare S.r.l.	40.00%	Unconsolidated associate
FSI Investimenti S.p.A.	Milan	Fondo Strategico Italiano S.p.A.	77.12%	Line-by-line
FSIA Investimenti S.r.l.	Milan	FSI Investimenti S.p.A.	100.00%	Line-by-line
Galaxy S.àr.l. SICAR	Luxembourg	CDP S.p.A.	40.00%	Equity
GasBridge 1 B.V.	Rotterdam (The Netherlands)	SNAM S.p.A.	50.00%	Equity
GasBridge 2 B.V.	Rotterdam (The Netherlands)	SNAM S.p.A.	50.00%	Equity
Gasrule Insurance Ltd.	Dublin (Ireland)	SNAM S.p.A.	100.00%	Line-by-line
Gestione Bacini La Spezia S.p.A.	La Spezia	Fincantieri S.p.A.	99.89%	Line-by-line
GNL Italia S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
ICD Industries Estonia OÜ	Tallinn (Estonia)	Seaonics AS	100.00%	Line-by-line
ICD Polska Sp.zo.o.	Gdansk (Poland)	Seaonics AS	100.00%	Line-by-line
ICD Software AS	Alesund (Norway)	Seaonics AS	100.00%	Line-by-line
Inalca S.p.A.	Castelvetro (MO)	IQ Made in Italy Investment Company S.p.A.	28.40%	Equity

Company name	Registered office	Investor	% holding	Consolidation method
Industrial Control Design AS	Norway	Seaonics AS	100.00%	Line-by-line
IQ Made in Italy Investment Company S.p.A.	Milan	FSI Investimenti S.p.A.	50.00%	Equity
Isotta Fraschini Motori S.p.A.	Bari	Fincantieri S.p.A.	100.00%	Line-by-line
Italgas S.p.A.	Turin	SNAM S.p.A.	100.00%	Line-by-line
Kedrion S.p.A.	Castelvecchio Pascoli (LU)	FSI Investimenti S.p.A.	25.06%	Equity
Ligestra Due S.r.l.	Rome	Fintecna S.p.A.	100.00%	Equity
Ligestra Quattro S.r.l.	Rome	Fintecna S.p.A.	100.00%	Unconsolidated subsidiary
Ligestra S.r.l.	Rome	Fintecna S.p.A.	100.00%	Equity
Ligestra Tre S.r.l.	Rome	Fintecna S.p.A.	100.00%	Equity
M.T. Manifattura Tabacchi S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Manifatture Milano S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Marine Interiors S.p.A.	Trieste	Seaf S.p.A.	100.00%	Line-by-line
Marinette Marine Corporation	Marinette - WI (USA)	Fincantieri Marine Group LLC	100.00%	Line-by-line
Metano S. Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano (LO)	SNAM S.p.A.	50.00%	Equity
Metroweb Italia S.p.A.	Milan	FSI Investimenti S.p.A.	46.17%	Equity
Møkster Supply AS	Stavanger (Norway)	Vard Group AS	40.00%	Equity
Møkster Supply KS	Stavanger (Norway)	Vard Group AS	36.00%	Equity
Monita Interconnector S.r.l.	Rome	Terna S.p.A.	95.00%	Line-by-line
		Terna Rete Italia S.p.A.	5.00%	Line-by-line
Multifag AS	Skien (Norway)	Vard Brevik Holding AS	100.00%	Line-by-line
Napoletanagas S.p.A.	Naples	Italgas S.p.A.	99.69%	Line-by-line
Olympic Challenger KS	Fosnavåg (Norway)	Vard Group AS	35.00%	Equity
Olympic Green Energy KS	Fosnavåg (Norway)	Vard Group AS	30.00%	Equity
OMSAV S.p.A. in fallimento	Savona	Fintecna S.p.A.	30.00%	Equity
Orizzonte Sistemi Navali S.p.A.	Genoa	Fincantieri S.p.A.	51.00%	Equity
Pentagramma Perugia S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Pentagramma Piemonte S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Pentagramma Romagna S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Piemonte Savoia S.r.l.	Rome	Terna Interconnector S.r.l.	100.00%	Line-by-line
Quadrifoglio Brescia S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Quadrifoglio Genova S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Quadrifoglio Modena S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Quadrifoglio Piacenza S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Quadrifoglio Verona S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Rem Supply AS	Fosnavåg (Norway)	Vard Group AS	26.66%	Equity
Residenziale Immobiliare 2004 S.p.A.	Rome	CDP Immobiliare S.r.l.	74.47%	Line-by-line
Rete S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Rocco Forte Hotels Limited	London (UK)	FSI Investimenti S.p.A.	11.50%	Equity
		Fondo Strategico Italiano S.p.A.	11.50%	Equity
S.P.S. S.c.p.A. in fallimento	Italy	Fintecna S.p.A.	20.40%	Equity
SACE BT	Rome	SACE S.p.A.	100.00%	Line-by-line
Sace do Brasil	Sao Paolo (Brazil)	SACE S.p.A.	100.00%	Line-by-line
SACE FCT	Rome	SACE S.p.A.	100.00%	Line-by-line
SACE S.p.A.	Rome	CDP S.p.A.	100.00%	Line-by-line
SACE Servizi	Rome	SACE BT	100.00%	Line-by-line
Seaonics AS	Alesund (Norway)	Vard Group AS	51.00%	Line-by-line
Seaonics Polska Sp.zo.o.	Gdansk (Poland)	Seaonics AS	100.00%	Line-by-line
Seastema S.p.A.	Genoa	Fincantieri S.p.A.	100.00%	Line-by-line
SIA ICD Industries Latvia	Riga (Latvia)	Seaonics AS	100.00%	Line-by-line
SIA S.p.A.	Milan	FSIA Investimenti S.r.l.	49.48%	Equity
SIMEST S.p.A.	Rome	CDP S.p.A.	76.01%	Line-by-line
SNAM Rete Gas S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
SNAM S.p.A.	San Donato Milanese (MI)	CDP RETI S.p.A.	28.98%	Line-by-line
		CDP GAS S.r.l.	1.12%	Line-by-line
Società per l'Esercizio di Attività Finanziarie SEAF S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Stogit S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
Sviluppo Turistico Culturale Golfo di Napoli S.c.ar.l.	Naples	CDP Immobiliare S.r.l.	25.00%	Unconsolidated associate
TES Transformer Electro Service S.r.l.	Ospitaletto (BS)	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Taklift AS	Skien (Norway)	Vard Brevik Holding AS	25.47%	Equity
Tamini Transformers USA L.L.C.	Chicago (USA)	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Trasformatori S.r.l.	Melegnano (MI)	Terna Plus S.r.l.	70.00%	Line-by-line
Terna Chile S.p.A.	Santiago del Cile (Chile)	Terna Plus S.r.l.	100.00%	Line-by-line
Terna Crna Gora D.o.o.	Podgorica (Montenegro)	Terna S.p.A.	100.00%	Line-by-line
Terna Interconnector S.r.l.	Rome	Terna Rete Italia S.p.A.	5.00%	Line-by-line
		Terna S.p.A.	65.00%	Line-by-line
Terna Plus S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna Rete Italia S.p.A.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna Rete Italia S.r.l. (ex Telat)	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna S.p.A.	Rome	CDP RETI S.p.A.	29.85%	Line-by-line
Terna Storage S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
TES Transformer Electro Service Asia Private Limited	Magarpatta City, Hadapsar, Pune (India)	TES Transformer Electro Service S.r.l.	100.00%	Line-by-line
TIGF Holding S.A.S.	Pau (France)	SNAM S.p.A.	40.50%	Equity
Tirrenia di Navigazione S.p.A. in amministrazione straordinaria	Naples	Fintecna S.p.A.	100.00%	Unconsolidated subsidiary
Toscana Energia S.p.A.	Florence	SNAM S.p.A.	48.08%	Equity
Trans Adriatic Pipeline AG	Baar (Switzerland)	SNAM S.p.A.	20.00%	Equity
Trans Austria Gasleitung GmbH	Vienna (Austria)	SNAM S.p.A.	84.47%	Equity
Trevi Finanziaria Industriale S.p.A.	Cesena	FSI Investimenti S.p.A.	8.43%	Equity
		Fondo Strategico Italiano S.p.A.	8.43%	Equity
Umbria Distribuzione Gas S.p.A.	Terni	SNAM S.p.A.	45.00%	Equity
Unifer Navale S.r.l.	Finale Emilia (MO)	Seaf S.p.A.	20.00%	Equity
V.T.D. Trasformatori S.r.l.	Valdagno (VI)	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Valvitalia Finanziaria S.p.A.	Milan	FSI Investimenti S.p.A.	0.50%	Equity
Vard Accommodation AS	Tennfjord (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Accommodation Tulcea S.r.l.	Tulcea (Romania)	Vard Accommodation AS	98.18%	Line-by-line
		Vard Electro Tulcea S.r.l.	1.82%	Line-by-line
Vard Braila S.A.	Braila (Romania)	Vard Group AS	5.88%	Line-by-line
		Vard RO Holding S.r.l.	94.12%	Line-by-line
Vard Brevik Holding AS	Brevik (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Contracting AS	Norway	Vard Group AS	100.00%	Line-by-line
Vard Design AS	Alesund (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Design Liburna Ltd.	Rejeka (Croatia)	Vard Design AS	51.00%	Line-by-line
Vard Electrical Installation and Engineering (India) Private Limited	New Delhi (India)	Vard Tulcea S.A.	1.00%	Line-by-line
		Vard Electro AS	99.00%	Line-by-line
Vard Electro AS	Sovik (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Electro Braila S.r.l.	Braila (Romania)	Vard Electro AS	100.00%	Line-by-line
Vard Electro Brazil (Instalaçoes Elétricas) Ltda	Niteroi (Brazil)	Vard Electro AS	99.00%	Line-by-line
		Vard Group AS	1.00%	Line-by-line
Vard Electro Italy S.r.l.	Genoa	Vard Electro AS	100.00%	Line-by-line
Vard Electro Tulcea S.r.l.	Tulcea (Romania)	Vard Electro AS	99.96%	Line-by-line
Vard Engineering Constanta S.r.l.	Costanza (Romania)	Vard Braila S.A.	30.00%	Line-by-line
		Vard RO Holding S.r.l.	70.00%	Line-by-line
Vard Engineering Brevik AS	Brevik (Norway)	Vard Brevik Holding AS	70.00%	Line-by-line
Vard Engineering Gdansk Sp.zo.o.	Poland	Vard Engineering Brevik AS	100.00%	Line-by-line
Vard Group AS	Alesund (Norway)	Vard Holdings Limited	100.00%	Line-by-line
Vard Holdings Limited	Singapore	Fincantieri Oil & Gas S.p.A.	55.63%	Line-by-line
Vard Marine Inc.	Vancouver (Canada)	Vard Group AS	100.00%	Line-by-line
Vard Marine US Inc.	USA	Vard Marine Inc.	100.00%	Line-by-line
Vard Niterói S.A.	Rio de Janeiro (Brazil)	Vard Electro Brazil (Instalaçoes Elétricas) Ltda	0.01%	Line-by-line
		Vard Group AS	99.99%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Vard Offshore Brevik AS	Porsgrunn (Norway)	Vard Brevik Holding AS	100.00%	Line-by-line
Vard Piping AS	Tennfjord (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Promar S.A.	Recife (Brazil)	Vard Group AS	50.50%	Line-by-line
Vard RO Holding S.r.l.	Tulcea (Romania)	Vard Group AS	100.00%	Line-by-line
Vard Seaonics Holding AS	Alesund (Norway)	Vard Group AS	100.00%	Line-by-line
Vard Ship Repair Braila S.A.	Braila (Romania)	Vard Braila SA	68.58%	Line-by-line
		Vard Brevik Holding AS	31.42%	Line-by-line
Vard Singapore Pte. Ltd.	Singapore	Vard Group AS	100.00%	Line-by-line
Vard Tulcea S.A.	Tulcea (Romania)	Vard RO Holding S.r.l.	99.996%	Line-by-line
		Vard Group AS	0.004%	Line-by-line
Vard Vung Tau Ltd.	Vung Tau (Vietnam)	Vard Singapore Pte. Ltd.	100.00%	Line-by-line
XXI Aprile S.r.l.	Rome	Fintecna S.p.A.	100.00%	Line-by-line

ANNEX 2

CDP Group statement 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.

These 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 in relation to both products and business lines.

Consolidated balance sheet - Assets

Reclassified statements

(millions of euros) Amounts	2015 financial year	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
10. Cash and cash equivalents	0.8	0.8								
20. Financial assets held for trading	937	611		54	0.4		271		0.01	
30. Financial assets at fair value	220			217					3	
40. Financial assets available for sale	6,535			5,787	724				24	
50. Financial assets held to maturity	26,074			25,795					279	
60. Loans to banks	28,942	14,459	14,454						28	
70. Loans to customers	261,044	157,910	92,504	5,761					4,869	
80. Hedging derivatives	1,576						1,525		51	
100. Equity investments	17,200				17,200					
110. Reinsurers' share of technical provisions	465					465				
120. Property, plant and equipment	34,622							34,622		
130. Intangible assets	7,939							7,939		
140. Tax assets	2,141									2,141
150. Non current assets and disposal groups held for sale	24									24
160. Other assets	10,178		0.5						223	9,954
Total assets	**397,898**	**172,982**	**106,959**	**37,613**	**17,925**	**465**	**1,796**	**42,561**	**5,478**	**12,120**

Consolidated balance sheet - Liabilities and equity

Reclassified statements

(millions of euros) Amounts	2015 financial year	Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other noninterest bearing liabilities	Other liabilities	Insurance provisions	Provisions for contingencies, taxes and staff severance pay	Equity
10. Due to banks	23,523	23,507		15				
20. Due to customers	291,800	291,759		23	18			
30. Securities issued	30,086	29,463		623				
40. Financial liabilities held for trading	241		241					
60. Hedging derivatives	1,002		999	3				
70. Adjustment of financial liabilities hedged generically	43		43					
80. Tax liabilities	3,924				1		3,923	
90. Liabilities associated with disposal groups held for sale	7				7			
100. Other liabilities	8,034			367	7,665		2	
110. Staff severance pay	228						228	
120. Provisions	2,623						2,623	
130. Technical provisions	2,807					2,807		
140. Valuation reserves	2,079							2,079
165. Interim dividends								
170. Reserves	15,953							15,953
180. Share premium reserve								
190. Share capital	3,500							3,500
200. Treasury shares (-)	(57)							(57)
210. Non-controlling interests (+/-)	14,354							14,354
220. Net income (loss) for the period	(2,248)							(2,248)
Total liabilities and equity	**397,898**	**344,729**	**1,283**	**1,032**	**7,691**	**2,807**	**6,775**	**33,581**

Consolidated Income Statement

Reclassified statements

(millions of euros) Amounts	2015 financial year	Net interest income	Dividends and gains (losses) on equity investments	Net commission income	Other net revenues	Gross income	Profit (loss) on insurance operations
10. Interest income and similar revenues	6,131	6,131				6,131	
20. Interest expense and similar charges	(5,580)	(5,580)				(5,580)	
40. Commission income	88			88		88	
50. Commission expense	(1,665)			(1,665)		(1,665)	
70. Dividends and similar revenues	9		9			9	
80. Net gain (loss) on trading activities	639				639	639	
90. Net gain (loss) on hedging activities	(3)				(3)	(3)	
100. Gains (losses) on disposal or repurchase	540				540	540	
110. Net gain (loss) on financial assets and liabilities carried at fair value	63				63	63	
130. Writedown for impairment	(116)						
150. Net premium income	114						114
160. Net other income (expense) from insurance operations	(185)						(185)
180. Administrative expenses	(6,145)						
190. Net provisions	(135)						
200. Net adjustments of property, plant and equipment	(1,321)						
210. Net adjustments on intangible assets	(504)						
220. Other operating income (costs)	10,073						
240. Gains (losses) on equity investments	(2,342)		(2,342)			(2,342)	
270. Gains (losses) on disposal of investments	(13)						
290. Income tax for the period on continuing operations	(515)						
310. Income (loss) after tax of the disposal groups held for sale	7						
330. Income (loss) for the year pertaining to non-controlling interests	(1,389)						
Total Income Statement	**(2,248)**	**551**	**(2,333)**	**(1,576)**	**1,239**	**(2,120)**	**(71)**

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 (loss)	Net income (loss) pertaining to non-controlling interests	Net income (loss) pertaining to the shareholders of the Parent Company
6,131				6,131		6,131		6,131
(5,580)				(5,580)		(5,580)		(5,580)
88				88		88		88
(1,665)				(1,665)		(1,665)		(1,665)
9				9		9		9
639				639		639		639
(3)				(3)		(3)		(3)
540				540		540		540
63				63		63		63
	(116)			(116)		(116)		(116)
114				114		114		114
(185)				(185)		(185)		(185)
		(6,145)		(6,145)		(6,145)		(6,145)
					(135)	(135)		(135)
					(1,321)	(1,321)		(1,321)
					(504)	(504)		(504)
		1	10,073	10,073		10,073		10,073
(2,342)				(2,342)		(2,342)		(2,342)
					(13)	(13)		(13)
					(515)	(515)		(515)
					7	7		7
							(1,389)	(1,389)
(2,191)	**(116)**	**(6,144)**	**10,073**	**1,622**	**(2,480)**	**(859)**	**(1,389)**	**(2,248)**

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of
Cassa Depositi e Prestiti SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Cassa Depositi e Prestiti Group, which comprise the balance sheet as of 31 December 2015, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of Cassa Depositi e Prestiti SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting

PricewaterhouseCoopers SpA

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policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Cassa Depositi e Prestiti Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, which are the responsibility of the directors of ABC S.p.A., with the consolidated financial statements of the Cassa Depositi e Prestiti Group as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Cassa Depositi e Prestiti Group as of 31 December 2015.

Rome, 28 April 2016

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 OF THE CONSOLIDATED FINANCIAL STATEMENTS

pursuant to article 154-*bis* Italian Legislative Decree 58/1998

Certification of the consolidated financial statements pursuant to article 81-*ter* 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 into account 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 consolidated financial statements in 2015.

2. In this regard:
   2.1 the assessment of the appropriateness of the administrative and accounting procedures followed in preparing the consolidated financial statements at 31 December 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 year 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.

3. In addition, we certify that:
   3.1 the consolidated 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 report on operations contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 28 April 2016

Chief Executive Officer
/signature/Fabio Gallia

Financial Reporting Manager
/signature/Fabrizio Palermo

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cdp

5. Shareholders' resolution

Allocation of net income for the year

The Ordinary Shareholders' Meeting of CDP, held on 25 May 2016, chaired by Claudio Costamagna, approved the financial statements for 2015 and resolved to approve the following allocation of net income for the year in the amount of €892,969,789:

- €852,636,612.80 distributed as a dividend to shareholders by the thirtieth day following the date of approval of the financial statements, equal to a dividend of €2.92 per share, excluding treasury shares;
- €40,333,176.20 carried forward as retained earnings.

Summary table of allocation of net income for the year

Below is the summary table of the allocation of net income for the year:

(euros)	
Net income	892,969,789
Distributable income*	892,969,789
Dividend	852,636,612.80
Retained earnings	40,333,176.20
Dividend per share**	2.92

* The legal reserve has reached the limit set by article 2430 of the Italian Civil Code.
** Excluding treasury shares.

Cassa depositi e prestiti S.p.A.

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