IFITALIA
GRUPPO BNP PARIBAS

Reports and Financial Statements 2015

INTERNATIONAL FACTORS ITALIA S.p.A. - IFITALIA
Company subject to the management and co-ordination of BNP Paribas S.A. – Paris
Registered offices and Headquarters: Via Vittor Pisani 15, 20124 Milan, Italy
Tel. No. (02) 67781
Fax No. (02) 6671.3190

Share capital: EUR 55,900,000
Tax Code No. 00455820589 - VAT No. 09509260155
Milan Companies' Register No. 00455820589 and Economic & Administrative Roster No. 683665
General register of Financial Brokers No. 28086 and Special Register No. 19016

2015 Statutory Financial Statements

IFITALIA
GRUPPO BNP PARIBAS

Offices

Milan	20124	Via Vittor Pisani, 15 Tel. No. 02/67781

Commercial offices within branches of Banca Nazionale del Lavoro

Ancona	60122	Corso Stamira, 10 Tel. No. 071/203846
Bari	70121	Via Dante Alighieri, 32/40 Tel. No. 080/5210177
Bologna	40125	Via Rizzoli, 26 Tel. No. 051/237001
Catania	95131	Corso Sicilia, 30 Tel. No. 095/322320
Genoa	16121	Largo Eros Lanfranco, 2 Tel. No. 010/582571
Mestre	30175	Corso del Popolo, 21 Tel. No. 041/5044070
Milan	20132	Via Deruta, 19 Tel. No. 02/80244965
Naples	80134	Via Toledo, 126 Tel. No. 081/5517364
Padua	35139	Piazza Insurrezione, 6/6A Tel. No. 049/655988
Palermo	90133	Via Roma, 291 Tel. No. 091/6111387
Parma	43100	Piazza Garibaldi, 17/A Tel. No. 0521/206232
Pescara	65121	Corso Vittorio Emanuele, 148 Tel. No. 085/4429552
Prato	50047	Via Bettino, 2 Tel. No. 0574/453605
Rome	00187	Salita San Nicola da Tolentino, 13 Tel. No. 06/42010834
Turin	10121	Via XX Settembre, 40 Tel. No. 011/543444

Directors and Officers as at 31 December 2015

Board of Directors	MARIO GIROTTI	*Chairman*
	PAOLO ALBERTO DE ANGELIS	*Vice Chairman*
	PIERFRANCESCO LATINI	*Director*
	MICHELA CICENIA	*Director*
	ANGELO NOVATI	*Director*
	OLIVIER MARIE PERRAIN	*Director*
	PATRICK PIERRE MARIE GALOUZEAU DE VILLEPIN	*Director*
Board of Statutory Auditors	FRANCESCO SCHIAVONE PANNI	*Chairman*
	ANTONIO BERTANI	*Acting Auditor*
	GUIDO NORI	*Acting Auditor*
	LORENZO THEODOLI CICCOLINI	*Alternate Auditor*
	ROBERTO D'AYALA VALVA	*Alternate Auditor*
General Manager	ROBERTO PONDRELLI	

Report on Operations

Report on Operations

Ifitalia S.p.A. - Highlights	2015	2014	% changes
VOLUMES			
Turnover	24,989,746	24,657,610	1.3%
- without recourse	20,145,742	19,223,370	4.8%
- with recourse	4,844,005	5,434,240	-10.9%
ECONOMIC DATA			
Net interest	72,687	87,773	-17.2%
Net commissions	64,164	76,100	-15.7%
Net banking income	137,584	164,176	-16.2%
Administrative expenses	43,787	44,522	-1.7%
- personnel expenses	*19,567*	*23,248*	*-15.8%*
Net adjustments for impairment of tangible and intangible assets	2,727	2,693	1.3%
Net adjustments for impairment of financial assets	29,748	35,363	-15.9%
Net operating income	62,307	87,149	-28.5%
Profit for the year	44,534	60,519	-26.4%
BALANCE SHEET DATA			
Total assets	6,530,680	5,903,085	10.6%
Total Risk Weighted Assets (RWA)	6,559,788	5,744,596	14.2%
Due from customers	6,372,014	5,733,024	11.1%
Loans to lending and financial institutions	7,351	13,809	-46.8%
Available-for-sale assets	8,281	9,589	-13.6%
Due to lending and financial institutions	5,395,765	4,750,677	13.6%
Due to customers	272,874	242,639	12.5%
Equity	621,113	576,641	7.7%
Tier 1 capital	603,835	561,395	7.6%
Supervisory capital	609,114	566,746	7.5%
PROFITABILITY, EFFICIENCY AND DIVERSIFICATION INDICES			
R.O.E.	7.4%	11.1%	-33.1%
(*)Cost / income (with amortisation/depreciation)	33.81%	28.76%	17.6%
Net commissions/Earnings margin	46.6%	46.4%	0.6%

(*) Includes "administrative expenses" and "net adjustments for impairment of tangible and intangible assets".

Ifitalia S.p.A. - Highlights

	2015	2014	% changes
ASSET QUALITY			
Total problem positions	**673,286**	**574,361**	**17.2%**
- in relation to customer receivables	10.57%	10.02%	5.5%
- coverage percentage	42.08%	46.59%	-9.7%
Non-performing positions	**265,848**	**264,036**	**0.7%**
- in relation to customer receivables	4.17%	4.61%	*-9.4%*
- coverage percentage	65.91%	65.33%	*0.9%*
Unlikely to pay	**333,291**	**230,066**	**44.9%**
- in relation to customer receivables	5.23%	4.01%	*30.3%*
- coverage percentage	31.60%	39.42%	*-19.8%*
Past due positions	**74,148**	**80,259**	**-7.6%**
- in relation to customer receivables	1.16%	1.40%	*-16.9%*
- coverage percentage	3.76%	5.46%	*-31.2%*
CAPITALISATION RATIOS			
Tier 1 ratio	9.21%	9.77%	-5.8%
Solvency ratio	9.29%	9.87%	-5.9%
STRUCTURAL DATA			
Employees at year end	**229**	**240**	-4.6%
No. of commercial offices	**16**	**17**	-5.9%
- of which in Italy	**16**	**17**	-5.9%
INFORMATION ON IFITALIA SECURITY			
Total number of shares	**55,900,000**	**55,900,000**	0.0%
- of which ordinary	**55,900,000**	**55,900,000**	0.0%
Par value (euro)	**1**	**1**	0.0%
Current value (euro) (*)	**11**	**10**	7.7%

(*) Effective Equity/total number of share

Results overview

In a negative economic scenario which discloses timid signs of recovery, Ifitalia has shown a positive capacity for action that has taken on the form of an increase in brokerage activities, both in terms of additional turnover developed (+1.3%) and average loans managed (+3.8%). This trend did not however reflect positively on the net banking income (-16%) due to the significant reduction in the spreads as a result of the very liquid and highly competitive market.
The afore-mentioned drop was partly offset by the decrease in the cost of the risk (-12% with respect to 2014) and the containment of the administrative costs (-2% with respect to 2014).

During 2015, the Company's core activities recorded a considerable increase in **loans to customers** which rose from EUR 5,747 million in 2014 to EUR 6,379 million in 2015 (+11%); also turnover (EUR 24,990 million compared with EUR 24,658 million in 2014), and average loans rose respectively by 1.3% and 3.8%.

The **net banking income** fell from EUR 164.2 million in 2014 to EUR 137.6 million in 2015 (-16.1%). This decrease is mainly the result of the decrease in the commission and financial spread. Particularly:

- **net interest** amounted to around EUR 72.7 million (EUR 87.8 million in 2014) disclosing a decrease of 17.1% due to the decrease in the spread which fell from 2.31% to 1.87%, partly offset by the rise in the average volumes brokered (+3.8%);
- **net commissions**, equalling EUR 64.2 million, were down with respect to 2014 by EUR 11.9 million (-15.6%). This decrease was determined by the drop in commission income further to the lower commission spread which passed from 0.29% in the previous year to 0.26% in December 2015, the reduction in the malus commissions (around EUR -3 million) following the minor measures under guarantee and the increase in insurance costs for EUR 1.5 million.

With regard to the risk cost, during 2015 the Company recorded **net value adjustments on financial assets** for EUR 30.7 million, with a 11.9% decrease compared to the previous year, and a negative adjustment for **risks and charges** amounting to EUR 1.5 million (positive adjustment of EUR 1.7 million in the previous year); during 2014, a significant value writeback on revocation action was registered.

The decrease in the net value adjustments on financial assets is attributable to the minor analytical adjustments on receivables classified as unlikely to pay or non-performing and the additional write-backs on past due positions.

Administrative expenses recorded a 1.6% decrease compared to December 2014:

- ***personnel expenses***, amounting to EUR 19,567 thousand, were down by 15.8% when compared with December 2014 mainly as a result of the conferral to BPI of the business segments relating to the segments: operational, personnel and workout;
- ***other administrative expenses*** increased 13.8% with respect to last year; this change is essentially due to the increase in the cost incurred for the other activities carried out by BPI on behalf of Ifitalia.

The **net value adjustments on tangible and intangible assets** were EUR 2.7 million and were essentially in line with those in 2014. Of these, EUR 1.3 million (EUR 1.4 million in 2014) refer to tangible assets and EUR 1.4 million (EUR 1.2 million in 2014) to intangible assets.

In defining administrative expenses and depreciation and amortisation expenses compared with the net banking income, the cost to income ratio equalled 33.8% in 2015 against 28.8% in 2014.

Other operating income and expenses, amounting to EUR 3.4 million, increased by 2.6% on the previous year (EUR 3.2 million).

The **net operating income** stood at EUR 62.3 million.

After direct taxes, which were EUR 18 million, the **profit for the year** was EUR 45 million (EUR 61 million in 2014, -26%).

*   *   *

Equity, including the profit for the year, is EUR 621 million (+ 8% compared with 2014).

As at 31 December 2015, the level of capitalisation for Supervisory purposes was expressed by a Tier 1 Capital Ratio of 9.2% (9.8% in 2014) and by a Total Capital Ratio of 9.3% (9.9% at the end of December 2014).

Market in which the company operates

Macroeconomic scenario

The world economy and the Euro area

During 2015, the global economy grew at an annual rate of just over 3%, essentially similar to that in the previous three years. The trend in international trade (3% lower) was modest, both with a view to the economic trend and historically.
Economic activities in emerging countries reported a slowdown for the sixth year running. The weakness in the trend in China was accompanied by the serious difficulties in Brazil, Russia and other countries. A common circumstance, often decisive, of these situations of difficulty is the negative performance of the prices of many raw materials, a drop which in the case of oil last year was on the verge of 50%. The favourable forecasts formulated for India and other important countries in the Asiatic area were by contrast satisfactory.
In advanced countries, the pick up continues to present itself as moderate but with less pronounced differences with respect to that observed last year. Despite some fluctuations, the economic situation in the US was relatively favourable, with an annual growth rate of around 2.5%. Development seems to be well structured, with contributions which are more or less equal from exports and internal demand, and within the latter from private consumption and investments. This favourable climate led (in mid December) the Federal Reserve to raise the objective interval of the rate on the federal funds by 25 hundredths (now at 0.25.0.50 percent). This decision, indicating the exit from the policy of nil rates adopted in December 2008, launched a period of normalisation of the monetary policy.
The economic climate of the Euro Zone last year reported a moderate economic improvement which involved the majority of the countries. However, the recovery, not only moderate from a quantitative standpoint, appears fragile with regard to prospects and unsatisfactory with regard to composition. Specifically, the pick up in investments appears modest. This led to the European Central Bank's decision to strengthen the monetary stimulus. During the December meeting, in fact, the decision was made to further reduce the return on the deposits of the banks care of the Eurosystem (now at -0.30%) and to extend the duration of the purchase programme by six months (at least until March 2017) at the same time expanding the range of admissible securities.

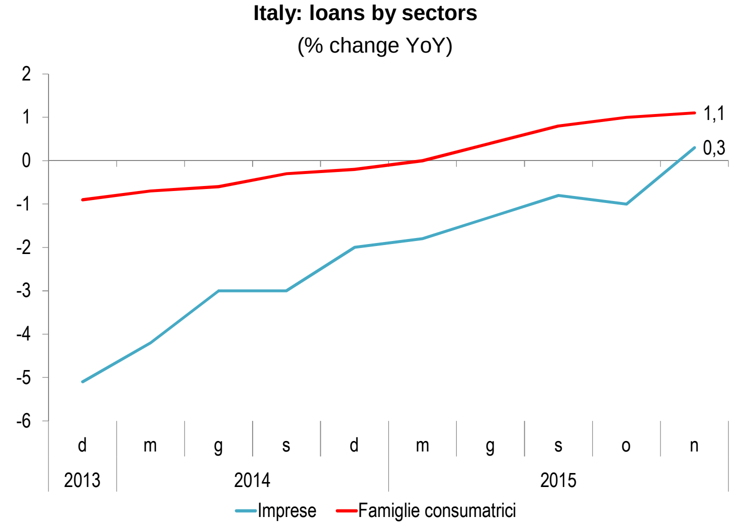
The Italian economy

The economic situation shows signs of improvement in Italy as well. After having registered a drop in GDP for three years running, last year growth was once again positive, at 0.7%.
The economic trend was mainly fuelled by internal demand, with private consumption being the driving force. A slight pick in investments was seen interrupting the decrease underway since the start of 2011, a turnaround however which still does not affect important sectors starting with construction. The confidence of the businesses continues to show signs of improvement but the industrial cycle had not yet overcome the period of weakness which characterised the recent past.
This latter consideration can also be extended to households. The first signs of change observed on the employment market are in fact too modest to support significant changes in spending behaviour. The unemployment rate, despite having dropped, is still over 11% and that relating to youngsters (15-24 years) still not far off from 40%. The sales of motor vehicles, however, after years of decline, even two figures, reported the decisive pick up.
The property market shows timid signs of recovery, especially with regard to the number of purchases/sales. During the second part of the year, for the first time since 2011, house prices interrupted the drop and disclosed a slight market increase.
Foreign trade offered an essentially nil contribution to GDP growth. Imports were inevitably affected by the more lively economic trend; on their part, exports - having grown within the European Union to a by no means negligible extent, were affected by the negative situation of important emerging countries (Russia, the OPEC countries, the majority of the Latin American countries).

The deflation risk still appears imminent. Inflation continues to stand at more or less nil values (+0.1% on an annual basis in December). The modest trend in prices was weighed down by the sharp drop in energy products: net of this component, in fact, annual inflation came to +0.8%.

Lending activities in Italy

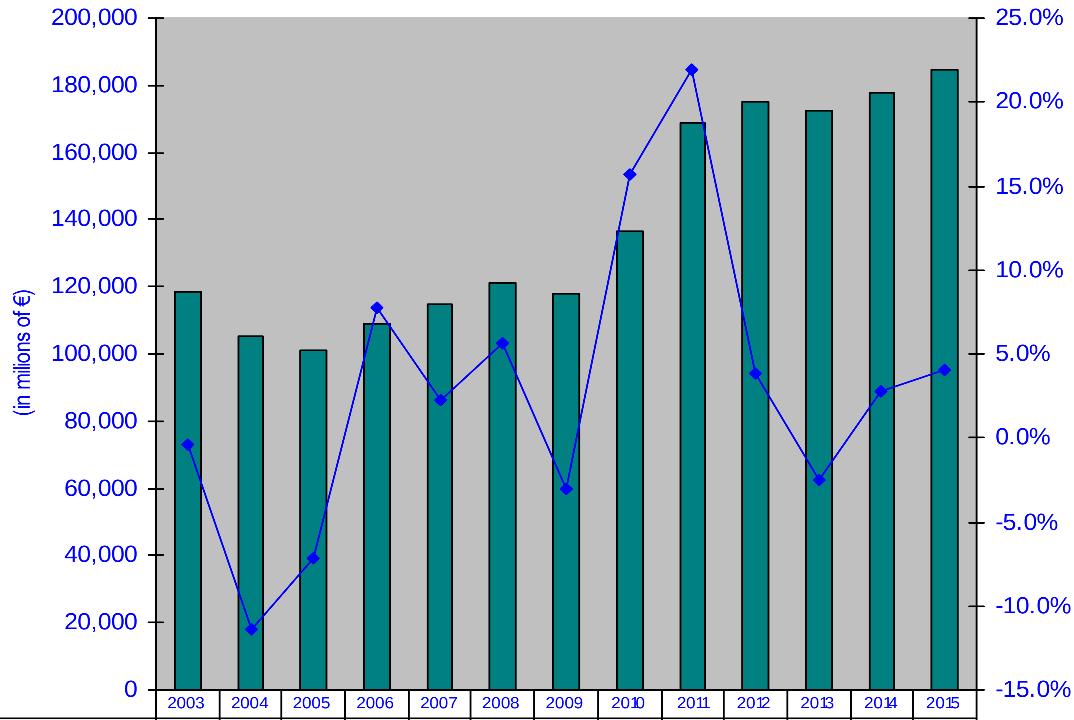
In Italy, the improvement in the main economic activity indicators was accompanied by recovery in loans, slow but continual. The growth reported in the latter part of the year (+0.7% YoY in November) interrupts the negative trend which commenced at the end of 2012. With regard consumer households, the trend was once again positive as from the second half of 2015, gradually strengthening (+1.1% YoY in November) thanks to the moderate pick up in loans for home purchases (+0.4%) and the sharp increase in consumer credit (+14.6%) whose trend was however influenced by a number of innovations in the registration. The so-called “other loans” to households were still down (-0.3%) dragged down by the drop in funding to income-generating households.
Loans to businesses inverted the negative trend only at year end (0.3% in November), drawn along by the demand of medium/large businesses (+0.7%); loans to small businesses continued to drop (-1.4%) even if to a lesser extent than in the past. The recovery in loans to the production sector was more or less the same in intensity in the north (+0.3%) and in the south (+0.4%). Loans for manufacturing activities sped up (+4% YoY), those for the service sector improved, where the drop was more or less cancelled out; by contrast, loans to businesses linked to the property sector (construction; real estate activities) continued to drop. With regard to the duration, the trend in short-term loans to businesses was still negative (-2.7%) in contrast to the pick up in the long-term component (+1.9%).
Credit quality remained a problem, but the signs of improvement are constant. albeit limited. With regard to the entire economy, the new non-performing position rate was down by half a percentage point (at 2.4% at the end of September) thanks mainly to the drop in the indicator relating to businesses (to 3.7%, 0.8 percentage points less with respect to the previous figure).
Within the sphere of bank deposits, differing trends continue to present themselves: the growth in deposits (+3.9%) still counters the sharp drop for bonds (-15.1%).
Asset management activities in 2015 closed with a decidedly favourable result. Net funding, in fact, reached EUR 140 billion, exceeding the already brilliant result last year. At year end, total assets managed amounted to more the EUR 1,800 billion.



Imprese: Businesses; Famiglie consumatrici: Consumer households

The factoring market

In Italy, the factoring market in 2015 consolidated the figure regarding the previous year, reaching nearly 11% of GDP. Based on the figures provided by Assifact in 2015, the market, in terms of **turnover,** came to EUR 184,797 million, up 4.09% over the previous year. This market continues to be highly concentrated.



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Global Market	118,705	105,126	101,068	108,805	114,685	121,133	118,042	136,756	168,860	175,314	172,685	177,543	184,797
Global Market Var %	-0.4%	-11.4%	-7.2%	7.8%	2.3%	5.6%	-3.1%	15.7%	21.9%	3.8%	-2.5%	2.8%	4.09%

In terms of **loans**, the factoring market came to EUR 45,838 million reporting an increase of 4.4% with respect to 2014 (Ifitalia +11%); **average loans**, amounting to EUR 24,638 million, reported a decrease of 2.09%, while Ifitalia grew 3.8%.

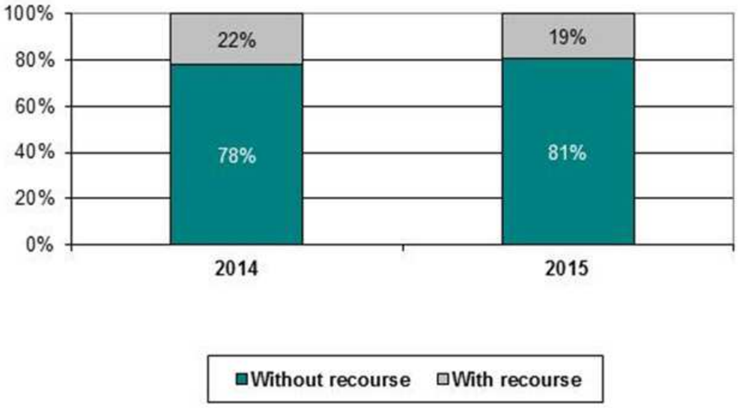
Ifitalia's competitive positioning

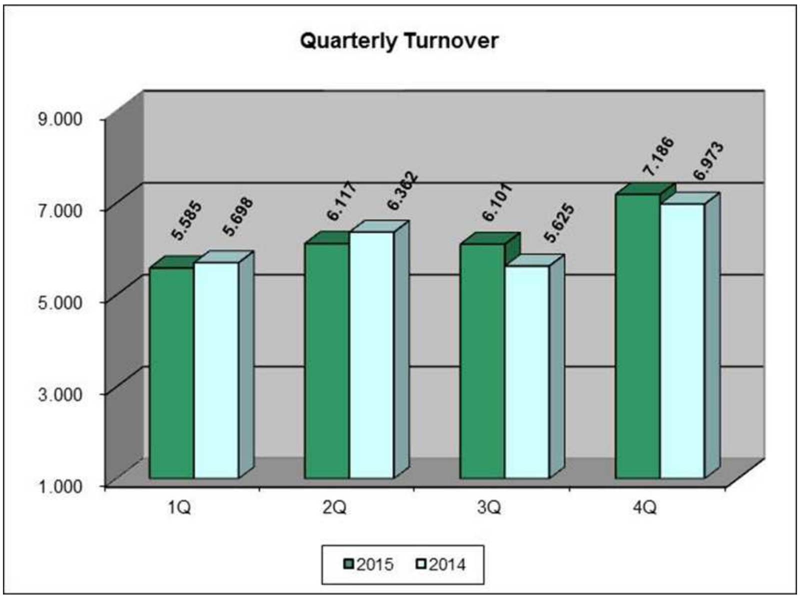
Turnover

Ifitalia's turnover, flow of loans/receivables acquired by the Company during 2015, reached EUR 24,990 million (EUR 24,658 million in 2014) reporting growth of 1.3%.
With regard to the breakdown between products, carried out according to the contractual form, without-recourse factoring represented 81% of total turnover (78% in 2014) while with-recourse factoring represented 19%.

(in millions of €)

TURNOVER	31/12/2015	31/12/2014	Changes Amount	%
Without recourse	20,146	19,223	922	4.8%
With recourse	4,844	5,434	(590)	-10.9%
Total	**24,990**	**24,658**	**332**	**1.3%**

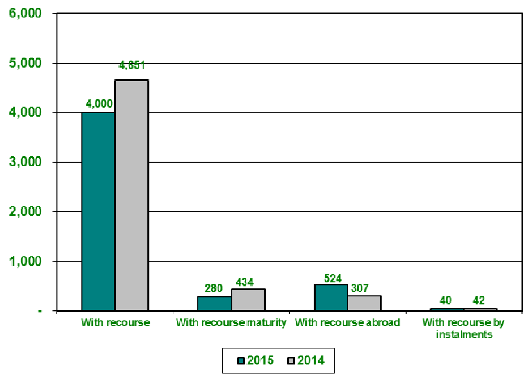


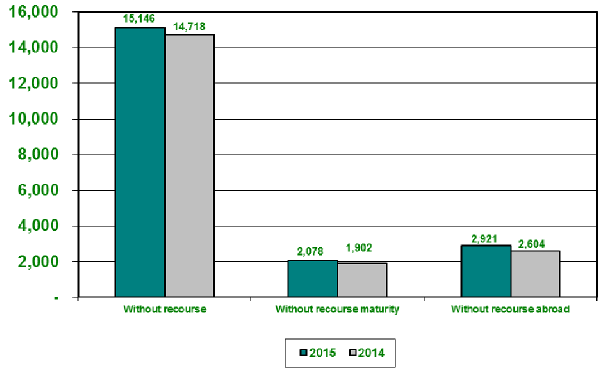


As regards the composition, the graphs below show without recourse and with recourse factoring further broken down into their income components.

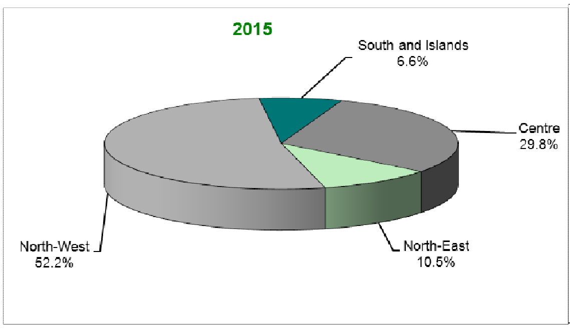
(in milions of €)

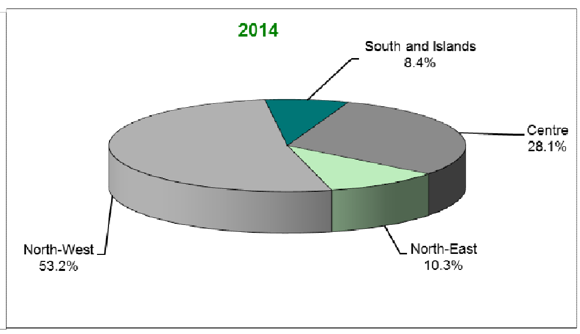
Product	Turnover 2015	Turnover 2014	Changes	%	Incidence % 2015
Without recourse	15,146	14,718	428	2.9%	60.6%
Without recourse matur	2,078	1,902	176	9.3%	8.3%
Without recourse abroa	2,921	2,604	318	12.2%	11.7%
Total	**20,146**	**19,223**	**922**	**4.8%**	**80.6%**
With recourse	4,000	4,651	(651)	-14.0%	16.0%
With recourse maturity	280	434	(154)	-35.6%	1.1%
With recourse abroad	524	307	217	70.7%	2.1%
With recourse by instalr	40	42	(2)	-4.8%	0.2%
Total	**4,844**	**5,434**	**(590)**	**-10.9%**	**19.4%**
TOTALE	**24,990**	**24,658**	**332**	**1.3%**	**100%**





With regard to the domestic geographic breakdown of the transferors, they were distributed as follows:





The graphs above disclose the turnover divided up by geographic area, relating to the Italy segment which represents 96.4% (24,098 million) of total turnover and is essentially in line with 2014 (23,907 million, 97% of the total).
With regard to foreign turnover, this came to EUR 892 million (EUR 750 million in 2014) and represents 3.6% of total turnover (3% in 2014).

Turnover

(in milions of €)

Areas	2015	% of the total	2014	% of the total
CENTRE	7,171	28.7%	7,168	29.1%
NORTH-EAST	2,755	11.0%	2,501	10.1%
NORTH-WEST	12,589	50.4%	12,429	50.4%
SOUTH AND ISLANDS	1,583	6.3%	1,809	7.3%
TOTAL FOR ITALY	24,098	96.4%	23,907	97.0%
ABROAD	892	3.6%	750	3.0%
TOTAL TURNOVER	**24,990**	**100.0%**	**24,658**	**100.0%**

With reference to the **sectors of economic activities**, 2015 turnover presented the following breakdown:

TURNOVER BY ECONOMIC SECTOR

		YEAR 2015	YEAR 2014	DELTA
52	Energy products	21.5%	26.3%	-18.2%
67	Commerce, recovery, repair services	14.0%	13.7%	1.9%
00	Unclassified subjects	11.4%	13.0%	-12.4%
60	Means of transport	8.5%	6.2%	36.4%
73	Other services for sale	8.1%	6.1%	32.6%
72	Communication services	6.7%	5.9%	13.0%
61	Foodstuff and tobacco products	4.5%	3.8%	16.6%
66	Construction and public w orks	3.2%	3.3%	-5.0%
63	Paper, paper products, press products, publishing	2.5%	3.1%	-20.0%
59	Electric materials and supplies	3.0%	3.0%	-3.0%
56	Metal products excluding means of transport	2.5%	2.3%	5.1%
64	Rubber and plastic products	2.4%	2.2%	9.6%
53	Minerals, ferrous and non ferrous metals	2.0%	1.8%	13.6%
55	Chemicals	1.5%	1.6%	-9.0%
57	Agricultural and industrial machines	1.9%	1.5%	25.9%
71	Services connected to transports	1.5%	1.4%	7.9%
62	Textiles, footw ear and clothing	1.1%	1.1%	-7.3%
69	Internal transport services	1.2%	0.9%	26.1%
65	Other industrial products	0.4%	0.7%	-42.3%
54	Minerals and non-metallic mineral products	0.5%	0.5%	12.6%
68	Hotel and public services	0.5%	0.5%	13.9%
58	Office machines, computers, precision tools, etc.	0.7%	0.3%	97.8%
70	Maritime and air transport services	0.2%	0.3%	-50.0%
51	Farming, forestry, fishery products	0.5%	0.2%	132.0%
	Total	**100%**	**100%**	

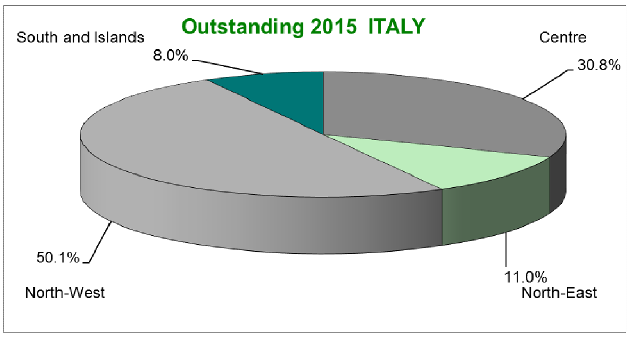
This year, too, the industry that made the most use of factoring was the “energy products” industry, despite the figure passing from 26.3% to 21.5% (-18.2%).
The sector which reported a significant increase was that relating to “Means of transport” which rose from 6.2% in 2014 to 8.5% in 2015 (+36.4%); also that relating to “Farming, forestry and fishery products” rose, passing from 0.2% in 2014 to 0.5% in 2015 (+132%).
83.2% of total turnover is concentrated within the first ten sectors, with a reduction of the 2014 concentration (which came to 84.6%).
In this set, the sectors that recorded the most positive performances were “Other services for sale” (+32.6%) and “Foodstuff and tobacco products” (+ 16.6%); the most negative performances, by contrast, were reported by the sectors relating to “Paper, paper products, press products, publishing” (-20%). Non classified parties include the foreign and financial businesses and disclosed a decrease of 12.4%.
In conclusion, note that the “Maritime and air transport services” and “Other industrial products” sectors are those which use factoring the least.

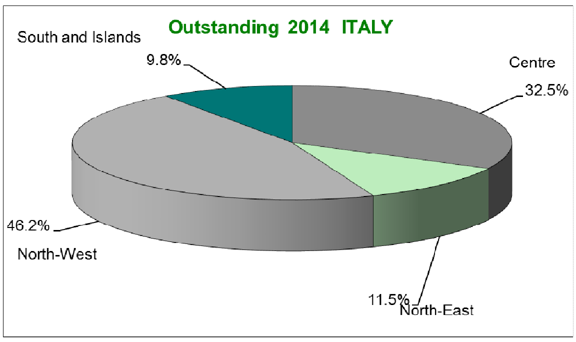
Outstanding positions

The stock of loans/receivables at nominal value effectively factored at year end amounted to EUR 7,919 million (EUR 7,190 million in 2014, + 10.1%), of which EUR 5,713 million (72.1% of total loans/receivables) refers to contracts factored without recourse, while EUR 2,206 million concerns with recourse contracts (27.86% of the total).
Within the amounts indicated above, total international factoring transactions amounted to EUR 853 million (10.8% of the total), of which EUR 723 million for export transactions (EUR 690 million in 2014) and EUR 130 million for import factoring transactions (EUR 105 million in 2014).

Outstanding positions in Italy came to EUR 7,640 million compared with EUR 6,955 million in the previous year and represent 96.5% of total outstanding positions (96.7% in 2014).

As regards the geographic breakdown of Domestic customers, from the **transferor side**, an increase of 3.9% was recorded in the “North-West" area (46.2% in 2014 versus 50.1% in 2015).

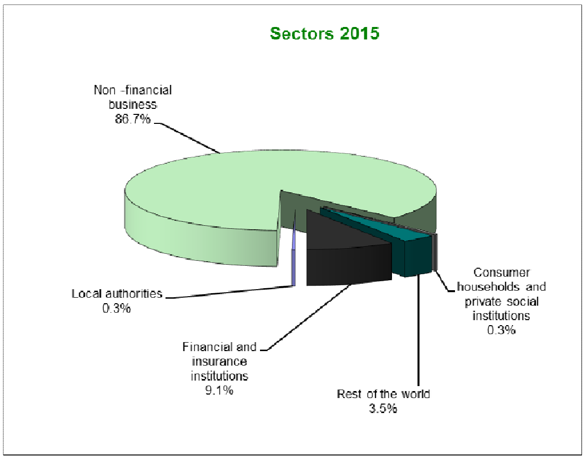


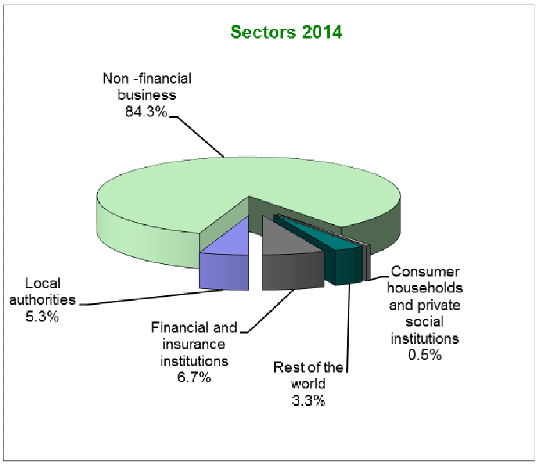


With regard to the foreign segment, the outstanding balance, considered in relation to the nationality of the transferor, came to EUR 278 million (EUR 235 million in 2014) and represented 3.5% of the total outstanding amount (3.3% in 2014).

OUTSTANDING BALANCE				(millions of euros)
Areas	**2015**	**% of the total**	**2014**	**% of the total**
CENTRE	2,355	29.7%	2,260	31.4%
NORTH-EAST	844	10.7%	799	11.1%
NORTH-WEST	3,831	48.4%	3,215	44.7%
SOUTH AND ISLANDS	610	7.7%	680	9.5%
TOTAL FOR ITALY	7,640	96.5%	6,955	96.7%
ABROAD	278	3.5%	235	3.3%
TOTAL OUTSTANDING BALANCE	**7,919**	**100.0%**	**7,190**	**100.0%**

The breakdown of loans/receivables by segment confirms that in 2015, 86.7% of these amounts was attributable to transferors belonging to the category of non-financial businesses (84.3% in 2014).

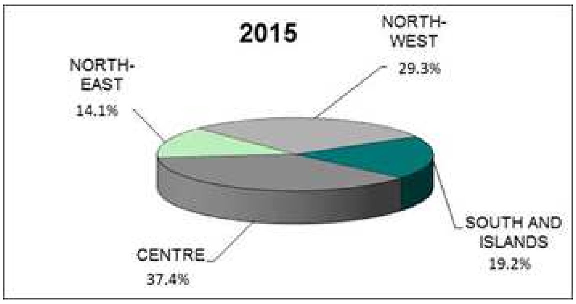


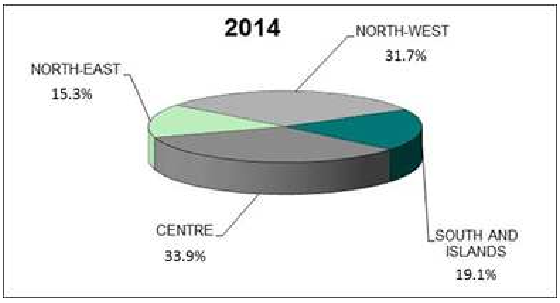


By contrast, with regard to the breakdown of these amounts according to the segment the transferor belongs to, the following table confirms that 60.3% of the customer portfolio concerns loans/receivables deriving from the top five segments of economic activities; adding the next five, 80.7% of the global amount is reached. The “commerce, recovery, repair services” sector is confirmed as one of the most important, accounting for 14.8% in 2015 (-3.9% with respect to 2014).

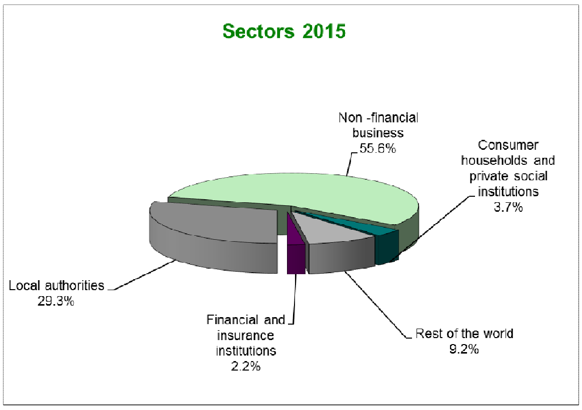
	OUTSTANDING BY ECONOMIC SECTOR	YEAR 2015	YEAR 2014	DELTA
67	Commerce, recovery, repair services	14.8%	15.4%	-3.9%
73	Other services for sale	14.1%	8.9%	58.3%
00	Unclassified subjects	13.1%	15.0%	-13.1%
52	Energy products	10.6%	12.1%	-12.7%
60	Means of transport	7.7%	7.2%	6.9%
66	Construction and public works	5.1%	5.9%	-13.3%
72	Communication services	4.4%	3.5%	25.8%
57	Agricultural and industrial machines	3.8%	3.5%	8.4%
63	Paper, paper products, press products, publishing	3.7%	4.2%	-11.1%
59	Electric materials and supplies	3.4%	3.8%	-11.8%
56	Metal products excluding means of transport	3.2%	3.6%	-10.8%
61	Foodstuff and tobacco products	3.1%	3.4%	-6.6%
64	Rubber and plastic products	2.5%	2.6%	-1.4%
69	Internal transport services	2.0%	1.7%	16.2%
53	Minerals, ferrous and non ferrous metals	1.6%	1.8%	-10.8%
71	Services connected to transports	1.5%	1.5%	-3.7%
62	Textiles, footwear and clothing	1.3%	1.5%	-10.3%
55	Chemicals	1.1%	1.1%	4.9%
58	Office machines, computers, precision tools, etc.	0.9%	0.6%	32.2%
54	Minerals and non-metallic mineral products	0.5%	0.6%	-9.9%
65	Other industrial products	0.5%	0.9%	-46.8%
70	Maritime and air transport services	0.4%	0.7%	-34.6%
51	Farming, forestry, fishery products	0.3%	0.2%	35.6%
68	Hotel and public services	0.3%	0.2%	23.6%
	Total	**100%**	**100%**	

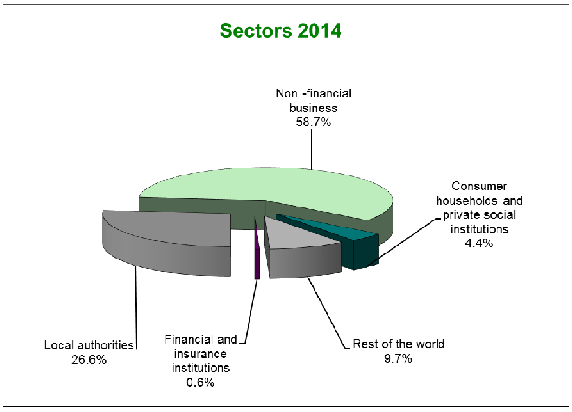
Following the already analysed distribution of the outstanding transferor balances by geographic area, the same figure is now analysed seen from the **debtor side**. The graphs below reveal how, in relation to the previous year, the “Central” and “South and Islands” areas increased, respectively by 3.4% and 0.1%; whereas those areas relating to “North East” and “North West” by contrast recorded a decrease of 1.2% and 2.4% respectively.





Likewise, the breakdown by sectors of economic activities, again analysed from the **debtor side**, expressed the situation indicated below, which revealed substantial growth in the debtors belonging to the "Local authorities" segment from 26.6% in 2014 to 29.3% in 2015 and a decrease in the sector of "Non-financial business" which dropped from 58.7% in 2014 to 55.6% in 2015.





Profit performance

Net banking income

In order to more fully assess the performance of the single components of the net banking income, it is considered useful to analyse the breakdown of its individual items:

- the **net interest** is EUR 72.7 million (-17.2%) versus EUR 87.8 million in 2014. The reduction in the spreads, in line with the market trend, was not fully offset by the increase in the average volumes brokered in 2015;

(in milions of €)

	31/12/2015	31/12/2014	% change
Interest and similar income	80.4	104.7	-23.2
Interest expense and similar charges	-7.7	-16.9	-54.4
Net interest	**72.7**	**87.8**	**-17.2**

- **net commissions**, equalling EUR 64.2 million, emerged as down with respect to 2014 by EUR 11.9 million (-15.7%). The trend was affected by a decrease in commission income. The commissions on typical factoring activities equalled EUR 64.5 million compared to EUR 71.8 million in 2014. The reduction is attributable to the decrease in the commission margin; the malus commissions also decreased by EUR 3.3 million further to the fewer measures under guarantee. With reference to commission expense, there was an increase of about EUR 0.7 million due to the additional credit insurance costs.

(in milions of €)

	31/12/2015	31/12/2014	% change
Commission income			
Services for factoring transactions	74.3	85.5	-13.1
Commission income	**74.3**	**85.5**	**-13.1**
Commission expense			
Other services	-10.1	-9.4	7.4
Commission expense	**-10.1**	**-9.4**	**7.4**
Net commission	**64.2**	**76.1**	**-15.7**

The **net trading profit (loss),** equating to a revenue of EUR 303 thousand (EUR 38 thousand in 2014), derives from the valuation at fair value (level 2) of derivatives entered into with BNL.

In addition, **dividends** for EUR 430 thousand were recorded essentially relating to the Serfactoring holding.

Adding net commissions and the aforementioned revenues to the net interest, **net banking income** is achieved totalling EUR 137.6 million (EUR 164.2 million in 2014; - 16%).

Net value adjustments for impairment of financial assets

(in milions of €)

	31/12/2015	31/12/2014	% change
Net value adjustments/writebacks for impairment of loans and receivables			
Net value adjustments/writebacks for discounting interest	0.8	-3.2	-124.9
Net value adjustments, analytical	33.8	41.3	-18.3
non-performing loans	*9.7*	*14.9*	*-35.2*
past due positions	*-1.4*	*-5.6*	*-74.4*
unlikely to pay	*25.5*	*32.0*	*-20.2*
Total impairment	-3.9	-3.3	19.0
Total net value adjustments/writebacks	**30.7**	**34.8**	**-12.0**

The total of net value adjustments/writebacks was EUR 30.6 million versus EUR 34.8 million last year.

Administrative expenses

(in milions of €)

	31/12/2015	31/12/2014	% change
Administrative expenses:	-43.8	-44.5	-1.7
personnel expenses	*-19.6*	*-23.2*	*-15.8*
others administrative expenses	*-24.2*	*-21.3*	*13.8*
of which: indirect taxes and dues	*1.2*	*-1.3*	*-197.3*
Administrative expenses:	**-43.8**	**-44.5**	**-1.7**

As regards the year's performance for administrative expenses, it is noted that:

➢ **personnel expenses** decreased 15.8% compared with 2014; this drop is attributable to the conferral of the business segment to BPI including the operations and staff unit, involving 59 resources as at 1 October 2014 and 9 as from 1 April 2015, relating to the workout unit;
➢ the **other administrative expenses** increased by 13.9% on 2014 essentially as a result of the servicing cost charged by BPI.

Other income components

The **net value adjustments on tangible and intangible assets** were EUR 2.72 million, posting an increase of 1.3% compared with the EUR 2.69 million in 2014. Of these, EUR 1.27 million (EUR 1.41 million in 2014) refers to tangible assets and EUR 1.45 million (EUR 1.28 million in 2014) to intangible assets.

The **net provisions for risks and charges** were equal to a cost of EUR 1.5 million, compared with revenues of 1.7 million; in 2014 value writebacks had been recorded linked to revocation action.

In light of the above, the **net operating income** and the **profit (loss) from current operations before taxes** disclosed a profit of EUR 62.3 million (EUR 87.1 million in 2014, - 29%).

After income taxes, the **profit for the year** came out to EUR 44.5 million (EUR 60.5 million in 2014, - 26%).

(in milions of €)

	31/12/2015	31/12/2014	% change
Net operation income	**62.3**	**87.1**	**-28.5**
Income taxes for the year on current operations	-17.8	-26.6	-33.3
Profit from current operations net of taxation	**44.5**	**60.5**	**-26.4**
Profit for the year	**44.5**	**60.5**	**-26.4**

Balance sheet items

Loans and receivables

(in milions of €)

	31/12/2015	31/12/2014	% change
Due from customers	**6,372.0**	**5,733.0**	**11.1**
- Factoring	6,372.0	5,733.0	11.1
Due from banks	**7.4**	**13.8**	**0.0**
Loans and receivables	**6,379.4**	**5,746.8**	**11.0**

Loans and receivables, net of value adjustments, totalled EUR 6,379 million, compared with EUR 5,747 million in the previous year, therefore with an increase of 11%.
This item, according to the IAS/IFRS international accounting standards, includes loans and receivables purchased without recourse, advances issued with recourse and for receivables acquired without recourse which have not transferred all the risks and benefits, and loans to debtors granted for conceded payment extensions.

Credit quality

2015 saw an increase in impaired loans and receivables passing from EUR 574 million in 2014 (EUR 307 million net; 5.34% of total loans) to EUR 673 million in 2015 (EUR 390 million net; 6.11% of total loans).

(in milions of €)

	Gross exposure	Value adjustments	Net exposure	% hedging	% incidence on due from customers
31/12/15					
Non-performing loans	265.8	175.2	90.6	65.9	1.4
Unlikely to pay	333.3	105.3	228.0	31.6	3.6
Past due receivables	74.1	2.8	71.4	3.8	1.1
Total impaired receivables	**673.3**	**283.3**	**390.0**	**42.1**	**6.1**
31/12/14					
Non-performing loans	264.0	172.5	91.5	65.3	1.6
Unlikely to pay	230.1	90.7	139.4	39.4	2.4
Past due receivables	80.3	4.4	75.9	5.5	1.3
Total impaired receivables	**574.4**	**267.6**	**306.8**	**46.6**	**5.4**

Total **impaired receivables,** net of value adjustments, amount to EUR 390 million (EUR 307 million in 2014) with an overall coverage of 42.1% (46.6% in 2014). These receivables particularly concern:

➢ **non-performing loans**, amounting to EUR 266 million (EUR 264 million in 2014) which, covered to an extent of around 65.9% (65.3% in 2014), disclose a net value of EUR 90.6 million (EUR 91.5 million in 2014);

- **unlikely to pay,** totalling EUR 333 million (EUR 230 million in 2014) which, net of the related hedges of 31.6% (39.4% in 2014) disclose a net value of EUR 228 million. This category includes the unlikely to pay, subject to postponement and not subject. The reduction in the coverage ratio, with respect to 2014, is due to the inclusion under unlikely to pay not subject to postponement of loans guaranteed by the State in relation to which provisions have not been made to cover possible losses;

- **past due receivables** amount to EUR 74.1 million (EUR 80.3 million in 2014). This category includes exposures continuously overdue for over 90 days (receivables from central authorities, central banks and local authorities) or 180 days (receivables from government agencies) whose total amount is at least 5 percent of the entire exposure to said debtor. The scope of observation excludes exposures to the Tax Authorities deriving from tax receivable transfers (VAT, IRPEG, etc.); these loans and receivables have undefined maturity, as there is a minimum time before which they cannot be liquidated but not a maximum term by which they must be paid.

Liability provisions

(in milions of €)

	31/12/2015	31/12/2014	% change
Provision for employees termination benefits	5.2	5.4	-2.5
Provision for risks and charges	12.8	11.3	14.0
b) other provisions	12.8	11.3	14.0
Total	18.1	16.6	8.7

As at 31 December 2015, **liability provisions** were EUR 18.1 million (8.7% compared with EUR 16.6 million in 2014) and represent the allocations needed to face future outlays deemed likely with respect to outstanding events.

The **provision for employee termination benefits** refers, for each employee, to obligations of defined benefits regarding work done until the date that the "accruing" employee termination benefits are transferred to INPS or to external retirement benefits as set forth by the 2007 budget act. The liability is posted using the actuarial method considering the probable future date on which the effective financial outlay shall take place. As at 31 December 2015, the provision was EUR 5.2 million (EUR 5.4 million at the end of 2014).

The **other provisions**, equalling EUR 12.8 million, include:

- *provision for legal disputes,* of EUR 10.5 million (9 at the end of 2014) for allocations against revocations and legal proceedings;
- *personnel expenses*, equalling 2.4 million (2.3 million at the end of 2014) mainly due to the allocation for the redundancy plan approved by the BoD in 2014, the length of service bonus and the employee incentive plan.

Equity items

Equity as at 31 December 2015 amounted to EUR 621.1 million (EUR 576.6 million in 2014), up by about 7.6% due to the following changes:

Equity as at 31 December 2014	**576.64**
2015 changes:	
- net profit as at 31 December 2015	44.53
- changes in other reserves	-0.03
- change in valuation reserve	-0.03
Equity as at 31 December 2015	**621.11**

The supervisory capital, when compared with last year, increased by EUR 42.37 million, from EUR 566.74 million in 2014 to EUR 609.11 million at the end of 2015.

With regard to the situation relating to the capital adequacy of Ifitalia as at 31 December 2015, Ifitalia closed with Regulatory Capital of EUR 609.11 million, up EUR 42.4 million, in the presence of total capital requirements of EUR 399.35 million with a capital surplus of EUR 209.76 million. The TIER 1 came to 9.20% and the Total capital ratio was 9.29%.

A summary of the figures relating to the capital adequacy follows:

	2015	2014	% change
Tier 1 capital	603.8	561.4	7.5
Tier 2 capital	5.9	5.9	0.0
Elements to be deducted	(0.5)	(0.5)	0.0
SUPERVISORY CAPITAL	**609.1**	**566.7**	**7.5**
Risk Weighted Assets (*)	**6,599.8**	**5,744.6**	**14.9**
Total prudential requirements	**399.4**	**351.0**	**13.8**
Excess supervisory capital	**209.8**	**215.7**	**(2.8)**
Tier 1 capital ratio	9.1%	9.8%	(6.4)
Total capital ratio	9.2%	9.9%	(6.5)

(*) As from, the above-mentioned aggregates have been calculated according to Basel II

Infra-group transactions and those with "related parties"

Relations with the parent company and other companies belonging to the BNL-BNPP group, included in what is set forth pursuant to art. 2497 and following of the Italian Civil Code, include both financial and commercial relations.

The borrowing transactions with the Parent Company, regulated at market conditions, are represented by almost all amounts owed to banks.

With regard to the operating transactions with the BNPP group companies, made up mainly of service agreements for providing IT services (mainframe use and use of data networks) and company vehicle hire, costs were incurred for EUR 4,279 thousand.
Furthermore, with regard to the services provided by the consortium company Business Partner Italia ScpA within the sphere of the support services relating to facility management, HR management, procurement and operations, for 2015 the cost came to EUR 6,694 thousand (EUR 1,778 thousand in 2014).

Expenses/profits were also sustained for staff seconded respectively from or to other Group companies for an annual total of EUR 2,502 thousand in 2015.

With regard to the activities relating to handling of the general accounts, the preparation of the financial and tax reporting, the handling of the accounts audits, Ifitalia avails itself of outside servicing provided by BNL Spa for a total cost, for 2015, of EUR 406 thousand.

The company furthermore makes use of an internal audit service offered by the BNL Parent Company, based on the BNP Paribas guidance regarding Internal Control Systems. The total costs sustained were EUR 255 thousand.
In 2015, coordination expenses were also borne for the factoring activity at the group level carried out by the "Global Factoring Competence Centre" for EUR 360 thousand.

Furthermore, for providing commercial services, Ifitalia made use of the collaboration of the BNL/BNPP branches to which it paid commercial commission charges of about EUR 1,891 thousand total.

With regard to the loans granted against factoring activity, it is specified that Ifitalia receives, disinvests, and provides guarantees regarding the BNL Parent Company and some BNL-BNPP Group companies.
All the transactions between the Bank and related parties are carried out at market conditions.

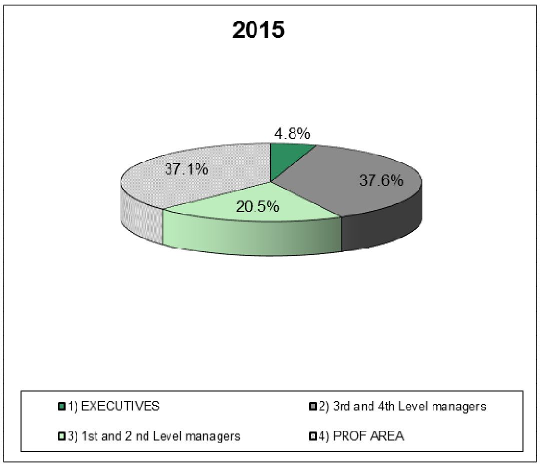
The summary of equity and economic relations for 2015 with the parent company and other companies belonging to the BNL-BNPP Group originating from financial or commercial relations are indicated on page 125 of the Notes to the Accounts.

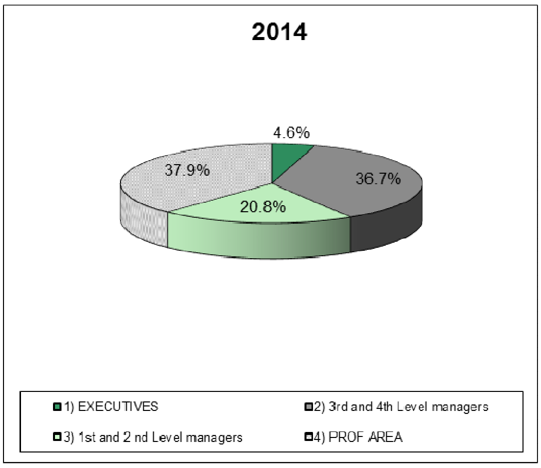
Human resources

The personnel as at 31 December 2015 (middle managers and employees) - amounts to 229 units (240 as at 31 December 2014); broken down as in the tables below:

Distribution by grading

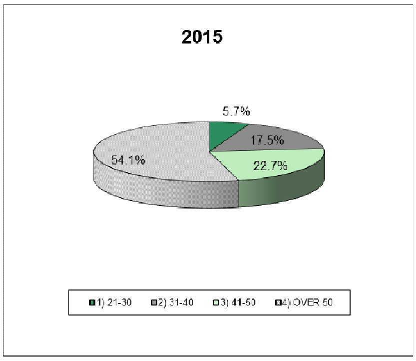
Category	31/12/2015	31/12/2014	2015 in %	2014 in %
1) EXECUTIVES	11	11	4.8%	4.6%
2) 3rd and 4th Level managers	86	88	37.6%	36.7%
3) 1st and 2 nd Level managers	47	50	20.5%	20.8%
4) PROF AREA	85	91	37.1%	37.9%
Total	**229**	**240**	**100%**	100%

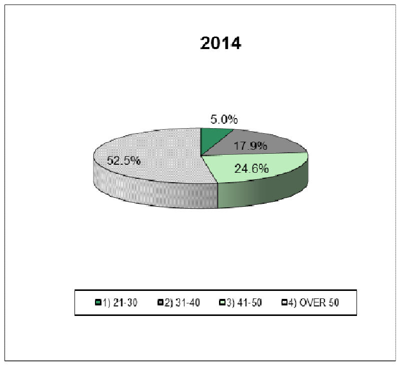




Distribution by age

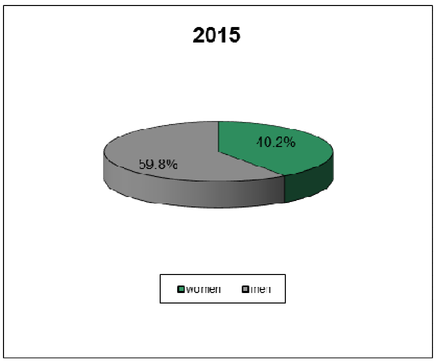
Age group	31/12/2015	31/12/2014	2015 in %	2014 in %
1) 21-30	13	12	5.7%	5.0%
2) 31-40	40	43	17.5%	17.9%
3) 41-50	52	59	22.7%	24.6%
4) OVER 50	124	126	54.1%	52.5%
Total	**229**	**240**	**100%**	100%

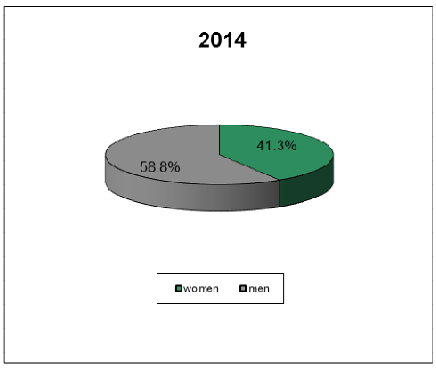




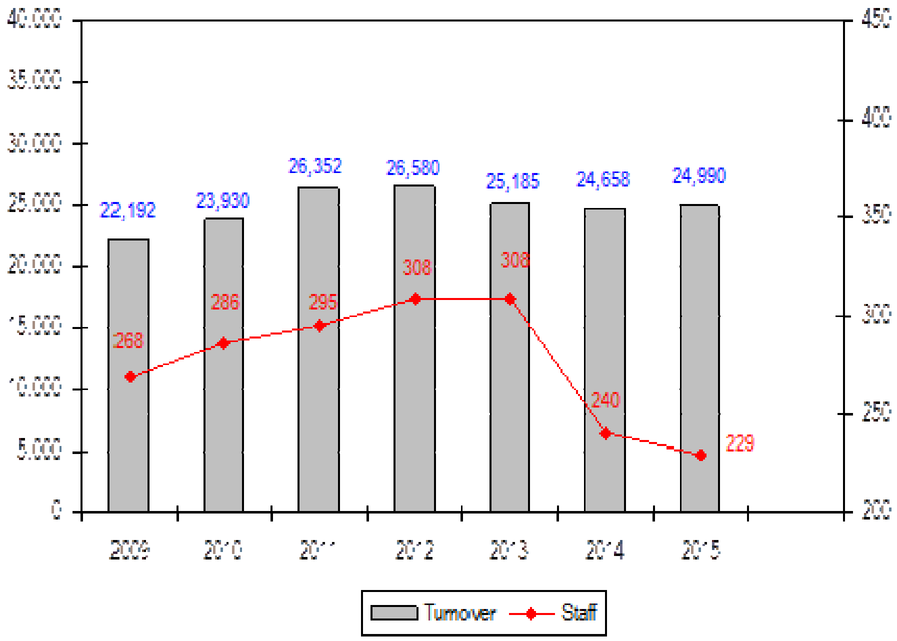
Distribution by gender

Category	31/12/2015	31/12/2014	2015 in %	2014 in %
women	92	99	40.2%	41.3%
men	137	141	59.8%	58.8%
Total	**229**	**240**	**100.0%**	100%

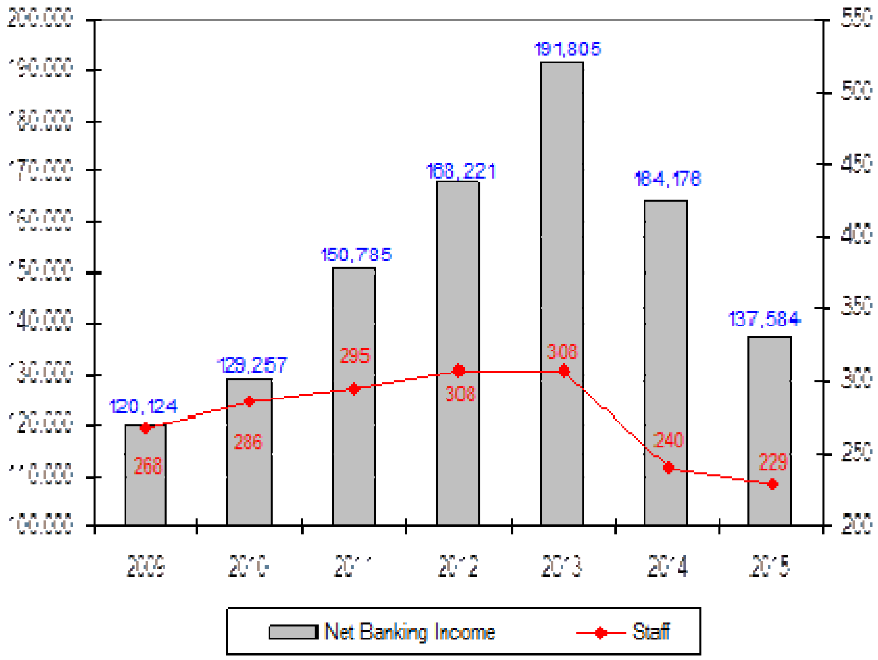




The chart presented below shows the trend in turnover and the number of resources in the period 2009 – 2015:



The chart presented below shows the trend in the earnings margin and the number of resources at the end of the period from 2009 to 2015:



Management Policies and Human Resources Development

The management instruments and logics adopted in 2014 are confirmed for 2015.

Dialogue - Individuals and Performance - remains the guiding instrument for the assignment of objectives and the assessment of results and conduct. Supporting the individual Development Plan, in 2015, a new training catalogue was made available, via BPI Formazione and shared with other BNP Paribas Legal Entities in Italy.
The catalogue comprises more than 200 titles, classroom or remote, and includes technical, conduct-related and legislative training.

Mobility, as a development opportunity, within the company and the BNP Paribas Group is confirmed as a value.
Besides mobility within the company, around 10 transfers from and to other BNP Paribas companies in Italy were carried out during the year.

The innovative development project, Look@me, already launched in 2014 and targeting the growth of youngsters, continued in 2015. The project has offered the 26 resources involved a series of innovative training and coaching opportunities on conduct-related aspects.

Remuneration policies

The remuneration instruments adopted in 2015 with regard to personnel were articulated into changes to the fixed component of remuneration (promotion and managerial pay) and to the variable component (bonuses, incentive plans, company bonuses), in line with the standards and guidelines defined.

Training

With a view to continuous evaluation and growth of the Company's human resources, during 2015 training activities continued to be invested in.
The training hours provided overall in 2015 came to around 4,700, equal to approximately 20 hours *per capita*, 84% of which were classroom based and the remaining 16% in E-learning mode.
With reference to the topics involved, 25% were of a technical-specialist nature, 38% managerial-behavioural, 35% legislative-related and 2% linguistic.

With regard to legislative training, mention is made of the 2015 edition of the classroom initiative "La Compliance in Ifitalia", organised by the Compliance Division which involved the entire corporate population, sending out a questionnaire to check knowledge and issuing a final certificate.

Selection and Employer Branding

In 2015, the company continued to consolidate its image on the labour market and particularly towards young graduates through the popular Recruiting Day initiative.
Among the Employer Branding initiatives, mention is made of Ifitalia's participation, in collaboration with other BNP Paribas entities in Italy, in the Campus Management and the Ambassador Programme: initiatives intended for Universities and aimed at furthering the image of the company within Italian universities.
Again in 2015, further editions of the Talent Days were held, career guidance days which the BNP Paribas Group dedicates to graduate / university student offspring of colleagues so as to prepare themselves as best as possible and in a more informed manner for seeking work.
During the year, 10 recruits were also taken on, and 16 work experience initiatives activated.

OTHER INFORMATION

Organisational structure

During 2015, the main change to the organisational structure of the Company concerned the outsourcing to BPI – Business Partner Italia SpA, as from 1 May 2015, of the activities within the Workout sphere (Problem asset management; Servicing on behalf of third parties and Public Administration management; Revocatory action, Lawsuit management and of any positions subject to Complaints; Planning, operational management and monitoring).

Furthermore, on 15 December 2015 the Board of Directors resolved the organisational review of the Company's Sales Network for the purpose of rationalising the distribution structure and maximising the efficacy of the sales development action.

This reorganisation, implemented at the start of 2016, led to:

- Repositioning of the responsibilities and the functions of the Valuation Division within the sphere of the Sales Division, under the co-ordination of the new role of Deputy (Deputy Sales Director);
- Establishment of the new role of Deputy, endowed with decision-making autonomy within the sphere of the powers assigned to the Sales Director and with the function of co-ordination of the Ex Valuation Portfolios, the Special Affairs unit and the new units which brings together the sales support and planning activities;
- setting up of a new business development unit essentially dedicated to the acquisition of new customers reporting to the Sales Director;
- setting up of a unit which sees to the planning and support activities for the entire Network.

Management and coordination of Parent Company activities

The company is subject to the management and coordination of BNP Paribas activities.
The company has a traditional Governance and Control system that comprises the Shareholders' Meeting, Board of Directors, General Manager and Board of Statutory Auditors.

Treasury or parent company shares in the portfolio

The Company does not hold any treasury or parent company shares.

Supervisory review process

The enforcement of Circular No. 288 "Regulatory provisions for financial intermediaries" dated 3 April 2015 repealed Circular No. 216 and led to a harmonisation with the Banking Supervision rules and with the European legislation disciplined by Regulation (EU) No. 575/2013 (co-called CRR) and directive 2013/36/UE (so-called CRD IV).

As illustrated in Circular No. 228, the Supervisory Review Process (SRP) is divided up into two integrated phases. The first is represented by the internal process for determination of the capital adequacy (Internal Capital Adequacy Assessment Process - ICAAP) and refers to the intermediaries, which carry out an independent assessment of their capital adequacy, current and forecast, in relation to the risks undertaken and the business strategies. The second involves the Supervisory Review and Evaluation Process (SREP) and is the responsibility of the regulatory authority, which, also via the review of the ICAAP, formulates an overall opinion on the intermediary and activates, if necessary, corrective measures.

In line with the matters laid down by the Legislation, Ifitalia prepared the ICAAP document with reference to 31 December 2014.
As disciplined by SECTION IV - Chapter 13 of the Circular No. 288, on the Ifitalia website, at the address www.ifitalia.it a public notice is available on capital adequacy, risk exposure and the general characteristics of the systems in place for identifying, measuring and managing these risks.

Business targets and policies regarding the handling of risks and the related hedging policies

All of the information concerning the policies for the handling of the risks and the related hedging policies has been dealt with in Part D: Other Information - Section 3 of the Notes to the accounts.

The internal control system in relation to the financial disclosure process (Article 123-bis, Paragraph 2 b of the Consolidated Finance Act (TUF)

Article 123-bis of Legislative Decree No. 58 of 24 February 1998, (Consolidated Finance Act or TUF), with the amendments and additions introduced by Article 5 of Legislative Decree No. 173 of 3 November 2008, introduced under Paragraph 2, Letter b, the obligation to describe the main characteristics of existing risk management and internal control systems in relation to the financial disclosure process.
The purpose of the internal accounting control system is to verify the completeness and correctness of accounting records, to prevent and locate any errors as well as the quality of the data to be used to prepare the financial statements, to produce supervisory reports and all other accounting and financial disclosure. The system complies with the standards set by the Parent Company BNP Paribas.
The methodological approach is based on ascertaining the existence of suitable governance systems, standards of conduct inspired to corporate ethics and integrity, disciplinary systems for the personnel, suitable organisational structures, a clear structure of delegations and responsibilities, effective codes of conduct and fraud prevention systems. It is consistent with the standards envisaged by the Parent Company BNP Paribas and it was implemented with the preparation of appropriate internal procedures, for an effective and efficient monitoring of accounting risks and financial disclosure.

Accounting risk monitoring is included in the broader context of permanent control, based on the continuous monitoring of risk identification and assessment, of procedures and controls.

Checks reflect the current definition prescribed in the company's internal control system. Checks are classified as "first level" (carried out by operating personnel and hierarchical managers) and "second level" (carried out by the specialised departments). The periodic auditing of the system is carried out by the Group Inspection Générale Department (third level check).

In assessing the accounting internal control system, special attention was devoted to verifying the adequacy and actual application of the accounting and administrative procedures as well as the rules of correct management of the technological infrastructure, applications and operating systems. Analyses were conducted with the specific methodologies, monitored through the Finance Division. Monitoring the accounting and financial reporting quality focuses on examining the organisational settings and the functionality of the internal controls, through a test plan that continuously assesses the adequacy and actual application of the accounting and administrative procedures that play a role in preparing the accounting documents and any other financial communication.
The quality of the accounting reporting and the effectiveness of the related internal control system are formalised by the Bank by issuing a Group Certificate every three months.

Business Continuity

The Business Continuity structure adopted by Ifitalia and aimed at guaranteeing the continuity of the critical services of the Company, comprises:

- a Governance organisation to govern crisis scenarios;
- a Business Continuity Plan — BCP for the operating management of crisis scenarios.

The governance process is guaranteed by the following:

- a **Business Continuity Manager**, in charge of preparing and maintaining the Operating Continuity system;
- **Corporate Functions,** which contribute to finding, sharing and validating the information required to guarantee the effectiveness and efficiency of the continuity solutions established in the BCP;
- **Crisis Committee**, which guarantees the management of particularly serious crisis situations which require immediate co-ordination and the adoption of continuity solutions.

The scope of application of the measure includes the so-called "Credit lifecycle", while the action plan covers a timeframe of three weeks starting from the occurrence of the crisis.
In Ifitalia, 47 resources (20% of total workers), are responsible for re-activating the critical process in an emergency situation, as envisaged by the company Business Continuity Plan.
The emergency plan provides for the activation of 14 positions, located at various Ifitalia sites (Milan, Turin, Bologna).

During 2015, Ifitalia took steps to optimise and up-date its Business Continuity system, so as to align it with the changed corporate organisational structure.

The activities carried out in the year concerned:

1. the updating of the company BCP:
    a. scope of the critical processes;
    b. elimination of the processes outsourced to Business Partner Italia in October 2014 and April 2015;
    c. annual up-date of the BIAs;
2. the review of the internal reference regulations for the BC, on a consistent basis with the up-dates of the Parent Company's regulations;
3. the handling of the "key" suppliers mapped for BC purposes;
    a. presence of suitable contractual clauses for BC purposes;
    b. acquisition of operating continuity plans (BCP) of the supplier;
    c. acquisition of the results of the related audit tests;
4. the review of the plan of the permanent controls on a consistent basis with the new Generic Control Plan issued by the Parent Company on 1 October 2014;
5. execution of the operating continuity simulation TESTS;
6. the reporting – BC Monitor;
7. provision of the training modules in the BC;
8. up-date of the Disaster Recovery Plan (DRP).

Financial Security – Anti-money Laundering, Terrorism Funding Prevention, Economic and Financial Sanctions and Embargoes Unit

Ifitalia was involved in important initiatives organised by BNP Paribas, aimed at ascertaining the state of adequacy of the procedural and control devices adopted by the Group companies. Particularly:

- ✓ **OFAC Risk Assessment**: activities carried out at the beginning of 2015 as envisaged by the "OFAC Compliance Programme", aimed at looking in-depth at Ifitalia's exposure to the potential risk of OFAC sanctions, within the sphere of the activities associated with the "Cease & Desist Order" issued by the US and

French Authorities regarding Embargoes and Financial sanctions. The opinion which emerged was positive ("*Low Risk Rating*").

- ✓ **CRMS 2015:** in compliance with the matters required by the BNPP Group from all its subsidiaries, Ifitalia took part in the annual assessment (Compliance Risk Management System - CRMS) which supplemented, up-dated and completed the information produced at the time of the 2014 OFAC Risk Assessment. The opinion obtained by Ifitalia within the sphere of Financial Security (Quality of Control Environment) was: "*Satisfactory*".

"**Factoring Roosevelt Project**": the objective is the alignment of the Factoring companies with the Group rules, as well as simplifying and ensuring the full availability of the procedure and control device regarding anti-money laundering and prevention of sanctions and embargoes. With a view to this, the Company has prepared a specific Action Plan aimed at further enhancing the procedural and control framework and bridging the gaps identified. In this context, particular attention was paid to the transactions in dollars, including in the "value chain" the origination of the transactions, the assessment of the customers, the supply and the structuring of the products, the centralisation of the clearing of payments in dollars.

Protecting Customers' interests

During 2015, with reference to the Protection of Customers' Interests - an area which includes the protection of privacy, the transparency of the contractual conditions applied to the customer, the money-lending legislation, the validation of "non-standard" products, the handling of customer complaints - the Company achieved important action for strengthening the dedicated systems and the related control processes.

Ethics and deontology

The legislature regarding *Ethics and Deontology* was constantly up-dated during 2015:

- the "*General policy for handling conflicts of interest*", which disciplines the standards which all the Collaborators must follow when handling the risk of conflicts of interest, both effective and potential;
- the *Gifts and Invitations Policy*, whose main up-dates concern the change in the threshold of the so-called "reasonable value" of the gift (EUR 250.00 rather than EUR 230.00), the removal of the declaration obligations for gifts and donations for use of a particularly low value (lower than EUR 50.00), as well as the introduction of the "four eyes" principle in the approval process for gifts received, in accordance with Group regulations;
- the *2015/03 Directive* – "*Validation of non-standard products*" and the *2015/14 Directive* – "*Communication of Non Standard Products Validation Committee dossier to Inspection Générale*", which respectively illustrate the validation and communication process to Inspection Générale for the dossiers and the reports relating to the Non Standard Products Validation Committees;
- the *2015/12 Directive* – *"Ethical Alert system: Whistleblowing",* which acknowledges the principles of the Code of Conduct of the BNP Paribas Group and defines the formalities for activating the System, which, on the basis of new Group provisions, also represents a safeguard for financial embargoes;
- the *2015/13 Directive* – "*Handling of personal transactions of relevant parties",* a procedure issued to oversee the potential abuses of privileged information which the so-called Relevant Parties of Ifitalia could commit when performing their activities. The discipline, introduced despite the fact that Ifitalia does not operate in investment services[1], also represents a safeguard as per Italian Legislative Decree No. 231/01. In line with the Group provisions, the legislation envisaged the registration of the Relevant Parties in the central RHG InspiHRe system,

[1]The regulations on the control of the transactions of the staff, envisaged by the MIFID Directive, is construed in the joint Consob and Bank of Italy Provision dated 29 October 2007, regarding the organisation and procedures of the Financial Intermediaries.

as well as their identification and registration in a specific register. The process of the personal transactions is also subject to control;
- the "*Practical Guide to the legislation on competition*" and the "*Practical and Summary Schedules regarding legislation on competition*", procedures issued by the BNP Paribas Group, supplementing the *2014/14 Directive - BNP Paribas Charter for the observance of the competition rules*;
- the "*PSF EP 01 - Safeguarding of the Devices within the sphere of Professional* Ethics", which ratifies the specific plan of the permanent controls regarding professional Ethics and Deontology.

During the year, the Company also managed the prevention system provided to protect the corporate reputation, monitoring the corporate conduct.

Organisational measures

Administrative liability of companies per Italian Legislative Decree no. 231/2001

Ifitalia launched a new project in 2015 for the up-dating of the Organisation, Management and Control Model pursuant to Italian Legislative Decree No. 231/01, which became necessary further to the amendments regarding predicate offences - self-money laundering offence (introduced by means of Italian Law No. 186 dated 15 December 2014, in force as from 1 January 2015), crimes against the environment and the office of false corporate communications (Italian Law No. 68 dated 22 May 2015 and Italian Law No. 69 dated 27 May 2015) - and the organisational changes consequent to the transfer as business segment, to Business Partner Italia Scpa (BPI), in October 2014, of the "procurement", "operation", "HR administrative" and "facility" activities and the Debt Collection (Workout) activities in May 2015.

Furthermore, during the year Ifitalia's Compliance Division monitored the progress of the "*231/01 Action Plan*", defined further to the previous review of the Model concluded in 2014, aimed at optimising the prevention safeguards on the main areas at risk of offence; it also supported the 231/01 Supervisory Body in the performance of the pertinent activities.

In conclusion, of particular importance is the specialist training programme carried out in 2015 by Ifitalia's Compliance Division, which involved all the company staff (230 associates).
This training course - known as "*Good business: Business and Compliance*" - looked in-depth at the topics of Protecting Customers' Interests (transparency, usury, anatocism, privacy, customer complaints and validation of non standard products), Financial Security (anti-money laundering and the fight against terrorism funding - suitable checking of the customers and reporting of suspect transactions - supervision of financial and economic sanctions and embargoes), Professional Ethics (It. Leg. Decree No. 231/01, conflicts of interest, personal transactions, code of ethics, whistleblowing, Gift and Invitations Policy, Right to Competition), Operating Risks and Fraud, Business Continuity, and concluded with the final certification of the skills acquired.

Research & Development activities

The following projects were implemented in 2015 relating to the development of IT procedures:

1. *Adaptation of the IT Governance procedures* (Armonia, Financial Mng) for the purpose of bridging the gap between the old and the new IT organisation which came into being at the end of 2014.

2. *Assessment and adaptation of the IT instruments supporting the IT operations* further to the introduction of new IT Governance procedures and processes.
3. *On-line Credit Facility Procedure.* Automatic implementation of the economic conditions and porting of the debtor PEF from the Symphosiom version to the Timeo 6 version.
4. *Fis Integration B2.* Adaptation of the FIS Company Information System to perceive the requirements defined by the Bank of Italy Circular No. 263 dated 2006 necessary for the changeover to the IRBA System (advanced model). In particular, the review aims to
   a. handle the minimum information necessary for the population of the risk engines
   b. share with BNL and BNPP the record file information relating to mutual customers
   c. increase of the reliability of the Ifitalia records, especially in the process for credit facility approval and credit risk monitoring
5. *Supplementing of credit facilities and guarantees in the OFS target system.* Implementations necessary for the alignment to the Group standards of the financial and management accounting and reporting processes. The aim involves:
   a. improving the level of detail of the accounting data at relationship level of the individual transactions, of the accounting items transacted on and the related amounts
   b. producing Budget, Supervisory and Management Control reports by the Closing deadlines
   c. access and availability of all the up-dates of the OFS platform;
   d. exploiting the potential of the Financial DataWareHouse (Cristal) for the periodic production of the financial reporting
6. *Re-planning in OFS* of the CRI Concorde flow, of the management of the funding rate, of the new criteria for the spreading of that financed over item, of the year-end management of the reporting of the Turnover and the Impairment events (automatic reversal), of the adaptation of the management of the Time Value and Impairment events to the P1-P7 method.
7. *Implementation of the archive of the losses.*
8. *Measures on usury from method note.* Adaptation of the IT systems so as to subject to control all the calculation and invoicing processes concerned for the purpose of ensuring the full and complete observance of Italian Law No. 108 dated 7 March 1996 aimed at contrasting usury. The controls have been implemented to the accrued interest invoicing processes and to the interest invoicing processes which over time have been added (advances upon expiration or commercial extension, with Debtor or Transferor invoicing, with item brackets).
9. *Anti-money laundering adaptation (ALM).* System integration of the new legislative indications and internal rules of the Group within the Anti-money laundering sphere. In detail, the measures concern:
   a. limitation of the operations with parties under embargo
   b. amendments of the processes linked to Kyc and sanctions screening
   c. amendments of the lists control database
   d. monitoring of the falsified transfers of credit
   e. blocking of the unexpected items for payments made by the transferor for notified transactions (conduct 12)
10. *Technological refresh* which involves the infrastructure present in the Ifitalia Milan and Rome server farm (Disaster Recovery) setting itself the following objectives:
    a. ensuring the observance of the compatibility matrix of the hardware components of the Server and Storage apparatus
    b. reducing the maintenance costs of the server and storage apparatus at present high due to the obsolescence of the hardware apparatus

c. obtaining a new streamlined and scalable hardware infrastructure so as to be able to carry out the coming technical evolutions.

The project fall within a more extensive project «Conformity BNL/BP2I» and is preparatory for the «Conformity Milano» project (to be launched in 2016) necessary for adapting the system software (which the supplier has declared as «obsolete») to the latest version on the market as well as for the alignment of the Milan server farm with the services/applications provided in the Paris server farm.

11. *Introduction of new mobile devices for Business*: within the sphere of a technological renewal plan, steps were taken to replace the
    - BlackBerry devices with SmartPhone (Iphone) used for the remote management of the e-mail
    - company laptops with Dell Tablet for the purpose of facilitating the portability of the device to support the commercial business functions

Adaptation of Disaster Recovery environment: in the presence of the complete diffusion of the virtual machines (ThinClient) for all the Ifitalia business, which concluded in 2014, a Disaster Recovery infrastructure for the virtual machines was activated in 2015 care of BNL Aldobrandeschi.

The reporting process

With regard to financial statements activities, Ifitalia defines the Group's accounting standards in accordance with the indications issued by the parent company BNP Paribas.
During 2013, a contract was entered into between Ifitalia and BNL which disciplines the supply by BNL of services for the production of accounts, financial and supervisory reporting, as well as the respective responsibilities and roles, all with an applicable date as from 1 January 2014.
In greater detail, attachment A to said contract analytically identified the activities provided which are summarised below:

- financial reporting and related financial statement disclosure fulfilments, both local and group (including direct tax fulfilments);
- handling of accounts audits and internal certification, monitoring of the flows, up-dates of the accounting schedules;
- Supervisory Reporting (Statistical, Prudent and Usury Supervision).

A requirement for the outsourcing care of BNL S.p.A. of said activities in the accounting sphere is the synergy of the IT-accounting infrastructures implemented (OFS Platform).
It is hereby specified, however, that almost all the accounts are produced and checked in Ifitalia, in which the scopes of accounting responsibility have been re-defined according to the Group method.

Consistency in the representation of the accounting data and financial information in accounting situations is assured by the use, by all Group companies, of a single plan of accounts residing in the same IT consolidation procedure, managed, updated and maintained by BNP Paribas.
Ifitalia's Financial Division, to prepare the specified accounting situations, implements specific instructions by BNP Paribas for the preparation, approval and forwarding of the packages prescribed for this purpose.

Tax audit 2006 tax period

With regard to the notice of assessment issued upon the conclusion of the general check on the 2006 tax period, by means of sentence No. 3967/15, issued on 8 May 2015, the Milan Regional Tax Tribunal confirmed the first instance sentence favourable for the company.

The IRAP irregularity, subject to dispute, concerned the alleged unlawful deduction of the receivable reinsurance expenses on the basis of the correlation principle (Articles 6 and 11 of Italian Legislative Decree No. 446/97) for a total of EUR 853 thousand (equal to EUR 42 thousand of taxes).

Significant events after year end

No significant events occurred after year end.

Business outlook

During 2015, average factoring loans decreased with respect to the previous year by around 2% bearing witness to the difficulty in the development of the credit at system level, also and especially due to the elevated liquidity present on the market which the large groups benefit from above all else and vis-à-vis whom Ifitalia's activities are in part unbalanced.
In this market situation, heavy competition is underway at pricing level which already in 2015 strongly pushed financial margins down, and which it is envisaged will continue to decrease also in 2016.
With regard therefore to Ifitalia, the maintenance/growth of the net banking income will heavily depend on its ability to increase the lending and turnover volumes raising its market share.
Besides the usual synergic action between the Ifitalia network and the BNL sales network, the commercial strategy for increasing the current business volume will concentrate on a greater development of the without recourse activities with the public administration debtor and a greater development of the SME segment customers; while on the product front, those with greater growth potential and on which Ifitalia will mainly focus its commercial endeavours are: the reverse factoring via the financing of the liability cycle of Major debtors, and International factoring also by means of synergic action with the other factoring companies of the BNPP Group.
With regard to operating costs, a careful management will continue to be maintained on the same for the purpose of maintaining the current level without what is more precluding the investments associated with the development of new relations, the organisational development and the regulatory impacts.
The minor incoming levels of impaired positions which occurred in 2015 and continued in the first few months of 2016, provide hope for the solid possibility of an additional reduction in the cost at risk for 2016 which should contribute to safeguarding the overall economic result.

Shareholders,

The financial statements which we submit for your attention closed with net profit of EUR 44,534,302.

We propose that you approve the financial statements in their entirety, as presented to you, as well as allocate the profit for the year as follows:

to the Statutory reserve EUR 44,534,302

The statutory reserve shall, therefore, change in this way:

Statutory reserve

Opening balance	**427,188,761**
Profit for 2015	44,534,302
Closing balance	**471,723,063**

We would like to thank you for the confidence placed in us and for the support provided during the year; we would also like to thank the Board of Statutory Auditors for the support given to the Company during the year. In conclusion, particular thanks go to all the staff for the dedication, the acknowledged commitment and the precious work carried out for achieving the objectives of the Company, as well as, to the Parent Company BNP Paribas S.A. for the collaboration and assistance provided.

Milan, Italy, 23 March 2016

The Board of Directors

Statutory Financial Statements

MANDATORY FINANCIAL STATEMENTS

Balance Sheet

(Euro)

	ASSETS	31/12/2015	31/12/2014
10	Cash and cash equivalents	18,591	29,999
20	Financial assets held for trading	-	-
30	Financial assets at fair value	-	-
40	Available-for-sale financial assets	8,281,299	9,589,153
50	Held-to-maturity financial assets	-	-
60	Receivables	6,379,364,446	5,746,833,133
70	Hedging derivatives	-	-
80	Change in value of financial assets recorded as part of a generic hedge (+/-)	-	-
90	Investments	-	-
100	Tangible assets	22,717,916	23,735,987
110	Intangible assets	7,678,519	5,717,575
120	Tax assets	78,301,886	87,512,697
	a) current	*33,874,735*	*46,459,178*
	b) prepaid	*44,427,151*	*41,053,519*
	of which under Law 214/2011	*39,656,636*	*37,307,147*
140	Other assets	34,317,645	29,666,897
	Total	**6,530,680,302**	**5,903,085,441**

(Euro)

	LIABILITIES AND NET SHAREHOLDERS' EQUITY	31/12/2015	31/12/2014
10	Payables	5,668,638,966	4,993,316,808
20	Securities issued	-	-
30	Financial liabilities held for trading	491,262	645,450
40	Financial liabilities at fair value	-	-
50	Hedging derivatives	-	-
60	Change in value of financial liabilities recorded as part of a generic hedge (+/-)	-	-
70	Tax liabilities	23,312,737	33,080,835
	a) current	*21,397,232*	*31,165,292*
	b) deferred	*1,915,505*	*1,915,543*
80	Liabilities associated with assets undergoing disposal		
90	Other liabilities	199,062,678	282,785,642
100	Employee termination benefits	5,226,440	5,360,982
110	Provisions for risks and charges:	12,835,348	11,254,495
	a) post-retirement benefit and similar obligations	-	-
	b) other	*12,835,348*	*11,254,495*
120	Share capital	55,900,000	55,900,000
150	Share premium	61,798,643	61,798,643
160	Reserves	449,941,547	389,449,643
170	Valuation reserves	8,938,379	8,974,067
180	Profit (loss) for the year	44,534,302	60,518,876
	Total Liabilities and Net Shareholders' Equity	**6,530,680,302**	**5,903,085,441**

Income statement

(Euro)

	INCOME STATEMENT	Year 2015	Year 2014
10	Interest and similar income	80,376,831	104,655,123
20	Interest and similar expense	(7,689,646)	(16,881,645)
	Net interest income	**72,687,185**	**87,773,478**
30	Commission income	74,251,480	85,493,626
40	Commission expense	(10,087,540)	(9,393,151)
	Net commission	**64,163,940**	**76,100,475**
50	Dividends and similar income	429,506	264,000
60	Net trading profit (loss)	303,457	38,446
70	Net result from hedging activities		
80	Net result of financial assets and liabilities at fair value		
90	Gain (loss) on disposal or repurchase:		
	a) financial assets		
	b) financial liabilities		
	Net banking income	**137,584,088**	**164,176,399**
100	Net value adjustments/writebacks for impairment of:	(30,659,324)	(34,830,937)
	a) financial assets	*(29,748,058)*	*(35,362,913)*
	b) other financial transactions	*(911,266)*	*531,976*
110	Administrative expenses:	(43,786,776)	(44,522,956)
	a) personnel expenses	*(19,567,152)*	*(23,248,024)*
	b) other administrative expenses	*(24,219,624)*	*(21,274,932)*
120	Net value adjustments/writebacks on tangible assets	(1,270,947)	(1,412,692)
130	Net value adjustments/writebacks on intangible assets	(1,456,095)	(1,280,240)
140	Net result of fair value valuation of tangible and intangible assets		
150	Net provisions for risks and charges	(1,475,365)	1,733,651
160	Other operating income and charges	3,371,353	3,285,470
	Income (loss) from operations	**62,306,934**	**87,148,695**
170	Profit (Loss) from equity investments		
180	Profit (Loss) on disposal of investments		
	Profit (Loss) from current operations before taxes	**62,306,934**	**87,148,695**
190	Income taxes for the year on current operations	(17,772,632)	(26,629,819)
	Profit (Loss) from current operations net of taxes	**44,534,302**	**60,518,876**
200	Profit (Loss) of the groups of assets undergoing disposal, net of taxes		
	Profit (loss) for the year	**44,534,302**	**60,518,876**

Statement of Comprehensive Income

(Euro)

	Items	Year 2015	Year 2014
10.	**Profit (loss) for the year**	**44,534,302**	**60,518,876**
	Other income components net of taxation without transfer to income statement		
20.	Tangible assets	**-**	**-**
30.	Intangible assets	**-**	**-**
40.	Defined benefit plans	**(32,938)**	**(247,185)**
50.	Non current assets undergoing disposal	**-**	**-**
60.	Portion of the valuation reserves of investments valued at equity	**-**	**-**
	Other income components net of taxation with transfer to income statement		
70.	Hedging of foreign investments	-	-
80.	Exchange rate differences	-	-
90.	Hedging of financial flows	-	-
100.	Available-for-sale financial assets	(2,750)	3,967,090
110.	Non current assets undergoing disposal	-	-
120.	Portion of the valuation reserves of investments valued at equity	-	-
130.	**Total other income components net of taxation**	**(35,688)**	**3,719,905**
140.	**Comprehensive income (Item 10+130)**	**44,498,614**	**64,238,781**

Statement of changes in Equity as at 31.12.15

(Euro)

	Balances as at 31.12.2014	Change in opening balances	Balances as at 01.01.2015	Allocation of previous year's result: Reserves	Allocation of previous year's result: Dividends and other allocation	Changes for the year: Changes in reserves	Changes for the year: Equity transactions: Issue of new shares	Changes for the year: Equity transactions: Purchase of treasury shares	Changes for the year: Equity transactions: Extraordinary dividend distribution	Changes for the year: Equity transactions: Change in equity instruments	Changes for the year: Equity transactions: Treasury share derivatives	Changes for the year: Equity transactions: Stock options	Changes for the year: Other changes	Comprehensive income for the year 2015	Shareholders' Equity 31.12.2015
Share capital:	**55,900,000**		**55,900,000**												**55,900,000**
a) ordinary shares	55,900,000		55,900,000												55,900,000
b) other shares	-														
Share premium	**61,798,643**		**61,798,643**												**61,798,643**
Reserves:	**389,449,643**		**389,449,643**	**60,518,876**									**(26,972)**		**449,941,547**
a) profit-related	377,849,885		377,849,885	60,518,876									1		438,368,762
b) other	11,599,758		11,599,758										(26,973)		11,572,785
Valuation reserves	**8,974,067**		**8,974,067**											**(35,688)**	**8,938,379**
Equity instruments															
Treasury shares															
Profit (loss) for the year	60,518,876		60,518,876	**(60,518,876)**										**44,534,302**	44,534,302
Shareholders' Equity	**576,641,229**		**576,641,229**										**(26,972)**	**44,498,614**	**621,112,871**

Statement of changes in Equity as at 31.12.14

(Euro)

	Balances as at 31.12.2013	Change in opening balances	Balances as at 01.01.2014	Allocation of previous year's result: Reserves	Allocation of previous year's result: Dividends and other allocation	Changes for the year: Changes in reserves	Changes for the year: Equity transactions: Issue of new shares	Changes for the year: Equity transactions: Purchase of treasury shares	Changes for the year: Equity transactions: Extraordinary dividend distribution	Changes for the year: Equity transactions: Change in equity instruments	Changes for the year: Equity transactions: Treasury share derivatives	Changes for the year: Equity transactions: Stock options	Changes for the year: Other changes	Comprehensive income for the year 2014	Shareholders' Equity 31.12.2014
Share capital:	**55,900,000**		**55,900,000**												**55,900,000**
a) ordinary shares	55,900,000		55,900,000												55,900,000
b) other shares	-														
Share premium	**61,798,643**		**61,798,643**												**61,798,643**
Reserves:	**332,152,180**		**332,152,180**	**57,295,205**									**2,258**		**389,449,643**
a) profit-related	320,554,680		320,554,680	57,295,205											377,849,885
b) other	11,597,500		11,597,500										2,258		11,599,758
Valuation reserves	**5,254,162**		**5,254,162**											**3,719,905**	**8,974,067**
Equity instruments															
Treasury shares															
Profit (loss) for the year	57,295,205		57,295,205	**(57,295,205)**										**60,518,876**	**60,518,876**
Shareholders' Equity	**512,400,190**		**512,400,190**										**2,258**	**64,238,781**	**576,641,229**

Statement of cash flows

(Euro)

A OPERATING ACTIVITIES		31/12/2015	31/12/2014
1.Management		**106,623,366**	**130,401,810**
-	net profit (loss) for the period	44,534,302	60,518,876
-	capital gains/losses from financial assets held for trading and financial assets/liabilities measured at fair value (+/-)		
-	capital gains/losses from hedging assets (+/-)		
-	net value adjustments on hedging assets (-)		
-	net value adjustments for impairment (-)	36,213,155	38,491,872
-	net value adjustments on intangible and tangible fixed assets (-)	2,727,042	2,692,932
-	net provisions for risks and charges and other costs/revenues (+/-)	2,034,523	(991,684)
-	unsettled taxes (+)	21,141,317	29,689,814
-	net value adjustments of the groups of assets undergoing disposal, net of the		
-	other adjustments	(26,972)	
2. Liquidity generated/absorbed by financial assets		**(662,866,845)**	**(80,575,324)**
-	financial assets held for trading		
-	financial assets at fair value		
-	available-for-sale financial assets	1,305,066	(1,907,177)
-	due from banks	(66,850,221)	(67,112,899)
-	due from financial institutions	(163,260,690)	82,045,399
-	amounts due from customers	(438,633,556)	(106,125,472)
-	other assets	4,572,556	12,524,825
3. Liquidity generated/absorbed by financial liabilities		**559,901,986**	**(47,870,620)**
-	due to banks	645,187,920	(91,380,602)
-	due to financial institutions		
-	due to customers	30,134,238	32,385,732
-	securities issued		
-	financial liabilities held for trading	(154,188)	3,503
-	financial liabilities at fair value		
-	other liabilities	(115,265,983)	11,120,747
	Net liquidity generated/absorbed by operations	**3,658,507**	**1,955,866**
B. INVESTMENT ACTIVITIES			
1.Liquidity generated by:		**4,139**	**19,726**
-	sale of equity investments		
-	dividends collected on equity investments		
-	sale/reimbursements of financial assets held to maturity		
-	sale of tangible assets	4,139	19,726
-	sale of intangible assets		
-	sale of business units		
2.Liquidity absorbed by:		**(3,674,054)**	**(1,990,660)**
-	purchase of equity investments		
-	purchase of financial assets held to maturity		
-	purchase of tangible assets	(257,015)	(148,938)
-	purchase of intangible assets	(3,417,039)	(1,841,722)
-	purchase of business units		
	Net liquidity generated/absorbed by investment activities	**(3,669,915)**	**(1,970,934)**
C. FUNDING ACTIVITIES			
-	issue/purchase of treasury shares		
-	issue/purchase of equity instruments		
-	distribution of dividends and other allocations		2,258
	Net liquidity generated/absorbed by funding activities		**2,258**
NET LIQUIDITY GENERATED/ABSORBED BY OPERATIONS		**(11,408)**	**(12,810)**

Reconciliation

(Euro)

Financial statement items	31/12/2015	31/12/2014
Cash and cash equivalents	29,999	42,809
Total net liquidity generated/absorbed in the period	(11,408)	(12,810)
Cash and cash equivalents at year end	18,591	29,999

Notes to the accounts

INTRODUCTION

The notes to the accounts are divided up into the following parts:

1) Part A – Accounting Policies;
2) Part B – Information on the Balance Sheet;
3) Part C – Information on the Income Statement;
4) Part D – Other information.

Each part of the notes is divided up into sections, each of which illustrates an individual aspect of the business operations. The sections contain both qualitative and quantitative information.
As a rule the quantitative information comprises items and tables.

PART A – ACCOUNTING POLICIES

A. 1 – GENERAL SECTION

Section 1 – Declaration of compliance with the international accounting standards

Ifitalia S.p.A.'s statutory financial statements as at 31 December 2015 have been prepared in accordance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board – IASB and approved by the European Commission in pursuance of EU Regulation No. 1606 dated 19 July 2002, in force as of the financial statement reference date, and the related interpretations of the International Financial Reporting Standards Interpretation Committee (IFRSIC).

With regard to the layouts and the technical forms, the statutory financial statements have been drawn up in accordance with the "Instructions for the preparation of financial statements of financial brokers per Article 107 of the consolidation act of the banking and lending laws (TUB), of payment Institutions, of IMELs, SGRs and SIMs", whose text was updated by the Bank of Italy on 15 December 2015, and in accordance with Article 9 of Italian Legislative Decree No. 38/2005 and Article 5 of Italian Legislative Decree No. 87/1992.

In order to more clearly guide the application and interpretation of the international accounting standards, reference was also made to the following sources:

- Framework for the Preparation and Presentation of Financial Statements issued by the IASB;
- Implementation Guidance, Basis for Conclusions and other interpretative documents for the IAS/IFRS adopted by the IASB or the IFRSIC (International Financial Reporting Standards Interpretations Committee);
- documents drawn up by the Italian Standard Setter (OIC);
- documents drawn up by the Italian Chartered Accountants Association (Assirevi).

Section 2 – General basis of presentation

The statutory financial statements, accompanied by the related Report on operation,comprise:

- the Balance sheet and Income statement;
- the Statement of comprehensive income;
- the Statement of changes in equity;
- the Statement of cash flows;
- the Notes to the accounts.

The financial statements were prepared with a view to the business as a going-concern, taking into account the current and projected profitability and the easy access to financial resources. The Directors considered appropriate the assumption of the business as a going concern, because in their judgement no uncertainties linked to events or circumstances have emerged which, considered individually or as a whole, may lead to doubts about the viability of the business.

The accounting policies comply with the principles of accruals, relevance and significance of the accounting information and predominance of economic substance over legal form.

The financial statement accounts are consistent with the company's accounting records; furthermore, in compliance with the provisions of Article 5, Paragraph 2 of Italian Legislative Decree No. 38 dated 28 February 2005, the financial statements have been drawn up using the Euro as the reporting currency. In detail, in line with the instructions issued by the Bank of Italy, the statements have been drawn up in units of Euro without decimal figures, the notes to the accounts are drawn up in thousands of Euro and the report on operations is drawn up in millions of Euro.

Section 3 – Subsequent events after year end

When drawing up the financial statements, Ifitalia considered all the events which had economic pertinence during the year ended as at 31 December 2015 even if subsequent to the year end date and which took place up until the date of approval of the financial statements by the Board of Directors.

Section 4 – Other aspects

The Ifitalia financial statements have been audited by the auditing firm Mazars Italia S.p.A., which was granted the appointment for the period 2015 – 2025 by the Shareholders' Meeting held on 24 November 2015 in accordance with Legislative Decree No. 39 of 27 January 2010.

Legislative changes

During 2015, the following accounting standards came into force:
• IFRIC 21 - Levies (EU Reg. 634/2014);
• 2011 - 2013 annual improvements cycle of the international accounting standards (EU Reg. 1361/2014);
whose adoption did not have any substantial effects on the balance sheet and income statements balances.

The amendments to IAS 39 (IFRS 9)

On 24 July 2014, the IASB issued the accounting standard IFRS 9 "Financial Instruments", therefore concluding the process for the integral review of IAS 39 "Financial Instruments: Recognition and Measurement", divided up into three stages:
- "Classification and Measurement";
- "Impairment;" and
- "General Hedge Accounting"[1].

The standard in question, whose adoption is mandatory as from 1 January 2018, is still subject to the approval process by the European Commission with regard to which, in 2015, the European Financial Reporting Advisory Group (EFRAG)[2] issued its favourable opinion. The accounting standard will become effectively applicable in the member nations of the European Union only further to approval of the same.

Foreign currency transactions

Assets and liabilities denominated in foreign currency (these being understood to be currencies other than the Euro, also including the transactions which envisage index-linking clauses to these currencies) are converted on the basis of the exchange rate as at year end. Essential neutrality between the credit and debit amounts exists for these, since the advances granted are covered by foreign currency loans for the same amount.

---

[1] In the interests of full information, in April 2014 the IASB published the Discussion Paper "*Accounting for Dynamic Risk Management: a Portfolio Revaluation Approach to Macro Hedging*" which, in line with the methods for the dynamic management of the rate risk adopted by the banks, outlines a possible accounting approach (so-called Portfolio Revaluation Approach) aimed at more fully reflecting, in the financial statements of the entity, the dynamic nature for the management of the risk by Risk Management.
Further to the observations received during the consulting phase, in July 2015 the Board of the IASB decided to designate the project relating to so-called "Macro-hedging" to the research programme, postponing the drafting of the Exposure Draft until after the drawing up of an additional Discussion Paper.

[2] Body tasked with assessing the adoption of the IAS/IFRS at European level.

Payment agreements based on own equity instruments

The company has not put in place payment agreements based on own equity instruments.

Use of estimates in financial statements

The preparation of the financial statements required the use of estimates and assumptions that can have effects on the amounts in the balance sheet and income statement. The calculation of these estimates involves the use of the information available as of the date of preparation of the financial statements and the adoption of subjective evaluations, based also on historical experience, used to formulate reasonable assumptions in order to record management events.
The main cases for which the use of subjective evaluations is required the most by the company's management are:

- the losses due to impairment of receivables and, generally, of other financial assets;
- the fair value of financial instruments to be used for the purpose of financial statement disclosure;
- the provisions for risks and charges;
- the recoverability of the deferred tax assets;
- the portion of property held for investment purposes.

Impairment tests

As regards the tests provided for by IAS 36, no impairment indicators were found in the valuations made, in consideration of the book values and the specific nature of the assets in the accounts.

A. 2 – SECTION REGARDING THE MAIN FINANCIAL STATEMENT AGGREGATES

The accounting standards applied to the financial statements of the Company are described in detail below.

1. Financial assets and liabilities held for trading

Initial recognition

The initial recognition of financial assets (or the financial liabilities) takes place on their trading date.

These items are initially stated at their fair value, generally represented by the amount paid for the execution of the transactions, with the exclusion of the transaction costs which are immediately recorded in the income statement even if directly attributable to these financial assets.

Classification

"Financial assets held for trading" (item 20 – Balance sheet - Assets) and "Financial liabilities held for trading" (item 30 – Balance sheet - Liabilities) include financial instruments held with the intention of generating profits over the short-term deriving from changes in the prices of said instruments, as well as derivative contracts; the only exception concerns derivative contracts designated as hedging instruments.

A financial instrument or other type of contract is considered to be a derivative if it has the following three features:

- its value changes in relation to the change in an interest rate, the price of a financial instrument, the price of a good, the foreign currency exchange rate, a price or rate index, the credit rating or credit indices or other pre-established variables (generally known as "underlying" elements);

- it does not require an initial net investment or require an initial net investment lower than that required for other types of contracts which are expected to disclose a similar fluctuation in relation to market factor changes;
- it is settled at a future date.

The Company's has recorded Interest Rate Swap derivatives under the financial liabilities held for trading, not initially declared in the hedging category, despite being, operationally, transactions established with the aim of hedging the fixed rate risk applied to customers.

Measurement

Subsequent to initial statement, these financial assets/liabilities are valued at fair value, with the exception of equity instruments not listed on an active market and whose fair value cannot be reliably determined. The determination of the fair value of trading assets and liabilities is based on the prices struck on active markets, on prices provided by the operators or on appraisal models used in financial practice.

If the fair value of a financial asset becomes negative – a circumstance which may occur for example in relation to derivative contracts – this asset is recorded as a financial trading liability, item (30 Balance sheet - Liabilities).

Derecognition

Financial assets/liabilities are cancelled when the right to receive or the duty to pay the cash flows expires or whenever all the risks and benefits connected with the holding of said assets/liabilities are substantially transferred.

Income component recognition

Accrued interest is recorded in item 10 Interest income and similar income or 20 Interest expense and similar expenses for debt securities, except for the differentials on derivatives, which are recorded in the net trading profit (loss).
Realised gains and losses on sales or reimbursements and unrealised gains and losses deriving from
fair value changes in the trading portfolio, are recorded in income statement item 60, Net trading profit (loss).

2. Available-for-sale financial assets

Initial recognition

Initial recognition takes place, for financial assets whose delivery is disciplined on the basis of agreements envisaged by the reference market (so-called regular way contracts), as of the settlement date, while the trading date is applied for the others. The initial statement value for all the assets is the fair value; this normally coincides with the cost of the transaction, inclusive of the transaction costs or income directly attributable to said instrument.

Classification

These are non-derivative financial assets which are not classified as loans/receivables, held-to-maturity financial assets, assets valued at fair value or financial assets held for trading.
Money market securities, other debt instruments and shares which are intended to be held for an unspecified period of time, but that can be sold in order to obtain liquidity, due to changes in interest rates, in exchange rates and market prices, can be classified as “Available-for-sale financial assets” (item 40 Balance sheet – Assets). Equity investments that do not qualify as subsidiary, jointly-controlled or associated companies are included in this item.

Measurement

These assets are subsequently valued at fair value, determined on the basis of the prices struck on active markets, provided by operators or on internal appraisal models generally used in financial practice based - limited to the measurement of the unlisted equity investments - on shareholders’ equity figures.

The value of listed share investments is determined on the basis of the market price; in this latter case, the securities are written down if objective evidence indicates that the decrease (impairment) in the market price has reached such a level that the recovery of the cost value cannot be reasonably expected in the foreseeable future.

Investments in equity instruments not listed on active markets, and whose fair value cannot be reliably determined, are maintained at cost. In this case, the indicators prescribed by IAS 39 are considered for revealing any impairment.

Derecognition

Available-for-sale financial assets are cancelled when the asset is sold, transferring the essential nature of the associated risks and benefits, or when the contractual rights on the financial flows deriving from said assets cease. In this event, the statement in the accounts of the transfer takes place on the basis of the same criteria adopted for initial statement.

Income component recognition

Unrealised profits and losses deriving from the fair value valuation, are recorded in a specific equity reserve, item 170. "Valuation reserves", net of the related taxation, up to the moment the investment is disposed of or written down (permanent loss in value) and the related effect is recorded respectively in the income statement under the item "Profit/loss on disposal of financial assets" (item 90.a) or "Net value adjustments for impairment of financial assets" (item 100.a). In this latter case, the amount transferred equates to the difference between the book value (acquisition cost net of any losses due to impairment already previously recorded in the income statement) and the fair value.
The permanent loss in value is recorded at the time the acquisition cost (net of any capital repayment and amortisation/depreciation) of an available-for-sale financial asset exceeds its recoverable value as defined in the accounting policies. Any value writebacks on investments in share instruments, whose fair value is reliably determined, are not recorded with a matching balance in the income statement, but under equity, while any value writebacks on investments in debt instruments are classified in the income statement.

3. Receivables

Initial recognition

Within the sphere of the more extensive category of financial instruments, loans/receivables comprise non-derivative financial assets with payments which are fixed or can be determined and which are not listed on an active market. Loans/receivables are initially stated at fair value.

Classification

In accordance with IAS 39, and in compliance with the general principle of the predominance of the economic substance over legal form, a transferee company can record a financial asset in its financial statement if and only if:

a) the financial asset is transferred along with essentially all the risks and contractual rights to the correlated cash flows (the transferor may maintain the rights to receive the cash flows of the asset but must have the obligation to pay the same to the transferee, and cannot sell or commit the financial asset);

b) the benefits associated with ownership of the same cease with regard to the transferor when transferred to the transferee.

The forms of transfer for loans/receivables subject to factoring can be broken down as follows:

- without recourse: a transaction which, irrespective of the contractual form, provides the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IAS 39;
- with recourse: a transaction which, irrespective of the contractual form, does not provide the factor with the full transfer of the risks and benefits associated with the assets forming the subject matter of the transaction as per IAS 39.

Ifitalia has recorded the following in the financial statements, under balance sheet asset item 60 "Receivables", in line with the afore-mentioned criteria:

- loans/receivables acquired without recourse. Classification envisages the recording of the loans/receivable due from the debtors for the portion of the amount paid (cash risk) and for the portion still to be paid (endorsement risk) net of impairment. In this case, the amount due to the transferor, for the portion of the amounts still to be paid, is recorded under balance sheet liability item 10, "Payables";
- advances paid to the transferors for loans/receivables acquired with recourse, inclusive of the interest and other amounts accrued, and net of impairment;
- advances paid to the transferors for loans/receivables acquired without recourse with contractual clauses (as defined below) which limit the essential transfer of all the risks and benefits (formal without recourse);
- advances paid to the transferors for future loan/receivable factoring transactions, inclusive of the interest and other amounts accrued;
- advances paid to the transferors exceeding the total loans/receivables inclusive of the interest and other amounts accrued;
- the exposure to the factored debtors in just guarantee-related without recourse transactions when on occurrence of default the payment is made under guarantee of said loan/receivable;
- amounts due for late payments;
- exposures to the factored debtors for payment extensions granted.

Ifitalia has recorded the following amounts under guarantees and commitments (Notes to the accounts Part D), in line with the above criteria:

- both the value of the loans/receivables acquired without recourse (just guarantee) and the guarantees given accessory to the factoring transactions;
- the value of the endorsement risk for the loans/receivables acquired without formal recourse and the value of the exposure for the unused amount of the committed credit facilities.

In order to assess whether transfer of the essential nature of the risks and benefits has taken place in the acquiring of the loans/receivables factored without recourse, it is necessary to identify and analyse, using qualitative and quantitative criteria, the contractual clauses capable of affecting the expected variability of the cash flows of the factored loans/receivables. For such purposes, within the reference framework of IAS 39 interpreted and defined together with Bank of Italy legislation and Assirevi and Assifact research documents, the most common contractual clauses in Ifitalia transactions have been stated below, analysed with a view to application of the recognition / derecognition rules.

Maximum Payable

This category of clauses is key for the purposes of the recognition/derecognition since it limits the undertaking of the credit risk by the Factor. In essence, while the "initial loss" remains the Factor's, the losses exceeding the ceiling are the transferor's.

In the presence of this clause, it is necessary to quantify and compare the amount of the ceiling with the risk exposure. If the maximum payable essentially covers the credit risk, then it means that the afore-mentioned risk has been transferred by the Transferor to the Factor.

With regard to the outstanding contracts, the latter point has been confirmed, therefore the clauses has not been considered as impedimental to the statement of the individual loans/receivables in the financial statements.

Malus clause

The commission linked to the portfolio's performance, with retroactive application, (losses deriving from default of the factored debtors, with regard to principal and/or interest) can be critical for the purpose of recognition/derecognition since it can indicate a limitation or an exclusion of the transfer of the risks by the transferor to the factor.

In the presence of quantitative and qualitative analysis carried out, the loans/receivables assisted by this clause in certain specific cases led to the retention of the credit risk by the transferor to an extent considered to be significant on the basis of the materiality thresholds. In such cases, the clause was considered impedimental to the recording of the individual loans/receivables in the financial statements.

Measurement

After initial recognition, the receivables are valued at amortised cost as indicated below.

For the purpose of calculating the return within the sphere of factoring transactions, it is possible to identify, with regard to the nature, three categories of remuneration:

- Management Commission

This commission takes on the form of a fee for the provision of a plurality of services (for example the dunning of the debtor, debt collection, etc.) provided by means of an unspecified number of activities within a specific time span. With regard to this type of commission, recognised irrespective of the duration of the loan/receivable, IAS 18 was applied, rediscounting the portion of commission relating to loans/receivables not expired to be credited as a matching balance to the item "other liabilities".

- Guarantee commission (costs/revenues directly attributable to the transaction)

This commission takes on the form of a fee for the undertaking by the Factor of all or part of the risk element inherent in the financial asset forming the subject matter of the transaction. With regard to this type of commission, steps were taken to apply IAS 39, spreading the revenue in a linear manner over the duration of the loan/receivable and for loans/receivables due beyond 12 months deducting the unaccrued amount (deferred income) from said loan/receivable.

- Other types of commission

This category includes those cost/revenue items not falling within the above two categories and includes on-going one-off commission recorded at the time when the one-off service is completed (very often coinciding with collection of the commission).

Loans/receivables are in turn classified as performing and impaired (non-performing). According to the Bank of Italy instructions, impaired assets are as follows:

Non-performing loans: positions vis-à-vis parties in a state of insolvency (even if not legally ascertained) or in essentially equivalent situations, irrespective of any loss forecasts made by the company. Therefore, the existence of any guarantees (secured or unsecured) afforded to cover the receivables is left aside.

Unlikely to pay: the classification in this category takes place on the basis of the improbability that, without recourse to action such as enforcement of the guarantees, the debtor fully meets (in terms of principal and/or interest) its credit obligations. This assessment is made independently from the presence of any amounts (or instalments) past due and not paid.

Therefore, it is not necessary to await the explicit symptom of anomaly (non-payment), if elements exist which imply a situation of debtor default risk (for example, a crisis in the industrial sector in which the debtor operates).

Past due positions

✓ with respect to individuals: exposures other than those classified as non-performing, problem or under restructured positions, which - as of the reporting reference date – are past due by more than 90 days. Based on the Bank of Italy legislation, Ifitalia, calculating the capital requirement for the credit risk using the standardised method, applies the notion of past due exposure at individual transaction level.
For such purposes, the individual transactions which, as of the reporting reference date, are past due by more than 90 days, are in fact considered past due.

✓ with respect to the Public Administration persons: with regard to the loans/receivables of this type, the on-going nature of the past due amounts, for the sole purposes of impaired past due exposures, interrupts when the debtor has made the payment for at least one of the positions which emerge as past due by more than 90 days, or in the presence of legislative measures aimed at establishing a temporary impediment to the collection of the loans/receivables vis-à-vis the debtor authority and until these measures remain effective. In this event, the entire past due exposure is classified under "unimpaired past due".
If however, subsequently, "new" past due exposures form, by more than 90 days (deriving both from new transactions and from instalments of transactions already outstanding), the significance threshold is calculated also considering the past due exposures previously returned to performing status. If the threshold is exceeded, the entire amount of the past due exposures is indicated (new and previous ones).

Furthermore, both the performing positions and the non-performing ones can be classified as exposures subject to concession (so-called forborne exposures); this classification has been introduced as a result of the latest up-date of Circular No. 262 of the Bank of Italy (as mentioned previously) and includes exposures which have been subject to concession (forbearance) vis-à-vis a debtor who finds themselves or is close to dealing with difficulties in terms of meeting their financial commitments (financial difficulties).

The EBA standards define a concession or forbearance as an amendment of the previous terms and conditions of an agreement which the debtor is considered incapable of observing due to financial difficulties ("problem debt") which lead to an insufficient ability to service the debt, and which would not have been granted if the debtor has been in financial difficulties; the total and complete refinancing of a problem debt agreement which would not have been granted if the debtor had been in financial difficulties.

Income component recognition

Interest on loans/receivables is classified under interest and similar income, income statement "item 10" and is recorded on an accruals basis.

Impairment:

On the basis of the status of the relationship, a distinction was made between "**performing**" positions and "**non-performing or impaired**" positions:

a) "**Performing**" positions: the company has implemented a process to calculate the collective write-down of performing loans in harmony with the provisions at BNP Group level with the methods below:
- Credit risk: the writedown is applied proportionally to the Loss Expected on each counterparty associated with the rating value (PD) and the LGD of the technical form relating to the recorded amount associated to the subject (PA=PD x LGD). The group's methodology considers the PD associated to rating classes 8/9/10 for the corporate/SME segment and 9/10 for the Retail SME/Retail segment as relevant;
- Dilution risk – the writedown is applied to debtor cash risks proportionally to the average dilution risk recorded on the portfolio distinguished by corporate/SME and Retail SME/Retail segment. The amount of the writedown is proportional to the expected loss deriving from the default risk of the transferor associated to the without recourse transaction and the unsecured LGD recorded on internal data.

b) "**Impaired**" positions: a loan/receivable is considered to be impaired when it is deemed that, most probably, it will not be possible to recover the entire amount, on the basis of the original contract conditions, or an equivalent value. The determination of the writedowns to be made to loans/receivables is based on the discounting of the cash flows expected for principal and interest net of the recovery charges; for the purpose of calculating the current value of the flows, the fundamental elements are represented by the identification of estimated recoveries, the related timescales and the discount rate to be applied.

The valuation of the loans/receivables included in the categories of non-performing, and unlikely to pay is carried out analytically, while with regard to past due positions an analytical assessment is carried out for the positions of specific significance, and a generalised assessment is carried out for the rest.
The writedown of problem loans/receivables is subsequently written back (within the limits of the value previously written down) only when the quality of the amount due has improved to such an extent that reasonable certainty exists of a greater recovery of the principal and the interest and/or amounts have been collected to an extent greater than the value of the receivables recorded in the previous financial statements. In any event, considering the method used for determining the writedowns, the approach of the due dates envisaged for the recovery of the receivable due to the passage of time, gives rise to a "value writeback" on said receivable, since it determines a reduction in the implicit financial charges previously charged against the value of the receivables.

Gains (or losses) on receivables are recorded in the income statement:
- when the financial asset in question is eliminated, under item 90.a - "Gains (losses) on disposal";
- when the financial asset has undergone a writedown or writeback, under item 100.a - "Net value adjustments for impairment";
- under item 150 "Net provisions for risks and charges" matching "Other liabilities" the loss expected against guarantee and commitments (Part D).

Derecognition

Loans/receivables are derecognised from the balance sheet assets when:

1. the right to receive the cash flows is discharged;
2. the loan/receivable is considered to be definitively unrecoverable.

The amount of the losses is recorded in the income statement net of the writedown allowances previously provided.

4. Tangible assets

Initial recognition

Tangible assets are initially stated at cost, inclusive of all the charges directly associated with bringing the asset onto stream.

Classification

Item (100) "Tangible assets" includes land and buildings used for business purposes, land and building for investment purposes, furniture, electronic systems and other tangible assets.
Assets used for business purposes are those held for the supply of services or for administrative purposes, while investment properties are those held for the purpose of collecting lease payments and/or held for appreciating the invested capital or in any event not occupied by the company or when they become as such.

Measurement

Subsequent to initial statement, tangible assets are recorded at cost net of accumulated depreciation and impairment losses.
With reference to properties held for investment, the valuation at cost was opted for, providing the disclosure envisaged by IAS 40.
The depreciable value, equating to cost less the residual value (or rather the amount which is expected to be obtained from the asset at the end of its useful life, usually zero, after having deducted the sale costs), is divided up systematically over the useful life of the tangible asset, adopting a straight-line depreciation approach.
The residual value and the useful life of properties, plant and machinery is reviewed at least once a year for financial statement purposes and, if the expectations differ from the previous estimates, the depreciation charge for the current and subsequent years is adjusted.
The useful life, subject to periodic review for the purpose of recording any estimates significantly different from the previous ones, is defined as:

– the period of time during which it is expected that an asset can be used by the company, or,

– the quantity of products or similar units which the company expects to obtain from the use of said asset.

In the property category, land and buildings are considered to be separable assets and treated independently for accounting purposes, even when acquired together. As a rule, land has an unlimited life and therefore is not depreciated. Buildings have a limited life and, therefore, are depreciated. An increase in the value of the land on which a building stands does not influence the determination of the building's useful life.

If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset with its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows which are expected to derive from the asset. Any value adjustments are recorded under item 120. "Value adjustments/writebacks on tangible assets" in the income statement.

If the value of an asset previously written down is reinstated, the new book value cannot exceed the net book value which would have been determined if no impairment loss on the asset had been recorded in previous years.

Income component recognition and derecognition

Depreciation is recorded in the income statement in item 120, “Net value adjustments/writebacks on tangible assets”.
The costs incurred subsequent to purchase are added to the book value of the assets or recorded as a separate asset if it is probable that future economic benefits exceeding those initially estimated will be achieved and the cost can be reliably determined. All the other costs incurred subsequently (e.g. ordinary maintenance measures) are recorded in the income statement, in the year they are incurred, under item: 110.b) “Other administrative expenses”, if they refer to assets for business use, or item 160. “Other operating income/charges”, if referring to properties held for investment.

Tangible assets are cancelled from the balance sheet when disposed of or when the asset is permanently withdrawn from use and future profits are not expected from its disposal and future economic benefits are not expected from its use. Any difference between the disposal value and the book value is recorded in the income statement under the item 180. Profit/loss on disposal of investments.

5. Intangible assets

Initial recognition and classification

An intangible asset is a non-monetary asset, identifiable even if lacking physical appearance, from which it is probable that future economic benefits will originate. The asset is identifiable if:
– it can be separated or spun-off and sold, transferred, granted under licence, leased or exchanged;
– it derives from contractual rights or other legal rights irrespective of the fact that these rights are transferable or separable from other rights or obligations.
The asset is controlled by the company if the company has the power to avail itself of the economic future benefits deriving from the resource in question and can, also, limit access by third parties to said benefits. They are therefore recorded among the balance sheet assets only if:

(a) future economic benefits attributable to the asset in question are likely to emerge;
(b) the cost of the assets can be reliably measured.

If the conditions described above should occur, intangible assets are included among the balance sheet assets and recorded at cost, adjusted for any accessory charges. Otherwise, the cost of intangible assets is recorded in the income statement related to the year in which the cost was borne.

Intangible assets recorded in the financial statements as at 31 December 2015 are essentially represented by software. Furthermore, in accordance with the Group accounting standards and IAS/IFRS, the Company adopted the policy of capitalising the IT costs attributable to software development projects.

Measurement

After initial recognition, software is recorded in the financial statements at cost net of total amortisation and accumulated losses in value.
The cost includes:
- the purchase price less trade discounts and allowances;
- any direct cost for preparing the asset for use.

Any expenses, determined and attributable to the asset reliably, subsequent to initial statement, are capitalised only if they are able to generate future economic benefits.
Intangible assets with a definite useful life are amortised on the basis of the estimate made of their residual useful life and

recorded at cost net of total amortisation (using the straight-line method) and any impairment losses applicable. At the end of each accounting period, this residual useful life is subject to appraisal so as to ascertain the adequacy of the estimate. If there is objective evidence that an individual asset has suffered impairment, steps are taken to compare the book value of the asset and its recoverable value, equating to the greater between the fair value, less sales costs, and the related value in use, understood to be the current value of the future cash flows which are expected to derive from the asset.

In the event that the book value is greater than the recoverable value, a loss equating to the difference between the two values is recorded under item 130. "Net value adjustments/writebacks on intangible assets"

If the value of a previously written down intangible asset, other than goodwill, is reinstated, the new amounts cannot exceed the net book value which would have been determined if no loss had been recorded for the impairment of the asset in previous years.

Income component recognition and derecognition

Amortisation is recorded in the income statement in item 130, "Net value adjustments/writebacks on intangible assets".

Intangible assets are eliminated from the balance sheet at the time of disposal or when future economic benefits from their use or disposal are no longer expected, and any difference between the disposal value and the book value is recorded in the income statement under item 180. Profit/loss on disposal of investments.

6. Tax assets and liabilities

Income taxes are calculated in observance of current tax legislation. The tax liability (return) is the total amount of the current and deferred taxes included in the calculation of the net profit or loss for the year. Current taxes represent the amount of the income taxes payable (recoverable) referring to the taxable income (tax loss) for a year. Deferred taxes represent the amounts of the income taxes payable (recoverable) in future years, referable to taxable (deductible) timing differences.

Current tax assets include the advance payments and other tax credits for withholdings made or for tax credits for which a rebate has been requested from the competent tax authorities. By contrast, tax liabilities reflect the provisions necessary for covering the tax charges for taxation on the basis of current legislation. Deferred taxation is calculated by applying the so-called "balance sheet liability method", taking into account the tax effects associated with the timing differences between the book value of the assets and the liabilities and their value for tax purposes, which determine taxable or deductible amounts in future periods.

Timing differences can be:

a) taxable, i.e. timing differences which, when determining the taxable income (tax loss) for future years, will translate into taxable amounts when the book value of the asset or the liability will be realised or discharged;
a deferred tax liability is recorded for these differences.

b) deductible, in other words timing differences which, when determining the taxable income (tax loss) for future years, will translate into deductible amounts when the book value of the asset or the liability will be realised or discharged.

A deferred tax asset is recorded for all the deductible timing differences if it will be probable that taxable income will be generated against which the deductible timing difference can be used.

Deferred tax assets and liabilities are calculated using the tax rate envisaged in the periods when the assets will be realised or the liability will be discharged and will be offset when they are due to the same tax authority and when the right to offsetting is recognised by law.

Current and deferred taxes are recorded in the income statement with the exception of those relating to items whose value adjustment is recorded as a matching balance to the equity and for which the tax effects are also recorded among the equity reserves. Prepaid tax assets and deferred tax liabilities are not discounted back or offset.

7. Payables

Initial recognition

Initial recognition takes place at the fair value of the liabilities, equating to the face value increased by any additional costs/income directly attributable to the individual transaction and not reimbursed by the creditor. Internal administrative costs are excluded.

Classification

"Payables" (item 10) include all the forms of funding vis-à-vis the system as well as amounts due to transferors. Payables include all the debt liabilities, other than trading liabilities.

The item mainly comprises payables due to banks for loans received, current account overdrafts and payables to transferors for loans/receivables acquired without recourse, in relation to the portion for which the price has not been paid to the transferor or all the risks and benefits have not be transferred.

Measurement

After initial recognition, subsequent measurement follows the amortised cost approach, using the effective interest rate method.

Income component recognition

The related interest is recorded in the income statement under item 20. "Interest expense and similar charges".

Derecognition

Payables are cancelled from the financial statements when the related contractual obligations expire or are discharged.

8. Employee termination benefits

Initial recognition and classification

Employee Termination Benefits, disbursed by the employer to the employee when the employment relationship terminates, are one of the worker's rights disciplined by Article 2120 of the Italian Civil Code and by Italian Laws No. 297/1982 and 296/2006. The provision has been recorded as a benefit subsequent to the employment relationship with defined benefits. The related liability is recorded in the financial statements on the basis of the amount to be paid to each employee and is valued using the actuarial method as a "defined benefit obligation", taking into account future due dates when the financial disbursement will actually occur.

More specifically, Italian Law No. 296/2006 (2007 Finance Act) essentially states that:

- the portion of the benefits accrued up until 31 December 2006 will remain in-house and must be disbursed to the employees in accordance with statutory regulations, creating a liability to be recorded in the financial statements;
- as for the portion of the benefits accrued from 1 January 2007, the employee can choose whether to have them allocated:

a) to supplementary welfare funds;

b) to the INPS Treasury Fund.

Therefore, the amount recorded under the item "Employee termination benefits" refers solely to the defined benefit obligations connected with the benefits accrued up to a specific date within the first half of 2007 which is different for every employee, valued by an independent actuary without applying the "pro-rata" of the service supplied. As a result, costs relating to work performed after said date are not considered for valuation purposes.

Measurement and income component recognition

The actuarial method for calculating the Employee Termination Benefits starts from the detailed situation, at the moment of recording, of each worker and envisages year after year, for each individual worker up until his/her departure, the development of this situation due to:

(i) the expected date of termination of the employment relationship, resignation, redundancy, death, inability to work or retirement (once the requirements have been met);

(ii) for each worker that remains within the workforce, potential requests for advance salary payments are also taken into account.

9. Provision for risks and charges

Initial recognition/classification

A provision is recorded under "Provisions for risks and charges" (item 110) only when:

- a current obligation (legal or implicit) exists as the result of a past event;
- it is probable that the use of resources will be necessary for meeting the obligation;
- a reliable estimate can be made of the amount of the obligation.

Measurement

The provision is represented by the liabilities which it is supposed will be incurred in order to discharge the obligation.

The provisions for risks and charges include:

- provisions for revocation disputes and third party disputes (including therein those made by staff and former employees);
- any other provisions with a specific purpose;
- the provision for the 25th year of service bonus for employees;
- provision for a redundancy incentive for employees.

No provision is made against potential and improbable liabilities.

Income component recognition

The amount set aside to the provision for risks and charges is recorded in the income statement under item 150 "Net provisions for risks and charges".

The afore-mentioned item includes the balance, positive or negative, between the provisions and any re-allocations to the income statement of the provisions deemed in excess.

If the provisions concern charges for employees, the income statement item concerned is item 110.a) "Administrative expenses: personnel expenses".

Derecognition

The provisions made are reviewed as of each year end date and adjusted to reflect the best current estimate. In the event that the use of resources for meeting the obligation is no longer necessary, the provision is reversed.

A.3 - DISCLOSURE ON THE TRANSFERS BETWEEN FINANCIAL ASSET PORTFOLIOS

The company has not carried out any portfolio transfers during 2015.

A.4 – FAIR VALUE DISCLOSURE

A.4.1 Fair value levels 2 and 3: measurement techniques and input used

The fair value is the price which would be perceived for the sale of an asset, or which would be paid for the transfer of a liability in a regular transaction between market operators as of the measurements date (*IFRS 13; § 9*).
In the event of financial instruments listed on active markets (Fair value level 1), the fair value is determined as from the official prices of the most advantageous market to which the Bank has access (Mark to Market). A financial instrument is considered as listed on an active market if the listed prices are readily and duly available in a price list and these prices represent effective market transactions which regularly take place in normal transactions.
For the purpose of classification in Fair value level 2, if the official listing on an active market does not exist for a financial instrument in its entirety, but active markets exist for the parts which it is comprised of, the fair value is determined on the basis of the pertinent market prices for the parts it is comprised of. If the market listings are not available, the Bank resorts to measurement models (Mark to Model) in line with the methods generally accepted and used by the market. The measurement models include techniques based on the discounting back of the future cash flows and on the estimate of the volatility and are subject to review both during their development and periodically, for the purpose of ensuring their full coherence with the objectives of the measurement.
These methods use inputs based on prices formed in recent transactions in the instrument subject to measurement and /or prices/listings of instruments with similar features in terms of risk profile. These prices/listings are, in fact, important for the purpose of determining the significant parameters, in terms of credit risk, liquidity risk, price risk and any other significant risk, relating to the instrument being measured.
The reference to these “market” parameters makes it possible to limit the discretion used in the measurement, at the same time ensuring the verifiability of the resulting fair value.
If, due to one or more risk factors, it is not possible to refer to market data, and therefore the financial instruments are classified in fair value level 3, the measurement models employed use estimates based on historical data as inputs.
The parameters which cannot be observed on the markets used for the measurement of the equity instruments which give rise to FV adjustments in the determination of the estimates, refer to the Net Asset Value (with the exclusion of any Intangible fixed assets) whose calculation is based on data communicated directly by the Company (Financial statements, reports, etc.).
Specifically, as at 31 December 2015, the Company had recorded both unlisted equity investments and carried at cost, since these are capital instruments whose fair value cannot be measured reliably, and unlisted equity investments measured at fair value on equity figures under “Available-for-sale financial assets”.

During 2015, no changes took place in the measurement techniques used for estimating the fair value of Levels 2 and 3 of the financial assets and liabilities measured at fair value.
With regard to the financial instruments recognised at amortised cost, with regard to the estimate of the fair value indicated in the Note to the accounts, the following methods and assumptions have been applied:
- for cash and cash equivalents the fair value is represented by the nominal or face value;
- for properties, the fair value is determined on the basis of the analysis of the market values of similar properties.
IFRS 13 assumes, what is more, that the current use of the asset represents the maximum and best use of the same unless the market or other factors are such as to suggest that the participants of the market can use the asset in another manner, for the purpose of maximising the related value (“highest and best use”).
- with regard to the asset and liability items without a specific maturity, the book value essentially approximates the fair value;
- with regard to the impaired financial assets, the fair value has been adopted as equal to the estimated realisable value used for financial statement purposes;

- with regard to the other financial instruments, medium/long-term and at fixed rate, the fair value has been estimated comparing the market interest rates as of the date of recognition with the market rates as of the financial statement date.

A.4.2 Processes and sensitivity of the measurements

The unobservable parameters capable of influencing the measurement of the instruments classified as level 3 are represented by the estimates and the assumptions underlying the models used for measuring the investments in equities.
With regard to these investments, no quantitative sensitivity analysis of the fair value with respect to the change in the non-observable inputs has been drawn up, since either the fair value has been obtained from third party sources without making any adjustment or it is the result of a model whose inputs are specific to the entity subject to measurements (for example: equity values of the company) and in relation to which it is not reasonably possible to hypothesise alternative values.

A.4.3 Fair value hierarchy

IFRS 13 establishes a fair value hierarchy in relation to the degree of observability of the inputs of the valuation techniques adopted. In detail, the following levels are identified:
Level 1: valuations (without adjustments) taken from the active markets of the listings;
Level 2: inputs other than the listed prices as per the previous point, but in any event referring to parameters or prices which can be observed directly or indirectly on the market;
Level 3: inputs which are not based on market observations.
The classification of the financial instruments measured at fair value and the assets and liabilities not measured at fair value or valued at fair value on a non-current basis is carried out with reference to the afore-mentioned indications. These parameters are also used for the transfer between the various levels which might become necessary during the year.
There were no transfers between the fair value levels during 2015.

A.4.4 Other information

The Company has not availed itself of the possibility envisaged by IFRS 13, § 48 which makes it possible to "measure the fair value of a group of financial assets and liabilities on the basis of the price which would be received from the sale of a long net position (or rather an asset) for a specific exposure to risk or from a transfer of a short net position (or rather a liability) for a particular exposure to risk in a regular transaction between market operators as of the measurement date, under current market conditions."

A.4.5 Fair value hierarchy

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

(thousands of €)

	2015			2014		
Assets/liabilities at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	-	-	-	-	-	-
2. Financial assets at fair value	-	-	-	-	-	-
3. Available-for-sale financial assets	-	-	8,281	-	-	9,589
4. Hedging derivatives	-	-	-	-	-	-
5. Tangible assets						
6. Intangible assets						
Total	**-**	**-**	**8,281**	**-**	**-**	**9,589**
1. Financial liabilities held for trading	-	491		-	645	
2. Financial liabilities at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	-	-	-	-	-
Total	**-**	**491**	**-**	**-**	**645**	**-**

KEY:
BV=Book Value
L1= Level 1
L2= Level 2
L3 = Level 3

At year end, the company did not have any reclassification of the financial instruments among the portfolios.

Available-for-sale financial assets are represented by investments in unlisted companies.

A.4.5.2 Annual changes in financial assets measured at fair value on a recurring basis (level 3)

(thousands of €)

	Financial assets held for trading	Financial assets at fair value	Available-for-sale financial assets	Hedging derivatives	Tangible assets	Intangible assets
1. **Opening balances**	-	-	**9,589**	-	-	-
2. **Increases**	-	-	**1,915**	-	-	-
2.1. Purchases	-	-	1,915	-	-	-
2.2. Profits booked to:	-	-	-	-	-	-
2.2.1 Income statement	-	-	-	-	-	-
- of which capital gains	-	-	-	-	-	-
2.2.2. Shareholders' Equity	x	x	-	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-
2.4. Other increases	-	-	-	-	-	-
3. **Decreases**	-	-	**3,223**	-	-	-
3.1 Sales		-	-	-	-	-
3.2 Reimbursements	-	-	3,220	-	-	-
3.3 Losses booked to:	-	-	-	-	-	-
3.3.1 Income statement	-	-	-	-	-	-
- of which capital losses	-	-	-	-	-	-
3.3.2 Shareholders' Equity	x	x	-	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-
3.5 Other decreases	-	-	3	-	-	-
4. **Closing balances**	-	-	**8,281**	-	-	-

A.4.5.3 Annual changes in liabilities measured at fair value (level 3)

(thousands of €)

		Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1.	**Opening balances**	-	-	-
2.	**Increases**	-	-	-
2.1.	Bond issues	-	-	-
2.2.	Losses booked to:	-	-	-
2.2.1.	Income statement	-	-	-
	- of which capital losses	-	-	-
2.2.2.	Shareholders' Equity	x	x	-
2.3.	Transfers from other levels	-	-	-
2.4.	Other increases	-	-	-
3.	**Decreases**	-	-	-
3.1.	Reimbursements	-	-	-
3.2.	Purchases	-	-	-
3.3.	Profits booked to:	-	-	-
3.3.1.	Income statement	-	-	-
	- of which capital gains	-	-	-
3.3.2.	Shareholders' Equity	x	x	-
3.4.	Transfers from other levels	-	-	-
3.5.	Other decreases	-	-	-
4.	**Closing balances**	-	-	-

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(thousands of €)

	2015				2014			
Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis	BV	L1	L2	L3	BV	L1	L2	L3
1. Held-to-maturity financial assets	-	-	-	-	-	-	-	-
2. Receivables	6,379,364	-	-	6,379,364	5,746,833	-	-	5,746,833
3. Investments	-	-	-	-	-	-	-	-
4. Tangible assets held for investment	2,871	-	2,871	-	3,017	-	3,017	-
5. Non current assets and groups of assets undergoing disposal	-	-	-	-	-	-	-	-
Total	**6,382,235**	**-**	**2,871**	**6,379,364**	**5,749,850**	**-**	**3,017**	**5,746,833**
1. Payables	5,668,639	-	-	5,668,639	4,993,317	-	-	4,993,317
2. Securities issued	-	-	-	-	-	-	-	-
3. Liabilities associated with assets undergoing disposal	-	-	-	-	-	-	-	-
Total	**5,668,639**	**-**	**-**	**5,668,639**	**4,993,317**	**-**	**-**	**4,993,317**

KEY:
BV=Book Value
L1= Level 1
L2= Level 2
L3= Level 3

A.5 Disclosure on the so-called "day one profit/loss"

The company did not carry out any transactions which generated the so-called "day one profit/loss",

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

(thousands of €)

	31/12/2015	31/12/2014
a) Cash	19	30
b) Unrestricted deposits with central banks	-	-
Total	**19**	**30**

The item comprises cash and cash equivalents and revenue stamps at company headquarters for EUR 19 thousand.

Section 4 – Available-for-sale financial assets – Item 40

4.1 Breakdown of Item 40 "Available-for-sale financial assets"

(thousands of €)

Items/Balances	31/12/2015			31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1 Debt securities	-	-	-	-	-	-
Structured securities	-	-	-	-	-	-
Other debt securities		-		-	-	
2 Equity investments and UCI units	-		8,281	-	-	9,589
3 Loans	-	-	-	-	-	-
Total	**-**	**-**	**8,281**	**-**	**-**	**9,589**

The item concerns unlisted equity investments held by Ifitalia in the companies detailed below:

(thousands of €)

DESCRIPTION	No. of Ifitalia shares	Holding %	Nominal value	Book value
Unlisted securities:				
Serfactoring SpA Via Fabiani 1 B 20097 San Donato Milanese Share capital EUR 5,160,000	180,000	18%	929	5,057
IF Group Scrl Avenue Reine Astrid 452 Brussels (Belgium) Share capital EUR 58,150	30	2.57%	2	2
Business Partner Italia ScpA Via Vittorio Veneto 119 00187 Roma Share capital EUR 5,665,200	172,111	3.04%	172	172
Other holdings				3,050
Total				8,281

The amount of EUR 3,050 thousand (EUR 4,370 thousand in 2014), recorded in the item "other" refers to the investment holdings held by Ifitalia inherent to cinema productions. During the year, new investment holdings were subscribed for a total of EUR 1,900 thousand while reimbursements were made for EUR 3,220 thousand.
It has not been possible to reliably establish the fair value of the investments since they are not traded on an active market.

4.2. Available-for-sale financial assets: breakdown by debtor/issuer

(thousands of €)

Items/Balances		31/12/2015	31/12/2014
Financial assets			
a)	Governments and Central Banks	-	-
b)	Other government agencies	-	-
c)	Banks	-	-
d)	Financial institutions	5,057	5,060
e)	Other issuers	3,224	4,529
	Total	**8,281**	**9,589**

Section 6 – Loans and receivables - Item 60

(thousands of €)

Breakdown	Total 31/12/2015	Total 31/12/2014
Deposits and current accounts	7,351	13,809
Factoring receivables	5,885,469	5,291,818
- with recourse	1,649,826	1,944,639
- without recourse	4,235,643	3,347,179
Other loans	486,544	441,206
Other assets	-	-
Total	**6,379,364**	**5,746,833**
Total Fv	**6,379,364**	**5,746,833**

6.1 "Due from banks"

(thousands of €)

Breakdown	Total 31/12/2015				Total 31/12/2014			
	Book Value	Fair Value			Book Value	Fair Value		
		L 1	L 2	L 3		L 1	L 2	L 3
1. Deposits and current accounts	7,351	-	-	7,351	13,809	-	-	13,809
2. Loans	194,173	-	-	194,173	120,865	-	-	120,865
2.1 Repurchase agreements		-	-	-		-	-	-
2.2 Financial leasing		-	-	-		-	-	-
2.3 Factoring	194,173	-	-	194,173	120,865	-	-	120,865
- with recourse	180,763	-	-	180,763	108,628	-	-	108,628
- without recourse	13,410	-	-	13,410	12,237	-	-	12,237
2.4 Other loans		-	-	-		-	-	-
3. Debt securities		-	-			-	-	
- structured securities	-	-	-	-	-	-	-	-
- other debt securities								
4. Other assets	-	-	-	-	-	-	-	-
Total	**201,524**	**-**	**-**	**201,524**	**134,674**	**-**	**-**	**134,674**

L1= Level 1
L2= Level 2
L3 = Level 3

The item "Deposits and current accounts" concerns the on-demand amounts due from lending institutions represented by temporary creditor balances of Euro and currency current accounts.

6.2 "Due from financial institutions"

(thousands of €)

Breakdown	Total 31/12/2015						Total 31/12/2014					
	Book Value			Fair Value			Book Value			Fair Value		
	Performing	Impaired		L 1	L 2	L 3	Performing	Impaired		L 1	L 2	L 3
		Purchased	Other					Purchased	Other			
1. Deposits and current accounts	-	-	-	-	-	-	-	-	-	-	-	-
2. Loans	221,766	-	3	-	-	221,769	58,238	-	271	-	-	58,509
2.1 Repurchase agreements												
2.2 Financial leasing												
2.3. Factoring	221,766	-	3	-	-	221,769	58,238	-	271	-	-	58,509
- with recourse	64,794	-		-	-	64,794	56,024	-		-	-	56,024
- without recourse	156,972	-	3	-	-	156,975	2,214	-	271	-	-	2,485
2.4 Other loans	-	-	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
- structured securities	-	-	-	-	-	-	-	-	-	-	-	-
- other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
4. Other assets	-	-	-	-	-	-	-	-	-	-	-	-
Total	**221,766**	**-**	**3**	**-**	**-**	**221,769**	**58,238**	**-**	**271**	**-**	**-**	**58,509**

L1= Level 1
L2= Level 2
L3 = Level 3

6.3 "Due from customers"

(thousands of €)

Breakdown	Total 31/12/2015						Total 31/12/2014					
	Book Value			Fair Value			Book Value			Fair Value		
	Performing	Impaired		L 1	L 2	L 3	Performing	Impaired		L 1	L 2	L 3
		Purchased	Other					Purchased	Other			
1. Loans	5,575,342	-	380,729	-	-	5,956,071	5,247,382	-	306,269	-	-	5,553,650
1.1 Financial leasing												
of which: without final purchase option												
1.2 Factoring	5,088,798	-	380,729	-	-	5,469,527	4,806,176	-	306,269	-	-	5,112,445
- with recourse	1,185,686		218,583		-	1,404,269	1,604,419		175,568		-	1,779,987
- without recourse	3,903,112		162,146		-	4,065,258	3,201,757		130,700		-	3,332,457
1.3 Consumer credit												
1.4 Credit cards												
1.5. Loans granted in relation to the payment services performed												
1.6 Other loans	486,544					486,544	441,206					441,206
of which: from enforcement of guarantees and commitments												
2. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
2.1 structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
3. Other assets	-	-	-		-	-	-	-	-		-	-
Total	**5,575,342**	**-**	**380,729**	**-**	**-**	**5,956,071**	**5,247,382**	**-**	**306,269**	**-**	**-**	**5,553,650**

L1= Level 1
L2= Level 2
L3 = Level 3

6.4 “Loans and Receivables": guaranteed assets

(thousands of €)

Breakdown	Total 31/12/2015						Total 31/12/2014					
	Due from banks		Due from financial institutions		Due from customers		Due from banks		Due from financial institutions		Due from customers	
	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG	VE	VG
1. Performing assets guaranteed by:												
- Leased assets												
- Factoring receivables	180,763	180,763	64,794	64,794	1,185,686	1,185,686	108,628	108,628	56,024	56,024	1,604,419	1,604,419
- Mortgages												
- Pledges												
- Unsecured guarantees					49,185	44,767					288,741	118,851
- Derivatives on receivables												
2. Impaired assets guaranteed by:												
- Leased assets												
- Factoring receivables					218,583	218,583					175,568	175,568
- Mortgages					3,352	3,290					3,646	3,585
- Pledges												
- Unsecured guarantees					7,354	3,284					6,959	3,019
- Derivatives on receivables												
Total	**180,763**	**180,763**	**64,794**	**64,794**	**1,464,160**	**1,455,610**	**108,628**	**108,628**	**56,024**	**56,024**	**2,079,334**	**1,905,442**

VE = book value of exposures
VG = fair value of the guarantees (for the type of guarantees outstanding it equates to the contractual value)

Section 10 – Tangible assets – Item 100

10.1 Tangible assets for business use: breakdown of assets valued at cost

(thousands of €)

Assets/Balances	31/12/2015	31/12/2014
1. Owned	**19,847**	**20,719**
a) land	13,186	13,186
b) buildings	4,739	5,113
c) furniture	243	337
d) electronic systems	1,457	2,083
e) other	222	-
2. Assets acquired under financial lease	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic systems	-	-
e) other	-	-
Total	**19,847**	**20,719**

10.2 Tangible assets held for investment: breakdown of assets valued at cost

(thousands of €)

Assets/Balances	31/12/2015				31/12/2014			
	Book Value	Fair Value			Book Value	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Owned	**2,871**		**2,871**		**3,017**		**3,017**	
a) for debt collection								
b) other								
- land	1,029		1,029		1,029		1,029	
- buildings	1,842		1,842		1,988		1,988	
2. Assets acquired under financial lease	**-**				**-**			
a) land	-				-			
b) buildings	-				-			
Total	**2,871**		**2,871**		**3,017**		**3,017**	

"Assets held for investment" are represented by certain leased parts of the owned property in Via Vittor Pisani 15, Milan and the property in Via Vittorio Veneto 7, Rome.

10.5 Tangible assets for business use: changes during the year

The tangible assets for business use of the company are all valued at cost.

(thousands of €)

		Land	Buildings	Furniture	Electronic systems	Other	Total
A.	**Gross opening balances**	**13,186**	**12,459**	**1,832**	**6,802**	**-**	**34,279**
A.1	**Total net impairment**		**(7,346)**	**(1,495)**	**(4,719)**		**(13,560)**
A.2	**Net opening balances**	**13,186**	**5,113**	**337**	**2,083**	**-**	**20,719**
B.	**Increases**			**21**	**65**	**222**	**308**
B.1	Purchases			-	35	222	**257**
B.2	Capitalised improvement costs						
B.3	Value writebacks						
B.4	Positive fair value changes booked to:						
	a) equity						
	b) income statement						
B.5	Positive exchange rate differences						
B.6	Transfers from properties held for investment						
B.7	Other increases		-	21	30		**51**
C.	**Decreases**	**-**	**374**	**115**	**691**	**-**	**1,180**
C.1	Sales			21	34		**55**
C.2	Depreciation		374	94	657		**1,125**
C.3	Value adjustments from impairment booked to:						
	a) equity						
	b) income statement						
C.4	Negative fair value changes booked to:						
	a) equity						
	b) income statement						
C.5	Negative exchange rate differences						
C.6	Transfers to:						
	a) tangible assets held for investment						
	b) assets undergoing disposal						
C.7	Other decreases					-	**-**
D.	**Gross closing balances**	**13,186**	**12,459**	**1,811**	**6,803**	**222**	**34,481**
D.1	**Total net impairment**		**(7,720)**	**(1,568)**	**(5,346)**		**- 14,634**
D.2	**Net closing balances**	**13,186**	**4,739**	**243**	**1,457**	**222**	**19,847**
E.	Valued at cost						

10.6 Tangible assets held for investment: changes during the year

The tangible assets held for investment of the company are all valued at cost.

(thousands of €)

			31/12/2015	
			Land	**Buildings**
A.	**Opening balances**		**1,029**	**1,988**
B.	**Increases**		**-**	**-**
	B.1	Purchases		
	B.2	Capitalised improvement costs		
	B.3	Positive fair value changes		
	B.4	Value writebacks		
	B.5	Positive exchange rate differences		
	B.6	Transfers from properties for business use	-	-
	B.7	Other increases		
C.	**Decreases**		**-**	**146**
	C.1	Sales		
	C.2	Depreciation		146
	C.3	Negative net fair value changes		
	C.4	Value adjustments from impairment		
	C.5	Negative exchange rate differences		
	C.6	Transfers to other asset portfolios:		
		a) properties for business use		
		b) non current assets undergoing disposal		
	C.7	Other decreases		
D.	**Closing balances**		**1,029**	**1,842**
E.	**Valued at fair value**			

In the financial statements, the value of the land is separated from the company's property located in Milan (Via Vittor Pisani), on the basis of the estimate of the company which appraised the property in 2000, assigning the land a value equating to 55% of the revalued historic cost recorded in the financial statements for the property (monetary revaluation as per Italian Law No. 342 dated 21 November 2000).

The value of the land for the property located in Rome (Via V. Veneto) has not been spun-off, since Ifitalia does not own the entire building.

The gross book value of the tangible fixed assets as at 31 December 2015 amounted to EUR 41,529 thousand, with a balance of accumulated depreciation totalling EUR 18,811 thousand.

Section 11 – Intangible assets – Item 110

11.1 Breakdown of item 110 "Intangible assets"

(thousands of €)

Items/Valuation	31/12/2015		31/12/2014	
	Assets valued at cost	Assets valued at fair value	Assets valued at cost	Assets valued at fair value
1. Goodwill	-	-	-	-
2. Other intangible assets:				
2.1 owned	**7,679**	-	**5,718**	-
- generated internally	1,572	-	1,481	-
- other	6,107	-	4,237	-
2.2 acquired under financial lease	-	-	-	-
Total 2	**7,679**	-	**5,718**	-
3. Assets pertaining to financial lease:				
3.1 unopted assets	-	-	-	-
3.2 assets withdrawn following termination	-	-	-	-
3.3 other assets	-	-	-	-
Total 3	-	-	-	-
4. Assets granted under operating lease				
Total (1+2+3+4)	**7,679**		**5,718**	
Total	**7,679**	**-**	**5,718**	**-**

The IT costs attributable to internal software development projects amount to EUR 1,572 thousand.
The intangible fixed assets also include "software licenses" for EUR 597 thousand (EUR 753 thousand in 2014) and "software development" for EUR 5,510 thousand (EUR 3,484 thousand in 2014).

11.2 Tangible assets: changes during the year

(thousands of €)

	Total
A. Opening balances	**5,718**
B. Increases	**3,417**
B.1 Purchases	3,417
B.2 Value writebacks	-
B.3 Positive fair value changes	-
- equity	-
- income statement	-
B.4 Other increases	-
C. Decreases	**1,456**
C.1 Sales	-
C.2 Depreciation	1,456
C.3 Value adjustments	-
- equity	
- income statement	-
C.4 Negative fair value changes	-
- equity	
- income statement	
C.5 Other decreases	-
D. Net closing balances	**7,679**

The purchases during the year, amounting to EUR 3,417 thousand, refer to capitalisations of IT costs, of which EUR 438 thousand (EUR 469 thousand in 2014) referring to capitalisation of internal effort.

Section 12 – Tax assets and tax liabilities

12.1 Breakdown of item 120 "Tax assets: current and prepaid"

(thousands of €)

	31/12/2014				31/12/2014			
	IRES	IRAP	other	total	IRES	IRAP	other	total
Current tax assets:								
- Tax advances	24,236	6,533	500	31,269	34,908	8,622	532	44,062
- Amounts withheld	391	-	-	391	172	-	18	190
- Tax credits pending rebate by the tax authorities	2,215	-	-	2,215	2,207	-	-	2,207
	26,842	**6,533**	**500**	**33,875**	**37,287**	**8,622**	**550**	**46,459**
Prepaid tax assets:								
- Writedowns of credits exceeding the deductible portion for the year	35,774	3,882	-	39,656	33,811	3,497	-	37,308
- Provisions for risks and charges	4,640	38	-	4,678	3,664	-	-	3,664
- Other	93	-	-	93	82	-	-	82
	40,507	**3,920**	**-**	**44,427**	**37,557**	**3,497**	**-**	**41,054**
Total	**67,349**	**10,453**	**500**	**78,302**	**74,844**	**12,119**	**550**	**87,513**

12.2 Breakdown of item 70 "Tax liabilities: current and deferred"

(thousands of €)

	31/12/2014			31/12/2014		
	IRES	IRAP	total	IRES	IRAP	total
Current tax liabilities:						
- Taxes for the year	17,217	4,180	21,397	24,531	6,634	31,165
	17,217	**4,180**	**21,397**	**24,531**	**6,634**	**31,165**
Deferred tax liabilities:						
- Amortisation/depreciation of tangible fixed assets	1,548	313	1,861	1,548	313	1,861
- Provision for employee termination benefits	55	-	55	55	-	55
- Tax writedowns of credits	-	-	-	-	-	-
	1,603	**313**	**1,916**	**1,603**	**313**	**1,916**
Total	**18,820**	**4,493**	**23,313**	**26,134**	**6,947**	**33,081**

12.3 Change in prepaid taxes (matching balance in income statement)

(thousands of €)

	31/12/2015	31/12/2014
1. Opening balance	**40,966**	**38,087**
2. Increases	**11,384**	**13,306**
2.1 Prepaid taxes recorded during the year	11,384	13,306
a) relating to previous years	40	
b) due to change in accounting policies		
c) value writebacks		
d) other	11,344	13,306
2.2 New taxes or increases in tax rates		
2.3 Other increases		
2.4 Other increases due to business combination		
3. Decreases	**8,023**	**10,427**
3.1 Prepaid taxes cancelled during the year	8,015	10,294
a) amounts reversed	7,988	9,920
b) writedowns due to non-recoverability		
c) due to change in accounting policies		
d) other	27	374
3.2 Reductions in tax rates		
3.3 Other decreases	8	133
a) transformation into tax credits pursuant to Law 214/2011		
b) other	8	133
4. Closing balance	**44,327**	**40,966**

The prepaid tax assets have been recorded in the financial statements on the basis of the supposition that taxable income will be generated against which the deductible timing differences can be used.

The increase of EUR 11,384 thousand mainly includes EUR 9,940 thousand for the non-deductible portion of receivables in 2015; the remaining EUR 1,444 thousand refers to various provisions for risks and charges. The reversed amounts totalling EUR 7,988 thousand relating to prepaid taxes cancelled during the year, concern, with regard to the two main items, the deductible portion of receivables (EUR 7,455 thousand) and the use of the risk and charges provisions (EUR 533 thousand).

12.3.1 Change in prepaid taxes pursuant to Law 214/2011 (matching balance in income statement)

(thousands of €)

		31/12/2015	31/12/2014
1.	**Opening balance**	**37,307**	**33,347**
2.	**Increases**	**9,940**	**12,057**
3.	**Decreases**	**7,591**	**8,097**
3.1	Amounts reversed	7,591	8,097
3.2	Transformation into tax credits	-	-
	a) from losses for the year		
	b) from tax losses		
3.3	Other decreases	-	-
4.	**Closing balance**	**39,656**	**37,307**

12.4 Changes in deferred taxes (matching balance in income statement)

(thousands of €)

		31/12/2015	31/12/2014
1.	**Opening balances**	**1,861**	**1,909**
2.	**Increases**	**-**	**-**
2.1	Deferred taxes recorded during the year	-	-
	a) relating to previous years	-	-
	b) due to change in accounting policies	-	-
	c) other	-	-
2.2	New taxes or increases in tax rates	-	-
2.3	Other increases	-	-
3.	**Decreases**	**-**	**48**
3.1	Deferred taxes cancelled during the year	-	48
	a) amounts reversed	-	-
	b) due to change in accounting policies	-	-
	c) other	-	48
3.2	Reductions in tax rates	-	-
3.3	Other decreases	-	-
4.	**Closing balance**	**1,861**	**1,861**

12.5 Changes in prepaid taxes (matching balance under equity)

(thousands of €)

		31/12/2015	31/12/2014
1.	**Opening balance**	**88**	**(6)**
2.	**Increases**	**12**	**94**
2.1	Prepaid taxes recorded during the year	12	94
	a) relating to previous years		
	b) due to change in accounting policies		
	c) other	12	94
2.2	New taxes or increases in tax rates		
2.3	Other increases		
3.	**Decreases**		
3.1	Prepaid taxes cancelled during the year		
	a) amounts reversed		
	b) writedowns due to non-recoverability		
	c) due to change in accounting policies		
	d) other		
3.2	Reductions in tax rates		
3.3	Other decreases		
4.	**Closing balance**	**100**	**88**

12.6 Changes in deferred taxes (matching balance under equity)

(thousands of €)

	31/12/2015	31/12/2014
1. Opening balance	**55**	**-**
2. Increases	**-**	**55**
2.1 Deferred taxes recorded during the year	-	55
a) relating to previous years		
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 taxes cancelled during the year		
a) amounts reversed		
b) due to change in accounting policies		
c) other		
3.2 Reductions in tax rates		
3.3 Other decreases	-	-
4. Closing balance	**55**	**55**

Section 14 – Other assets – Item 140

14.1 Breakdown of item 140 "Other assets"

(thousands of €)

	31/12/2015	31/12/2014
Guarantee deposits	12	21
Amounts receivable for supply of services/advance payments	62	123
Items in transit	361	400
Securities credited to customers subject to collection services awaiting	15,644	14,656
Other amounts receivable	18,239	14,467
Total	**34,318**	**29,667**

LIABILITIES

Section 1 – Payables – Item 10

Payables

(thousands of €)

Items	31/12/2015			31/12/2014		
	due to banks	due to financial institutions	due to customers	due to banks	due to financial institutions	due to customers
1. Loans	5,147,769			4,547,941		
1.1. Reverse repurchase agreements						
1.2 other	5,147,769			4,547,941		
2. Other payables	248,096		272,774	202,737		242,639
Total	**5,395,865**	**-**	**272,774**	**4,750,677**	**-**	**242,639**
Fair value - level 1						
Fair value - level 2						
Fair value - level 3	5,395,865		272,774	4,750,677		-
Total fair value	**5,395,865**	**-**	**272,774**	**4,750,677**	**-**	**242,639**

Payables due to banks are almost entirely represented by the exposure to the Parent Company BNP Paribas.
Point 1.2 (Other loans due to banks) concerns loans falling due. Item 2 (Other payables to customers) concerns the payables due to transferors for the portion of the fee not advanced relating to without recourse loans/receivables.

Section 3 – Financial trading liabilities – Item 30

3.1 Breakdown of item 30 "Financial trading liabilities"

(thousands of €)

Liabilities	Total 31/12/2015					Total 31/12/2014				
	Fair Value			FV	NV	Fair Value			FV	NV
	L1	L2	L3			L1	L2	L3		
A. Cash liabilities	-	-	-	-	-	-	-	-	-	-
1. Payables										
3. Debt securities	-	-	-	-	-	-	-	-	-	-
- Bonds	-	-	-	-	-	-	-	-	-	-
- Structured										
- Other bonds										
- Other securities	-	-	-	-	-	-	-	-	-	-
- Structured										
- Other										
B. Derivatives	-	491	-	-	3,784	-	645	-	-	4,476
1. Financial derivatives	-	491	-	-	3,784	-	645	-	-	4,476
2. Loan derivatives										
Total	-	491	-	-	3,784	-	645	-	-	4,476

L1= Level 1
L2= Level 2
L3= Level 3
NV= Nominal/notional value
Fv = Fair value calculated excluding the changes on variation of the credit worthiness of the issuer with respect to the issue date.

3.3 "Financial trading liabilities": derivative financial instruments

(thousands of €)

Liabilities	Interest rates	Currencies	Investment securities	Other	Total 31/12/2015	Total 31/12/2014
1. Over the counter						
Financial derivatives						
- Fair value	491				491	645
- Notional value	3,784				3,784	4,476
Loan derivatives						
- Fair value					-	-
- Notional value					-	-
Total	491	-	-	-	491	645
2. Other						
Financial derivatives						
- Fair value						
- Notional value						
Loan derivatives						
- Fair value						
- Notional value						
Total	-	-	-	-	-	-
Total	**491**	**-**	**-**	**-**	**491**	**645**

Section 9 – Other liabilities – Item 90

9.1 Breakdown of item 90 "Other liabilities"

(thousands of €)

Description	Total 31/12/2015	Total 31/12/2014
Collections being registered	126,009	186,355
Amounts due to employees	1,369	1,869
Amounts due to the tax authorities	646	679
Amounts due to social security and welfare institutions	874	666
Payables and invoices to be received from suppliers and professionals	18,636	22,884
Liabilities due to transferors	17,737	18,678
Other payables	10,676	6,348
Advances from customers	20,986	44,200
Residual holiday entitlement fund	425	314
Expected loss for without-recourse credit risk recorded among commitments	1,705	794
Total	**199,063**	**282,786**

Section 10 − Provision for employee termination benefits − Item 100

10.1 "Provision for employee termination benefits": changes during the year

(thousands of €)

		Total 31/12/2015	Total 31/12/2014
A.	**Opening balances**	**5,361**	**6,771**
B.	**Increases**	**119**	**482**
B.1	Provision for the year	74	141
B.2	Other increases	45	341
C.	**Decreases**	**254**	**1,892**
C.1	Payments made	140	257
C.2	Other decreases	114	1,635
D.	**Closing balances (*)**	**5,226**	**5,361**

(*) The provision for employment termination benefits calculated in compliance with article 2120 of the Italian Civil Code equals EUR 5,226 thousand and represents the actual obligation towards the employees.

10.2 Other information

The provision for employment termination benefits reflects the company's commitment vis-à-vis all its employees as of the balance sheet date, and is a worker's right disciplined by Article 2120 of the Italian Civil Code, Italian Laws No. 297/1982 and No. 296/2006, the national collective labour agreement and the supplementary in-house agreement.
The closing balance of EUR 5,226 thousand represents the portion of employee termination benefits (TFR) accrued up until 31 December 2006, which have remained in-house and which will have to be disbursed by the Company to the employees in accordance with the previous statutory regulations.
The employees have the faculty to request the disbursement of an advance on the benefit (TFR) for a series of reasons established by law and internal regulations (costs for medical treatment, purchase of first home, etc.).
The provision in accordance with the matters envisaged by IAS 19 has been recorded as a benefit subsequent to the employment relationship with defined benefits, and determined using the actuarial method described in the Accounting standards.
For 2015, a discounting back rate of 1% was used, while in 2014 a discounting back rate of 1.5% was adopted.

Since 1 January 2013, the company has applied the new IAS 19 "Employee benefits" which amended the accounting treatment to be used by a company to account for the benefits disbursed to employees and the related supplementary information. Based on the new standard, in particular the company eliminated the corridor method and classified the re-determined value as other comprehensive income (OCI). The amount previously recorded off-balance sheet (in the "corridor") for the employee termination benefits was recognised in the provision matching balance under equity.

Section 11 – Provisions for risks and charges − Item 110

11.1 Breakdown of item 110 "Provisions for risks and charges"

(thousands of €)

	Total 31/12/2015	Total 31/12/2014
1. In-house pension funds		
2. Other provisions for risks and charges	12,835	11,254
2.1 legal disputes	10,615	9,140
2.2 personnel charges	2,220	2,114
2.3 other		
Total	**12,835**	**11,254**

11.2 Changes during the year of item 110 "Provisions for risks and charges"

(thousands of €)

		Pension funds	Other	Total 31/12/2015	Total 31/12/2014
A.	**Opening balances**	**-**	**11,254**	**11,254**	**12,875**
B.	**Increases**	**-**	**2,957**	**2,957**	**2,675**
B.1	Provision for the year		2,897	2,897	2,675
B.2	Changes due to passage of time		60	60	-
B.3	Changes due to variation in discount rate			-	-
B.4	Other increases			-	-
C.	**Decreases**		**1,376**	**1,376**	**4,296**
C.1	Use during the year		504	504	3,953
C.2	Changes due to variation in discount rate				-
C.3	Other decreases		872	872	343
D.	**Closing balances 31/12/2012**	**-**	**12,835**	**12,835**	**11,254**

Section 12 – Equity – Items 120, 150, 160 and 170

12.1 Breakdown of item 120 "Share capital"

(thousands of €)

Type	amount
1. Share capital	
1.1 Ordinary shares	55,900
1.2 Other shares	

The ordinary shares totalling 55,900 have been fully subscribed and paid up.

12.4 Breakdown of item 150 "Share premium reserve"

(thousands of €)

Type	amount
Share premium	
Share premium	61,799

The share capital and the share premium reserve have not changed with respect to 31 December 2014. Item 120, Share capital, now amounts to EUR 55,900 thousand and is made up of 55,900,000 shares with a par value of EUR 1 each

12.5 Other information

Breakdown and changes in item 160 "Reserves"

(thousands of €)

	Legal reserve	Statutory reserve	Other	Total
A. Opening balances	**11,180**	**366,670**	**11,599**	**389,449**
B. Increases	**-**	**60,519**	**-**	**60,519**
B.1 Allocations of profits	-	60,519	-	60,519
B.2 Other increases	-	-	-	0
C. Decreases	**-**	**-**	**26**	**26**
C.1 Uses	-	-	26	26
coverage of losses	-	-	-	0
distribution				0
transfer to capital				0
C.1 Other decreases	-	-	-	0
D. Closing balances	**11,180**	**427,189**	**11,573**	**449,942**

Breakdown and changes in item 170 "Valuation reserves"

(thousands of €)

		Available-for-sale financial assets	Tangible assets	Intangible assets	Hedging of financial flows	Special revaluation laws	Other	Total
A.	**Opening balances**	**-**	**-**	**-**	**-**	**5,870**	**3,104**	**8,974**
B.	**Increases**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	B.1 Positive fair value changes	-	-	-	-	-	-	-
	B.2 Other increases	-	-	-	-	-	-	-
C.	**Decreases**	**-**	**-**	**-**	**-**	**-**	**36**	**36**
	C.1 Negative fair value changes							-
	C.1 Other decreases	-	-	-	-	-	36	36
D.	**Closing balances**	**-**	**-**	**-**	**-**	**5,870**	**3,068**	**8,938**

With regards to the provisions of Article 2427 of the Italian Civil Code, No. 7 *bis*, the following table provides an analytical breakdown of equity items by origin, potential use and distributable nature. No use was made in the last three years.

(thousands of €)

Ifitalia S.p.A. - Financial Statements as at 31 December 2015

	Amount	Potential use		Amount available
Share capital	55,900	-		-
Capital reserve:				
Share premium reserve	61,799	A-B-C		61,799
Valuation reserve	8,938	-	(1)	-
Profit reserve:				
Legal reserve	11,180	B		
Statutory reserve	427,189	A-B-C		427,189
Stock options/Dspp/Freeshares reserve	102	A-B-C		102
FTA Reserve and Goodwill	10,442	A-B-C		10,442
Merger surplus	1,029	A-B-C		1,029
Profit for the year	44,534	A-B-C		44,534
Total	**621,113**	**-**		**545,095**

Key:
A: share capital increase
B: coverage of losses
C: distribution to shareholders
(1) As provided for by art. 6 of Legislative Decree no. 38 of 28 February 2005, the valuation reserves formed in accordance with IAS be distributed and are unavailable for allocation to capital, coverage of losses and the uses provided for by articles 2350 third section, 2357 first section, 2358 third section, 2359-bis first section, 2342,2478-bis fourth section of the Italian Civil Code

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interest – Items 10 and 20

1.1 Breakdown of item 10 “Interest income and similar income”

(thousands of €)

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2015	Total 31/12/2014
1. Financial assets held for trading				-	-
2. Financial assets at fair value					
3. Available-for-sale financial assets				-	-
4. Held-to-maturity financial assets				-	-
5. Receivables				-	-
5.1 Due from banks		724	35	759	1,282
5.2 Due from financial institutions		2,519		2,519	4,395
5.3 Due from customers		77,098	-	77,098	95,824
6. Other assets	X		1	1	3,154
7. Hedging derivatives	X	X		-	-
Total	**-**	**80,341**	**36**	**80,377**	**104,655**

The portion of interest accrued during the year for the positions which are classified as impaired as of the financial statement reference date amounted to EUR 5.4 million.

1.2 Interest and similar income: other information

The interest in item “5. Receivables” essentially refers to interest accrued for factoring activities on payments, advances to transferors and on extensions granted to factored debtors.

1.3 Breakdown of item 20 “Interest expense and similar income expense”

(thousands of €)

Items/Technical forms	Loans	Debt	Other	Total 31/12/2015	Total 31/12/2014
1. Due to banks	7,690	X		7,690	16,822
2. Due to financial institutions		X		-	-
3. Due to customers	-	X		-	60
4. Securities issued	X			-	-
5. Financial liabilities held for trading				-	-
6. Financial liabilities at fair value				-	-
7. Other liabilities	X	X		-	-
8. Hedging derivatives	X	X		-	-
Total	**7,690**	**-**	**-**	**7,690**	**16,882**

Section 2 – Commissions – Items 30 and 40

2.1 Breakdown of item 30 "Commission income"

(thousands of €)

Analysis	31/12/2014	31/12/2014
1. financial lease transactions		
2. factoring transactions	74,251	85,494
3. consumer credit		
4. merchant banking activities		
5. guarantees given		
6. services:		
- fund management for third parties		
- exchange brokerage		
- distribution of products		
- other		
7. collection and payment services		
8. servicing in securitisation transactions		
9. other commission		
Total	**74,251**	**85,494**

2.2 Breakdown of item 40 "Commission expense"

(thousands of €)

Detail/Sectors	31/12/2015	31/12/2014
1. guarantees received	1,076	978
2. distribution of services to third parties	-	-
3. collection and payment services	2,379	2,391
4. other commission	6,633	6,023
of which: brokerage	6,633	6,023
Total	**10,088**	**9,393**

Section 3 – Dividends and similar income – Item 50

3.1 Breakdown of item 50 "Dividends and similar income"

(thousands of €)

Items/Income	Total 31/12/2015		Total 31/12/2014	
	Dividends	Income from UCI units	Dividends	Income from UCI units
1. Financial assets held for trading	-	-	-	-
2. Available-for-sale financial assets	430	-	264	-
3. Financial assets at fair value	-	-	-	-
4. Equity investments:		-		-
4.1 for merchant banking activities				
4.2 for other activities				
Total	**430**	**-**	**264**	**-**

Section 4 – Net trading profit (loss) – Item 60

4.1 Breakdown of item 60 "Net trading profit (loss)"

(thousands of €)

Analysis	Capital gains	Trading gains	Capital losses	Trading losses	Net result
1. Financial assets	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-
1.2 Investment securities and UCI units	-	-	-	-	-
1.3 Loans	-	-	-	-	-
1.4 Other assets	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other liabilities	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	149	-	-	-	149
4. Financial derivatives	154	-			154
5. Derivatives on receivables	**-**	**-**			**-**
Total	**303**	**-**			**303**

Section 8 – Net value adjustments for impairment - Item 100

8.1 "Net value adjustments/writebacks for impairment of loans/receivables"

(thousands of €)

Transactions/Income components	Value adjustments		Value writebacks		Total 31/12/2015	Total 31/12/2014
	Specific	Portfolio	Specific	Portfolio		
1. Due from banks						
- for leasing						
- for factoring						
- other amounts receivable						
2. Due from financial institutions						
Impaired receivables acquired						
- for leasing						
- for factoring						
- other amounts receivable						
Other amounts receivable						
- for leasing						
- for factoring	(63)		1,346		1,283	(1,514)
- other amounts receivable						
3. Due from customers						
Impaired receivables acquired						
- for leasing						
- for factoring						
- for consumer credit						
- other amounts receivable						
Other amounts receivable						
- for leasing						
- for factoring	(48,679)	(5)	14,001	3,652	(31,032)	(33,849)
- for consumer credit						0
- loans secured by pledge						
- other amounts receivable						
C. Total	**(48,742)**	**(5)**	**15,347**	**3,652**	**(29,749)**	**(35,363)**

8.4 Net value adjustments for impairment of other financial transactions: breakdown

(thousands of €)

Transactions/Income components	Value adjustments		Value writebacks		TOTALE	TOTALE
	Specific	Portfolio	Specific	Portfolio	31/12/2015	31/12/2014
A. Guarantees given	(1,365)	(140)	346	248	**(911)**	**532**
B. Derivatives on receivables	-	-	-	-	**-**	**-**
C. Commitments to grant funds	-	-		-	**-**	**-**
D. Other transactions	-	-	-			
E. Total	**(1,365)**	**(140)**	**346**	**248**	**(911)**	**532**

Key
A= from interest
B= Other writebacks

Section 9 – Administrative expenses – Item 110

9.1 Breakdown of item 110.a "Personnel expenses"

(thousands of €)

Type of expense/Balances	31/12/2015	31/12/2014
1) Employees	**17,038**	**20,401**
a) wages and salaries	11,528	13,443
b) social security contributions	3,431	4,066
c) termination benefits	-	-
d) social security and welfare costs	-	-
e) provision for termination benefits	74	141
f) provisions for post-employment benefits and similar obligations:	485	601
- defined contribution	485	601
- defined benefit	-	-
g) payments to supplementary outside pension funds:	762	850
- defined contribution	762	850
- defined benefit	-	-
h) other expenses (net)	758	1,300
2) Other active employees	98	148
3) Directors and Statutory Auditors	124	126
4) Retired personnel	-	-
5) Expense recharges for employees seconded with other companies	(321)	(71)
6) Expense reimbursements for third-party employees seconded with other companies	2,628	2,644
Total	**19,567**	**23,248**

9.2 Average number of employees by category

	31/12/2015	31/12/2014
Employees	**219**	**280**
a) Executives	7	11
b) 3rd and 4th level managers	83	97
b) 1st and 2nd level managers	41	58
d) Remaining employees	88	114
Other employees	**21**	**10**
Total	**240**	**290**

9.3 Breakdown of item 110.b "Other administrative expenses"

(thousands of €)

Type of expense/Balances	31/12/2015	31/12/2014
Indirect expenses and dues	**1,300**	**1,268**
Sundry services rendered by third parties	**7,341**	**6,943**
Sundry services rendered by third parties (IT)	7,086	6,743
Sundry services rendered by third parties (Internal Auditing)	255	200
Fees for professionals	**3,754**	**4,240**
Fees for consultancy	1,405	1,545
Fees for legal and notarial costs	1,400	1,471
Fees for debt collection	841	1,171
Compensation to independent Auditors	108	107
Costs relating to properties/furniture	**419**	**777**
Postal, printed matter, surveillance of premises and stock values	**2,108**	**2,417**
Management expenses GFCC	**360**	**464**
Advertising and entertainment	**157**	**217**
Searches and information	**1,276**	**1,214**
Other expenses	**7,505**	**3,735**
TOTAL	**24,220**	**21,275**

The compensation for services rendered by the audit company, accrued in 2015, net of VAT and of the expenses incurred to carry out the work is summarised below: audit service EUR 84,000.

Section 10 – Net value adjustments/writebacks on tangible assets – Item 120

10.1 Breakdown of item 120 "Net value adjustments/writebacks on tangible assets"

(thousands of €)

Asset/Income component	Depreciation	Value adjustments for impairment	Value writebacks	Net result
1. Assets for business use	**1,125**	**-**	**-**	**1,125**
1.1 owned	**1,125**	**-**	**-**	**1,125**
a) land				-
b) buildings	374			374
c) furniture				-
d) operating assets	751			751
e) other				-
1.2 acquired under financial lease	**-**	**-**	**-**	**-**
a) land				-
b) buildings				-
c) furniture				-
d) operating assets				-
e) other				-
2 Assets held for investment	**146**	**-**	**-**	**146**
2.1 owned	**146**			**146**
b) buildings	146			146
Total	**1,271**	**-**	**-**	**1,271**

Section 11 – Net value adjustments/writebacks on intangible assets – Item 130

11.1 Breakdown of item 130 “Net value adjustments/writebacks on intangible assets”

(thousands of €)

Items/Value adjustments and writebacks	Depreciation	Value adjustments for impairment	Value writebacks	**Net result**
1. Goodwill	-	-	-	-
2. Other intangible assets	**1,456**	-	-	**1,456**
2.1 owned	1,456			1,456
2.2 acquired under financial lease				-
3. Assets pertaining to financial lease	-	-	-	-
4. Assets granted under operating lease	-	-	-	-
Total	**1,456**	-	-	**1,456**

Section 13 – Net provisions for risks and charges – Item 150

13.1 Breakdown of item 150 “Net provisions for risks and charges”

(thousands of €)

Analysis	Total 31/12/2015	Total 31/12/2014
PROVISIONS	**(2,265)**	**(1,739)**
Legal disputes	(2,265)	(1,739)
Revocation actions	(203)	
Pending disputes	(2,062)	(1,739)
Personnel charges		
Other provisions	-	-
USES	**850**	**3,772**
Legal disputes	*850*	*3,772*
Revocation actions	850	3,647
Pending disputes	-	126
Personnel charges	-	-
Other uses	-	-
INTEREST FROM DISCOUNTING BACK	**(60)**	**(300)**
Legal disputes	(60)	(300)
Revocation actions	(30)	(165)
Pending disputes	(30)	(135)
Total	- **1,475**	**1,734**

Section 14 – Other operating income and expenses – Item 160

14.1 Breakdown of item 160 "Other operating income"

(thousands of €)

Analysis	Total 31/12/2015	Total 31/12/2014
Other income		
Rental income	829	643
Other income	3,652	3,831
Other charges		
Losses for sundry causes		
Other charges	(1,110)	(1,190)
Total	**3,371**	**3,285**

Section 17 – Income taxes for the year on current operations – Item 190

17.1 Breakdown of item 190 "Income taxes for the year on current operations"

(thousands of €)

	Income components/Balances	31/12/2015	31/12/2014
1.	Current taxes	21,133	30,827
2.	Changes in current taxes for previous years	9	(1,137)
3.	Reduction in current taxes for the year	-	-
3.bis	Reduction in current taxes for the year for tax credits of which under Law no. 214/2011	-	-
4.	Change in prepaid taxes	(3,369)	(3,012)
5.	Change in deferred taxes		(48)
	Taxes for the year	**17,773**	**26,630**

17.2 Reconciliation between the theoretical tax liability and the effective tax liability in the financial statements

(thousands of €)

Analysis	IRES	IRAP
Economic result useful for calculating taxation	62,307	62,307
Permanent non-deductible differences	1,214	7,189
Permanent non-taxable differences	(12,072)	(3,155)
Total taxable income	51,449	66,341
Theoretical tax rate	27.50%	5.55%
Theoretical tax liability/recovery	14,148	3,682
Other differences	(30)	(27)
Effective tax liability as per financial statements	**14,118**	**3,655**

Section 19 – Income statement: other information

19.1 - Detailed breakdown of interest income and commission income

(thousands of €)

Transactions/Income components	Interest income			Commission income			Total	Total
	Banks	Financial institutions	Customers	Banks	Financial institutions	Customers	31/12/2015	31/12/2014
1. Financial leasing								
- property assets								
- movable assets								
- operating assets								
- intangible assets								
2. Factoring	*759*	*2,519*	*77,099*	*244*	*321*	*73,686*	*154,628*	*190,149*
- on current receivables	724	2,519	76,573	244	321	73,487	153,868	185,285
- on future receivables			525			199	724	1,677
- on receivables acquired definitely								
- on receivables acquired under nominal value								
- for other loans	35		1				36	3,187
3. Consumer credit								
- personal loans								
- targeted finance								
- loans on salaries								
4. Guarantees and commitments								
- commercial								
- financial								
Total	**759**	**2,519**	**77,099**	**244**	**321**	**73,686**	**154,628**	**190,149**

PART D – OTHER INFORMATION

Section 1 – Specific references to transactions carried out

B. FACTORING AND TRANSFER OF LOANS/RECEIVABLES

B.1 Gross and book values

B.1.1 Factoring transactions

(thousands of €)

Items/Counterpart		31/12/2015			31/12/2014		
		Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1.	**Performing assets**	**5,500,409**	**4,899**	**5,495,510**	**4,993,685**	**8,414**	**4,985,271**
	- exposures to transferors (with recourse)	1,433,170	1,953	1,431,217	1,774,040	4,969	1,769,071
	- factoring of future receivables	7,319	30	7,289	25,823	4,633	21,190
	- other	1,425,851	1,923	1,423,928	1,748,216	336	1,747,880
	- exposures to transferred debtors transferors (without recou	4,067,239	2,946	4,064,293	3,219,645	3,445	3,216,200
2.	**Impaired assets**	**673,378**	**283,419**	**389,959**	**574,137**	**267,590**	**306,547**
2.1	**Non-performing**	**265,939**	**175,308**	**90,631**	**264,036**	**172,509**	**91,527**
	- exposures to transferors (with recourse)	166,814	88,878	77,936	158,827	81,034	77,793
	- factoring of future receivables	-	-	-	6,405	3,971	2,434
	- other	166,814	88,878	77,936	152,423	77,063	75,360
	- exposures to transferred debtors (without recourse)	99,125	86,430		105,209	91,475	
	- purchases below nominal value	-	-		-	-	
	- other	99,125	86,430	12,695	105,209	91,475	13,734
2.2	**Unlikely to pay**	**333,291**	**105,325**	**227,966**	**229,842**	**90,702**	**139,140**
	- exposures to transferors (with recourse)	171,754	48,865	122,889	120,851	37,753	83,098
	- factoring of future receivables	-	-	-	12,017	4,514	7,503
	- other	171,754	48,865	122,889	108,834	33,239	75,595
	- exposures to transferred debtors transferors (without recou	161,537	56,460	105,077	108,991	52,949	56,042
	- purchases below nominal value	-	-	-	-	-	-
	- other	161,537	56,460	105,077	108,991	52,949	56,042
2.3	**Past due positions**	**74,148**	**2,786**	**71,362**	**80,259**	**4,380**	**75,879**
	- exposures to transferors (with recourse)	17,951	167	17,784	15,139	463	14,676
	- factoring of future receivables	-	-	-	-	-	-
	- other	17,951	167	17,784	15,139	463	14,676
	- exposures to transferred debtors transferors (without recou	56,197	2,619	53,578	65,120	3,917	61,203
	- purchases below nominal value	-	-	-	-	-	-
	- other	56,197	2,619	53,578	65,120	3,917	61,203
	Total	**6,173,787**	**288,318**	**5,885,469**	**5,567,822**	**276,004**	**5,291,818**

B.1.2 Purchase transactions for impaired receivables other than factoring

Nothing to report

B.2 – Breakdown by residual life

B.2.1 – With recourse factoring transactions: advances and "total loans/receivables"

(thousands of €)

Maturity	Advances		Total loans/receivables	
	2015	2,014	2,015	2,014
- on demand	205,154	342,849	673,255	840,232
- up to 3 months	723,481	910,670	2,100,629	2,628,602
- 3 to 6 months	199,144	233,806	529,426	493,723
- 6 months to 1 year	154,097	301,913	342,958	653,771
- beyond 1 year	367,949	155,400	310,568	80,392
- unspecified duration	-	-		
Total	1,649,825	1,944,639	3,956,836	4,696,720

B.2.2 – Without recourse factoring transactions: exposures

(thousands of €)

Maturity	Exposures	
	2015	2,014
- on demand	467,602	816,090
- up to 3 months	2,416,192	1,690,564
- 3 to 6 months	478,952	383,277
- 6 months to 1 year	521,642	183,033
- beyond 1 year	160,185	65,388
- unspecified duration	191,071	208,826
Total	4,235,644	3,347,179

B.2.3 – Purchase transactions for impaired receivables other than factoring

Nothing to report

B.3 – Changes in value adjustments

B.3.1 Factoring transactions

(thousands of €)

Item	Opening value adjustments	Increases				Decreases					Closing value adjustments
		Value adjustments	Losses from sale	Transfer from other status	Other positive changes	Value writebacks	Profits on disposal	Transfer to other status	Cancellations	Other negative changes	
Specific adjustments on impaired assets	**267,591**	**45,054**	**0**	**9,583**	**0**	**(10,821)**		**(9,583)**	**(685)**	**(17,720)**	**283,419**
Exposures to transferors	119,250	24,815		900	-	(4,953)		(900)	(210)	(992)	137,910
- Non-performing	81,034	7,843	-	900	-	(162)			(210)	(527)	88,878
- Unlikely to pay	37,753	16,972	-	-	-	(4,495)		(900)		(465)	48,865
- Past due positions	463	-	-	-	-	(296)					167
											-
Exposures to transferred debtors	148,341	20,239	-	8,683	-	(5,868)		(8,683)	(475)	(16,728)	145,509
- Non-performing	91,475	3,930	-	8,683	-	(1,718)			(129)	(15,811)	86,430
- Unlikely to pay	52,949	16,309	-	-	-	(2,852)		(8,683)	(346)	(917)	56,460
- Past due positions	3,917	-	-	-	-	(1,298)					2,619
											0
Portfolio on other assets	**8,414**	**0**	**0**	**0**	**0**	**(3,515)**					**4,899**
Exposures to transferors	4,969	-	-	-	-	(3,016)					1,953
Exposures to transferred debtors	3,445	-	-	-	-	(499)					2,946
Total	**276,005**	**45,054**	**0**	**9,583**	**0**	**(14,336)**		**(9,583)**	**(685)**	**(17,720)**	**288,318**

B.3.2 Purchase transactions for impaired receivables other than factoring

Nothing to report

B.4 – Other information

B.4.1 – Turnover of factored loans/receivables

(thousands of €)

Items	Total 31/12/2015	Total 31/12/2014
1. Without-recourse transactions	20,145,742	19,223,370
of which: purchases below the nominal value	-	-
2. With-recourse transactions	4,844,005	5,434,240
Total	**24,989,747**	**24,657,610**

Table drawn up in accordance with the standards illustrated in section A.2.3. "Loans/receivables – Classification".

B.4.2 – Collection services

(thousands of €)

Item	Total 31/12/2015	Total 31/12/2014
Loans and receivables collected in the year	596,750	655,982
Amount of loans and receivables at year end	127,374	140,513

B.4.3 – Nominal value of factoring contracts for future loans/receivables

(thousands of €)

Item	Total 31/12/2015	Total 31/12/2014
Flow of factoring contracts for future in the year	132,756	129,380
Amount of the contracts at year end	314,700	542,804

D. GUARANTEES GIVEN AND COMMITMENTS

D.1 – Value of guarantees given and commitments

(thousands of €)

Transactions		Amount 31/12/2015	Amount 31/12/2014
1)	Financial guarantees given upon first request	**187,776**	**242,368**
	a) Banks	36,709	38,946
	b) Financial institutions	66	
	c) Customers	151,001	203,422
2)	Other financial guarantees given	**-**	**-**
	a) Banks	-	-
	b) Financial institutions	-	-
	c) Customers	-	-
3)	Commercial guarantees given	**-**	**-**
	a) Banks	-	-
	b) Financial institutions	-	-
	c) Customers	-	-
4)	Irrevocable commitments to grant funds	**196,581**	**229,525**
	a) Banks	-	-
	i) certain to be called on	-	-
	ii) uncertain to be called on	-	-
	b) Financial institutions	-	-
	i) certain to be called on	-	-
	ii) uncertain to be called on	-	-
	c) Customers	196,581	229,525
	i) certain to be called on	-	-
	ii) uncertain to be called on	196,581	229,525
5)	Commitments underlying credit derivatives: protection sales	-	-
6)	Assets made to guarantee third party obligations	-	-
7)	Other irrevocable commitments	-	-
	Total	**384,357**	**471,893**

D.2 – Loans recorded in the financial statements due to enforcement

(thousands of €)

Exposures	31/12/2015			31/12/2014		
	Gross value	Value adjustments	Net value	Gross value	Value adjustments	Net value
1. Performing assets						
- from guarantees	**-**	**-**	**-**	**-**	**-**	**-**
- commercial						
- financial						
2. Impaired assets						
- from guarantees	**184,415**	**(127,872)**	**56,543**	**178,028**	**(128,222)**	**49,806**
- commercial						
- financial	184,415	(127,872)	56,543	178,028	(128,222)	49,806
Total	**184,415**	**(127,872)**	**56,543**	**178,028**	**(128,222)**	**49,806**

D.3 Guarantees given: status of risk undertaken and quality

(thousands of €)

Type of assumed risk	Not impaired guarantees given				Impaired guarantees given: non-performing				Other impaired guarantees			
	Counterguaranteed		Other		Counterguaranteed		Other		Counterguaranteed		Other	
	Gross value	Value adjustments	Gross value	Value adjustments	Gross value	Value adjustments	Gross value	Value adjustments	Gross value	Value adjustments	Gross value	Value adjustments
Guarantees given with assumption of risk of initial loss	-	-			-	-			-	-	-	-
- financial guarantees upon first request	-				-	-			-		-	
- other financial guarantees	-	-			-	-			-	-	-	-
- commercial guarantees	-	-			-	-			-	-	-	-
Guarantees given with assumption of mezzanine type risk	-	-			-	-			-	-	-	-
- financial guarantees upon first request	-	-			-	-			-	-	-	-
- other financial guarantees	-	-			-	-			-	-	-	-
- commercial guarantees	-	-			-	-			-	-	-	-
Pro rata guarantees given	-	-	186,702	- 177	-	-			-	-	1,578	- 327
- financial guarantees upon first request	-	-	186,702	- 177	-	-			-	-	1,578	- 327
- other financial guarantees	-	-			-	-			-	-	-	-
- commercial guarantees	-	-			-	-			-	-	-	-
Total	-	-	186,702	- 177	-	-			-	-	1,578	- 327

D.8 Changes in impaired guarantees given: other

(thousands of €)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
Increases:	-	6,543	-	-	-	-
- transfers from performing guarantees	-	15	-	-	-	-
- transfers from other impaired guarantees	-	-	-	-	-	-
- other increases	-	6,528	-	-	-	-
Decreases:	-	(8,297)	-	-	-	-
- outgoings to performing guarantees	-	-	-	-	-	-
- outgoings to other impaired guarantees	-	-	-	-	-	-
- enforcement	-	-	-	-	-	-
- other decreases	-	(8,297)	-	-	-	-
E. Other						
Total	-	(1,754)	-	-	-	-

D.9 Changes in unimpaired guarantees given

(thousands of €)

Amount of the changes	Financial guarantees upon first request		Other financial guarantees		Commercial guarantees	
	Counterguaranteed	Other	Counterguaranteed	Other	Counterguaranteed	Other
Increases:	-	28,705	-	-	-	-
- Guarantees given	-	26,841	-	-	-	-
- other increases	-	1,864	-	-	-	-
Decreases:	-	(82,574)	-	-	-	-
- guarantees not enforced	-	(82,574)	-	-	-	-
- transfers to impaired guarantees	-	-	-	-	-	-
- other decreases	-	-	-	-	-	-
E. Other						
Total	-	(53,869)	-	-	-	-

Section 3 – Information on the risks and the related hedging policies

3.1 CREDIT RISK

QUALITATIVE INFORMATION

1. General aspects

Factoring activities involve numerous services which can be structured in various ways by means of the with and without recourse factoring of commercial loans and receivables.

A peculiar feature of factoring transactions is the correlated involvement for various reasons of three parties, in short qualifiable as:

- The Factor (transferee);
- The Client (transferor);
- The Debtor (transferred party).

If observed from the standpoint of the underlying services, it is therefore a composite product, where the credit management, the guarantee of the debtor's solvency and the disbursement of advances on loans/receivables accepted under factoring can be combined in various ways.

Therefore, the assessment of the risk of the factoring transactions must be carried out by means of preliminary analysis of numerous factors such as: the solvency of the transferred debtors, the degree of fragmentation of the risk, the characteristics of the underlying commercial relationship, the transferor's ability to repay – in the event of disbursement of advances – also in light of the figures of the Bank of Italy's Credit Reference Bureau and the financial statements, ratings – internal or ECAI - on the party and/or associated companies, connections or simple dependence on Groups, supply difficulties, technological innovation which could place a product out of the market, etc.

Clearly these are appraisals which can only partly overlap with the lending activities carried out by the banks, indispensable for permitting an adequate control of the credit risk which partly expresses itself in aspects[3] not present in banking activities.

[3] Measurement of the asset risk: it is a wider concept of the measurement of the credit worthiness of the individual debtors factored, since it refers to the interaction of the individual names within the factored portfolio, whose risk profile is determined by the concentration of the debtors and their domestic-export nature, the ageing, DSO and payments terms, payment methods, statistics on bad debt, etc…;
Measurements of the "factorability" risk, associated with the nature and the characteristics of the supply relationship being factored, which influences the aptitude of the transferred receivables to self-liquidate, especially with reference to a hypothetical terminal phase of said relationship. This risk is appreciable from the analysis of the subject matter of the supply and the type of debtors involved, the invoicing process and the statistics relating to the invoices (number, amounts...), the contracts, etc...
Measurement of the concentration risk of the relationship, this includes itself between the asset risk and the factorability risk, since in the factoring transaction one of the most significant risk mitigation factors is represented by the numerousness of the commercial relationships with the parties granted credit which it is possible to place under observation and on which it is possible to intervene. In fact, a good diversification not only permits the portfolio factored to "survive" the default of one or more debtors, but also contributes towards isolating and containing any problematic issues linked to the commercial transactions underlying the factored receivables and limits the impact of potential fraud;
Measurement of the facility risk, associated with the contractual and operating features of the factoring transaction which contribute to determining the related risk profile. It requires the assessment of the reason for the technical form proposed and the opinion on the ongoing operations (for example, global transfer vs. spot transfer, confidential vs. disclosed, QN vs. recognition, invoice forwarding method, accompanying documents, dunning).
Where several products are offered and/or several transactions where the customer undertakes the twofold role of transferor and transferred debtor, these situations may give rise - from a conceptual standpoint - to a correlation risk between the transactions understood as the possibility of unexpected changes in the overall risk of the transaction due to the correlation between the risks deriving from the characteristics of the various transactions offered to the customer (the latter what is more appears particularly complex to identify and quantify).

With regard to the provision of the above services, the factor may undertake the credit risks in different ways, in turn possible to break down into certain elementary types:

- credit risk in the strict sense, represented by the risk of loss due to default of the debtors[4];
- dilution risk, which involves the possibility, within the sphere of the trade receivables acquired, that the sums owed by the factored debtor decrease as a result of the nettings or allowances deriving from returns, disputes concerning product quality, promotional discounts or of another type;
- commingling risk, which emerges in loan/receivable acquisition transactions each time the funds due to the factor may be confused with those of the transferor;
- late payment risk, which may occur if the without recourse guarantee is also extended to the payment by the debtor as at a pre-established date (so-called conventional expiry).

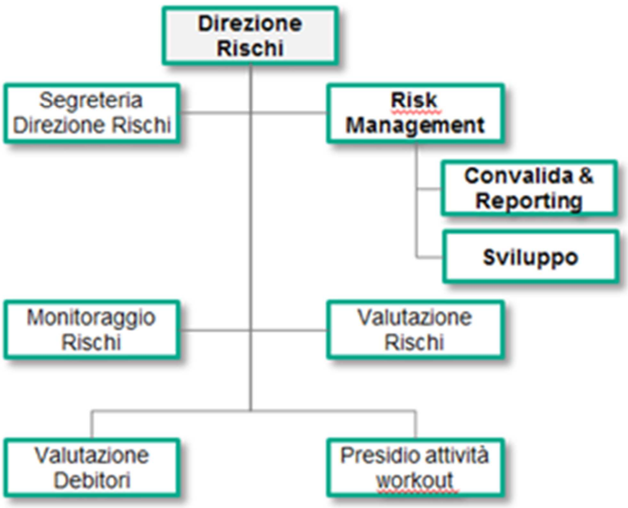
The internal control system set up by the company proposes to mitigate the manifestation of the above risks, emergence of which could lead to losses.

The planned progressive integration towards the Parent Company's credit risk control model, in addition to the emergence, for some years, of exceptional macro-economic factors which have required and request measures to be taken, including legislative, by the Regulators, who have encouraged the introduction of a progressive implementation of the credit risk control process.

2. Credit risk management policies

Organisational aspects

The organisational set up of the Division is as follows:



Direzione Rischi: Risk Division; Segreteria Direzione Rischi: Risk Division Office; Monitoraggio Rischi: Risk Monitoring; Valutazione Debitori: Debtor Assessment; Convalida & Reporting: Validation & Reporting; Sviluppo: Development; Valutazione Rischi: Risk Assessment; Presidio attività workout: Workout Activities Unit

The Head of the Risk Division, acting as pertinent risk control Unit, is appointed by the Board of Directors, having consulted the audit body; the same answers functionally to the Board of Directors and has a functional relationship with the Italy Risks Manager at Group level (Country Chief Risk Officer).

[4] I.e., those vis-à-vis whom the factor has risks which must be discharged by those counterparties; therefore, these also include transferors for advances received.

The Permanent Controls are present in two units - on the staff of the Risk Manager - and are carried out by the Risk Management Dept. and the Risk Monitoring Dept.. The Risk Division Office unit gathers together the secretarial activities, on the staff of the Risk Manager. The remaining units which the Division is divided up into are line placed.

The Risk Division

- it oversees the processes relating to the undertaking of the credit risk and ensures the maintenance of the customer portfolio quality over time in keeping with the corporate and BNP Paribas Group objectives and strategies.
- it handles the doubtful positions, co-ordinating at BNP Paribas Group level.
- it ensures constant monitoring of the credit risks and those envisaged within the sphere of the ICAAP process for the spheres of competence.
- it ensures, in co-ordination with the competent BNP Paribas Group Units, the definition and maintenance of the methods and instruments aimed at identifying, measuring, assessing and handling the credit risks.

As from 1 May 2015, further to the outsourcing to Business Partner Italia S.C.p.A. of the activities within the Workout sphere, the Debt Collection unit has been outdated with the creation of the Workout Activities Unit.
The Head of the Workout Activities Unit performs the role of Contact for the services outsourced within the Workout sphere (Problem asset management; Servicing on behalf of third parties and Public Administration management; Revocatory action, Lawsuit management and of any positions subject to Complaints; Planning, operational management and monitoring).
The general mission is established by means of the Business Units indicated above, whose missions are summarised below.

The Risk Division Office

- it supports the Sales Division, the Valorisation Division and the Debtor Assessment service for the handling of the transferor and debtor approval procedures for the Credit Committee seeing to the forwarding of the documentation for which the opinion of the competent units of other Entities of the BNPP Paribas Group has been requested and follows the outcome seeing to any changes laid down.
- it supports the Risk Manager in the preparation of the proposals for variations to the application of the provision standards on past due positions authorised by the Default Committee.
- it gathers together the proposals for the reclassification of status as without recourse transferors and debtors and submits them for the examination and authorisation of the decision-making Bodies seeing to the registration in the company information system of the change of status resolved with regard to the without recourse debtors.
- it sees to the input in the information system of the results of the resolutions of the Rating Override process.
- it sees to the handling of the flow of requests of the active customers of all the markets relating to the issue or amendment of without recourse limits guaranteeing, directly or via the use of services, the correct registration of the same and the related assignment to the structures tasked with the assessment of the corresponding risks.
- it sees to the handling of the flow of requests of the potential customers deriving from the approval of the without recourse Feasibility Reports (opinions) guaranteeing, directly or via the use of services, the correct registration of the same and the related assignment to the structures tasked with the assessment of the corresponding risks.
- it sees to the safekeeping of the documents acquired that support the approval process and decision-making activities; it sees to the handling of the service relating to the documental archiving insofar as it is responsible.
- it sees to the handling of the limits subordinated to the acquisition of accessory guarantees in co-ordination with the Management Division.
- it ensures for the approved limits, the control of the correctness of the data input in FIS, by means of a comparison between the data summarised in the table and the original resolutions received from the Debtor Assessment service.
- it sees to the handling of the restrictive measures resolved for the without recourse risks (revocations/reductions) performing the related tasks (registration in FIS, telegram to the transferor, etc.).
- it ensures the adjustment of any errors detected in the FIS company information system relating to the processing of without recourse limits.

- it ensures the transmission to the customers of the *ad hoc* reports drawn up by the IT Division.
- it executes, directly or with the support of the other units of the Division, the requests received from other Divisions or from BNL/BNPP.

Risk Monitoring Department

- it sees to the definition, planning and monitoring of the credit control activities;
- it makes sure that the facilities granted are regularly used with respect to the resolution reached at the time and the progression of the risk elements expressed by the development of the relationship.
- it checks the periodic changes which worsen the internal ratings of transferors and debtors for the purpose of indicating to the owners the appropriateness of the review of the relevant positions.
- it checks that, as part of the process of deviation from the application of the company standards of allocation, the set schedule is respected and supporting documents are created that are in line with expectations.
- it monitors the achievement of the lending objectives in the activities of disbursement and management of lending positions, reporting any critical issue to the Divisions concerned.
- it conducts checks regarding the lending process and the management of the relationship based on internal regulations.
- it checks the consistency between management and information indicators which coincide on the correct representation of the credit risk (group surveys, status, rating, valuation systems).
- it contributes, in line with the rules of the BNP Paribas Group and together with the competent Divisions, to the planning, application and maintenance of the procedures aimed at overseeing the credit risks.
- it controls the consistency of the risk status classifications of the positions with the BNP Paribas Group approaches and the Banking System, reporting any misalignment to the competent Divisions.
- it ensures a periodic flow of information towards BNL to allow the consolidation - at BNP Paribas Group level - of the data regarding credit monitoring.
- it ensures that specific reports are prepared for the Top Management and/or the boards, on specific anomalies provided for by the credit-related corporate regulations.
- it sees to the preparation of summary reports for Top Management and/or the boards on the type of events found and the effectiveness shown in the corrective activities according to purposely defined parameters.
- it reports any operational incidents identified within the sphere of its permanent control activities to the Compliance Division.

Risk Management Department

The organisational unit is divided up into two spheres with separate teams and responsibilities.
The Pillar 2 Product and Controls / Models Development Sphere sees to the activities associated with the development of the risk measures with regard to Ifitalia while, for the part developed by the BNL skill centre, it performs a support function for the implementation, application, applicative monitoring and periodic up-dating of said analysis as well as support for the issue of the regulations relating to its sphere.
This sphere's mission also includes the control on the second Pillar risks, where considered significant by Senior Management, as well as the analysis with regard to the development on new products in terms of impact on the level of risk and support for the achievement insofar as it is responsible.
In conclusion, it works together with the Finance Division in the ICAAP process insofar as this fall under the responsibility of the Risk Division.

The Reporting and Models Validation Sphere, in co-ordination with the corresponding units of DR BNL,

- with regard to Model Validation, defines the validation guidelines for the credit risk models on a consistent basis with the guidelines of the BNP Paribas Group, follows the development of analysis methods for the validation of the afore-mentioned models and performs the second level validation/qualification (initial and periodic) of the local/central risk parameters for the purpose of checking the reliability of the results and the persistence of the coherence with the legislative requirements and the evolution of the reference market. It ensures the monitoring of the performances and the accuracy of the estimates produced by the local models following the overcoming of any critical aspects detected within its activities. Account is provided of these activities to the Company's Governance and Control Bodies seeing to the drafting of specific periodic disclosure. In conclusion, it collaborates within the sphere of the above activities for the correct implementation of the algebra underlying the local estimation models with respect to the validated versions.

- with regard to the reporting activities, it sees to the implementation of a control reporting system intended for Senior and Top Management on the performance of the quality of the assets (e.g. changes in asset quality, shortcuts/excesses on LGD with respect to the coverages in NPL, changes in the distribution of EL by product / responsibility centre, significant changes in the granularity of the portfolio risk, analysis with focus on the change of the significant sector risks, drafting of the information destined for the Risk Policy Committees, etc.), it provides the necessary disclosure support to management so that it can carry out its functions within the sphere of the budgeting and periodic audit process vis-à-vis the same (so-called forecast), as well as disclosure support for the performance of the risk cost control activities carried out by management (so-called Action Plan) and in conclusion ensures its support for the consolidation process for the country risk limits of BNP Paribas in co-ordination with the Brussels GFCC.

Both the spheres of activities direct and collaborate with the IT Division, insofar as they are responsible, in relation to the development and maintenance of the databases necessary for the implementation of their analysis objectives.

Risk Assessment

- it analyses the transferor and related with-recourse debtor approval procedures established by the Sales or Valorisation Division according to the methods envisaged by the “4Eyes” process, in particular:
- it provides risk opinions on the without recourse debtor and transferor risks assessing the consistency with the lending policies of the Company and the BNP Paribas Group, as well as with the internal regulations in force, as well as validates the without recourse debtor and transferor risk measures (rating and GRR).
- it supports the Default Committee in the application of the deviations from the Company Allocation Standards, expressing the Risk Opinion on the departure proposals put forward.

Debtor Assessment

- it prepares and assesses the without recourse Debtors procedures and oversees the quality of these risks over time, in particular:

it resolves within the authorised limits or submits the without recourse risks to the competent bodies;

- it sees to, directly or via the use of services, the registration of the results of the resolutions relating to the without recourse limits and any reinsurance of the same in the Electronic Procedure or in the FIS company information system;
- it sees to the handling with the credit insurance companies of the requests for granting, renewal or revocation of the individual insurance coverage;
- it sees to the review of the without recourse risks outstanding;
- it examines the prepayment plans proposed or the requests for related extensions submitting them to the competent bodies for authorisation;
- it adopts restrictive measures aimed at safeguarding the risk undertaken by means of decreases, changes and revocations of the without recourse limits;
- it sees to the up-dating of the map of the Associated Customer Groups and their composition in a co-ordinated manner with the other company structures and the other Entities of the BNP Paribas Group;
- it sees to the main without recourse debtor risk concentration also by means of the assignment of portions of Major Debtor Limits or Debtor Group Limits seeing to the registration in the FIS company information system of the results of the related resolutions and carrying out the appropriate controls in observance of the limits approved;
- it analyses the periodic pejorative changes in the internal ratings of the risks it is responsible for, for the necessary decisions;

- within the sphere of the management of the counterparty risk:

- it supports the Head of the Department in identifying new credit insurance policies or reviewing the ones in place;
- it verifies the calculation and authorises the payment of the reassurance policy premiums, the services provided by external providers and information agencies;

– it draws up suitable disclosure for the Owners with regard to the requirements of the *pro tempore* policies in force so as to permit the correct operational handling;
– it monitors the suitability of the CPAs resolved vis-à-vis the Foreign Correspondents and Insurance Companies with respect to the outstanding risks seeing to the Annual Review process;
– it defines the new facility measures in agreement with the other corporate Divisions.

Workout activities Unit

It oversees the activities outsourced within the Workout sphere, periodically monitoring the observance of the service levels/execution times, the trend in the relationships with third parties, any problematic aspects emerging and the identification of the appropriate solutions, and produces the related reporting.

The Management, Measurement and Control Systems

The Internal Rating System (IRS)

The Ifitalia IRS, established since 2005, has undergone a progressive change which continued during 2016 as reported within the sphere of the activities associated with the Basel 2 Programme. The Probability of Default (PD) models which apply to the Corporate, SME Corporate and SME Retail spheres, adopt a method essentially in line with the Group standards and apply the notion of regulatory default.

All the previous, current and future releases safeguard the principle of the uniqueness of the rating value through an integration process of the same values with those expressed by the BNP Paribas banking network which are used, each time they are present, as a driver in the loan process. In line with the other realities of the BNP Paribas Group, a single master scale is used to assess the one-year PD of the counterparties included in the application scope of the models.

The PD models in use until December 2015 are a management control instrument; they have no functions within the sphere of the determination of supervisory capital requirements since our Company is a credit institution which for now applies the Standard Method. The existing Ifitalia IRS is based on statistical models weighted by debtors segments into the classifications envisaged by the internal rating method. The same models, integrally developed inside the company, though in coordination with the Group's application logics, consider, for their operation, pertinent variables of a financial and performance nature. The default probabilities obtained are corrected to consider the influence of the economic cycle in a way to reduce its influence and the procyclicity. The SME Retail part adopts estimation methodologies with the construction of HCR (Homogeneous Class of Risk) in line with the Group's standards.

The performance of the models is monitored by the responsible divisions in order to ensure their consistency over time and activate any corrective actions. The master scale adopted ranks the customers into 10 classes for the performing part and two classes for the default part which includes past due, problem, restructured positions and non-performing positions.

The risk managers and the principals of the approval process are allowed to request a review of the internal rating in accordance with a normed process which entrusts the Risk Manager with the authority to accept or refuse the related requests, each of which must be duly and promptly justified. The rating value normally updates automatically if, in the source environments, a new set of financial statements are loaded or information is received from the Credit Reference Bureau.

The statuses expressed by the Parent Company on shared customers have direct effects on the internal classification, with particular reference to the various degrees of impairment. As regards the other risk measures, which make up the IRS together with the PD, it is hereby revealed that the Loss Given Default (LGD) is used in the reporting to management, with special reference to the analyses highlighting the distribution by expected loss and the consistency with the coverage levels (shortcut / excess).

Refining this parameter as well as the observation of the dilution risk have allowed the use of both in the allocation process on performing loans (collective writedown) where the group methodology was adopted for the purposes of the financial statements. Finally, the danger rates observation process allowed the global allocation amount to be objectively quantified, if applied.

Credit risk management policies

- Reporting

The reporting process drawn up by the Risk Management Dept. expresses itself under the form of periodic disclosure addressing the Risk Policy Committees (RPC)[5] of the BNPP Paribas Group, the Senior Management and the first level of responsibility of company management, and contains, among other things, qualitative-quantitative type information on the portfolio risk and the level of sector-related concentration. In compliance with the credit policies expressed by the Group, periodic disclosure has also been prepared for the process Owners with the aim of facilitating observance of the indicated limits and permitting periodic reporting. Additional reports are drawn up by the Risk Monitoring Dept. also intended for Senior Management – subject to discussion if necessary with the process Owners – with the aim of informing the same on observance of certain aspects of the credit process deemed to be particularly critical, also in relation to the indications received from the Parent Company. The implementation of reporting practices, already started in 2012, continued through the creation of additional reports addressed to the management, with the main objective of increasing the controllability of the asset quality and consequently the risk cost. Included in this approach are the fine tuning of operating statuses through their simplification, the switch to detecting the performing and past due status for counterparties and the contextual activation of the new process to calculate the collective and global impairment integrally by counterparty and with the use of the internal rating system. The reporting system was implemented in parallel with the objective of providing: greater overall support to the budgeting and forecasting process with reference to the Risk Cost in its various components; more extensive operating and control disclosure with reference to the collective and global part of the Risk Cost.

- Delegation system

The system of lending powers systematically supplements the use of the rating in the credit authorisation process with a depth in the structure of the exercise of the authorisation in relation to the expected loss levels.

The decision-making process, taking into account Ifitalia's merger within the BNP Paribas Group, has adopted the Group model.

This model entails the involvement of two organisation chains in the credit granting process: a "commercial chain[6]" and a "risk chain[7]". According to this process, all the resolutions regarding lending relating to the with-recourse transferor and debtor risk are undertaken by the commercial chain which avails itself of the support of a team of specialized credit risk analysts, who express credit opinions (so-called risk opinions) on the credit proposals drawn up.

By means of this constant and joint assessment of the transferor proposal, by the commercial chain and the risk chain, the credit process has been defined as "4 Eyes".

---

[5]Credit Policy Committee

[6]"Commercial chain" means the business units of the Sales Division and the Valorisation Division tasked with initial approval/decision-making activities.

[7]"Risk chain" means the business units of the Risk Division tasked with credit risk assessment activities in the initial approval process.

The 4 Eyes organisational process applies at every decision-making level, from the lowest (Zone) up to Head Office and, in the event of disagreement between the commercial opinion and the lending opinion, the concept of resolution escalation applies at all levels, on the basis of which the decision is referred to the higher decision-making body.

Resolution escalation applies each time the risk opinions express a more restrictive (or negative) lending opinion with respect to the proposed transaction and the decision-making body identified by the lending powers does not intend to comply with the risk opinion expressed.

With regard to the without recourse debtor role, it was preferred that the initial approval process and part of the decision-making activities be maintained within the Risk Division as per the assigned powers.

Both with regard to the without recourse debtor and transferor role, the power delegations take into account not only the absolute amounts but also the internal rating values expressed by the Group and by the internal rating system for the debtor customers which are not agreed on.

In any event, the collective Decision-making Bodies (Credit Committee and Board of Directors) are entrusted all the risks involving greater amounts which in any case are subject to examination also by the Parent Company for the amounts of greatest significance or which, due to lender type, are reserved for the exclusive competence of the Board of Directors.

- Lending policies

The structure of the lending policies supplements the strategic guidelines formulated by the Parent Company's Risk Policy Committee (RPC), aimed at supporting and guiding the factoring activities at Group level where Ifitalia works in a network that covers most European countries. The Board of Directors is regularly informed about these approaches.

- Supervision of performing and past due loans/receivables

The credit risk control process - called Systematic Supervision - was implemented with continuous efficiency improvements suggested by use of the process.

The systematic supervision system takes and adapts to the factoring context the "IPEG" and "Watch List" procedure already in use at BNL, called "IFIPEG".

We hereby confirm that "Systematic Supervision" is the set of rules, management and monitoring processes for the individual customer risk positions (transferors and debtors) aimed at ensuring constant recognition and assessment of the risk, the consequent classification and the timely and effective application of management strategies aimed at minimising the impact deriving from the deterioration of the risk, with a view to preserving the quality of these credit assets.

The main aim of the systematic supervision is therefore to prevent, contain and reduce to a minimum the corporate exposure customers with a deteriorated risk.

Systematic Supervision entails:

- on-going classification of the customers, by virtue of which the customer base must be permanently classified in relation to the current and forecast risk, making a distinction between low risk customers and high risk ones;
- focus on customers subject to increasing risk, whose main objective is the anticipatory handling of the deterioration of the loan quality as well as its permanent and on-going monitoring;
- action plans, focused on the reduction/requalification of the risk vis-à-vis high risk customers.

The customer enters the systematic supervision process when it is possible to apply a risk assessment and consequent management action to the same.

Therefore, the customer enters the Systematic Supervision process when:

- a limit is granted or resolved or when an exposure emerges;
- when they are reclassified as performing, non-default problem positions or restructured, originating from a default problem or non-performing status;

leaves the process when:

- the conditions which took the party to the highest values of the supervision process cease to exist;
they do not have dealings with the company;
- they are classified under default problem or non-performing status.

Systematic supervision of the customer's credit performance, as per the above guidelines, takes into account the specificities associated with the type of customer and the reference market/product. The "box" intended to implement systematic supervision, for the more significant positions, is defined as the "Watch List".

The Watch List is a list of the positions which present performance-type anomalies and/or anomalous risk profiles and involve specific monitoring and require sharing, and/or indicate the need for a joint decision in the definition of a specific Action Plan or a particular measure.

The inclusion of the positions to be subjected to supervision follows "objective" and "subjective" criteria, the latter referable to non-standardized information not automatically processed from data flows but by no means less relevant in terms of credit risk for this purpose.

The process has been structured so as to be flexible, since it is envisaged that the change in the criteria may at any time be required due to the emergence of new risks and/or a change in the credit risk control strategies upon the indication of the Operators or Permanent Controls, without prejudice to the prior authorisation of the Head of the Risk Division.
Each anomaly is associated with a number – colour, where the highest number indicates the most serious anomaly combinations.
The presence of certain anomalies, their related size, their persistence over time and/or their combination can be a factor considered to increase the classification and lead to an automatic inclusion in the Watch List.
The above does not exempt the owners – within the sphere of the responsibilities defined by the respective legal systems – from submitting the necessary plans for containing the exposures to checking, as well as drawing them up, for all the positions which have objective or subjective features which have led to the evaluation of the assigned colour.
According to the application of a proportionality principle, the Action Plans for linking the individual positions to a colour/number which indicates a lower anomaly level are subject to authorizations of a gradually higher level.
The Action plans on the most significant positions (Watch List) refer to dedicated sessions of the Risk Monitoring Committee, whose mission in indicated in detail further on.
The process is being fully reviewed within the sphere of the process for the implementation of the new IFIPEG 2.0 tool mention of which is made within the sphere of the achievements expected during 2016.

Organisation of the Committees

For the purpose of ensuring an integrated management of the processes, the company has provided itself with an organisational structure which envisages the meeting of Committees where the company units concerned are from time to time called to provide their contribution in an integrated manner.

The following is indicated in particular:

Credit Committee

It decides on the granting of loans and authorises the disbursements of the same, within the limits of the powers granted.

It expresses opinions regarding lending on a consistent basis with the matters established in the delegated powers and approves, upon the proposal of the General Manager and within the maximum limits established by the Board of Directors, the decision-making and also administrative sub-delegation and use of the credit facilities, also name registered, to be assigned to certain defined company roles.

Non Standard Product Validation Committee

It authorises all the "Non standard products", these being understood to be those which cannot be activated, marketed, controlled, handled or registered for reputational, accounting, tax-related, supervisory and risk and management control purposes in accordance with current practices and legislation.

The Committee is responsible for assessing the impacts:
- on the risk components and on the system of controls;
- on the accounting, administrative and commercial reporting processes/systems;

relating to finance and supervision;
- on the tax-related aspects;
- on the legal and reputational aspects;
- on the IT systems and/or on the infrastructural components;
- on the distribution processes;
- on the organisational aspects.

Risk Monitoring Committee

The Risk Monitoring Committee, on a consistent basis with the Group model, is an analysis and decision-making body which ensures the integrated supervision of the significant risks, also with a view to valuation of the level of adequacy of the available capital.

This Committee is the venue in which company Management discusses the valuation of the risks carried out by the competent Units and assesses the mitigation action proposed by the Units responsible individually or jointly.
Furthermore, the company control Units share the results of the respective activities within said Committee.
The Committee therefore represents one of the main venues in which - for the sphere of competence of the same - control is exercised by the Risk Control Units, and represents a point of business synthesis which ensures a single view of the risks.
Specifically, the Committee is responsible for:

- examining the performance of the impairment on the performing portfolio;
- approving the Operational Plans for Control of the risks, prepared by the responsible Units;
- assessing the corrective action plans proposed by the competent units for the positions included on the watchlists on a consistent basis with the processes defined at BNP Paribas Group level;
- directly carrying out, if necessary, the downgrading of the rating assigned to the customer;

assessing the action/initiatives for the mitigation of the risks and for the amendment of the developmental trends of the activities for the containment of the risks and the RWAs;

- providing a global and systematic vision of the situation within the sphere of the permanent control system and of the operational risk;
- analysing and acquiring collective decisions with regard to the permanent control system and the operating risks;

- supporting the Business Continuity manager in the recognition, sharing and validation of the information and the initiatives aimed at the maintenance of the Business Continuity solutions;
- ensuring an integrated communication flow on the significant risks: gathering together and examining the reports relating to the trend of the adequacy of the available capital (ICAAP) and of the significant risks drawn up by the competent company Units; communicating the outcome of the discussions to the BoD, formalised in specific reports;
- supervising, in an integrated manner, the current and forecast trend of the risk profile and the level of capital adequacy of the Company, assessing the action/initiatives for the mitigation of the risks and for the amendment of the developmental trends of the activities for the containment of the risks and the RWAs;
- ensuring the supervision of the supplier risk so as to efficiently manage any problematic aspects deriving from the commercial dealings with the same, ensuring the quality and continuity of the related activities.

Default Committee

The Default Committee is a body that analyses and resolves on lending disputes and the recovery or loss forecasts.

This Committee works through two internal sessions: ***Ordinary*** (assesses and resolves the reclassification of the risks exceeding EUR 3 million from performing and non-performing, assesses any deviation from the global Past Due and Unlikely to pay provision determined by the level of the past due positions (so-called Automatic IPA/IP), assesses and resolves allocations to provisions for risk starting from EUR 600 thousand and ***Stock*** (assesses the management activity of the risk positions with the Debt Collection Dept. with financial exposure starting from EUR 3 million). Promptly reports its decisions to the Risk Division of Bnl.

Non-performing loans/receivables and recovery process

The supervision of the recovery process for impaired positions – except for past due and restructured ones – is entrusted to the Debt Collection Dept. which, as mentioned previously, is a unit outsourced to Business Partners Italia and followed internally by the Workout activities Unit.

As part of this process, said Unit implements recovery strategies which take account of:

- the status of the position and the counterparties as emerges from the data in its possession at the time of receipt of the documentation as subsequently acquirable;
- the effective amount to be recovered and economic convenience of the action possibly to be carried out;
- the presence of any guarantee which can be usefully enforced.

In relation to the above, it periodically takes steps to formulate recovery forecasts and to quantify the amount of the provisions deemed adequate in light of the status of the position when they are formulated and each time there are new elements which allow to change it.

In relation to the probable default/non-performing positions with contained risk amounts, external servicers are availed of, whose activities and efficiency is accurately monitored.

The Group methodology, shared with BNL, was introduced in 2012 with regard to the definition of the scope of impaired receivables and the rules to quantify the provisions to the performing portfolio (so-called Collective Writedown) and non-performing receivables (so-called Forfeit impairment and analytical impairment). The process for provision and status changeover is co-ordinated by the Default Committee referred to above

Techniques for mitigating the credit risk

The mitigation of the credit risk in the factoring transaction is essentially entrusted to an efficient and effective process for checking the ability of the debtor to pay the trade receivable acquired on maturity.

Nevertheless, the Company has already organised itself, defining tasks and responsibilities inherent to the definition of:

- standard forms for the types of guarantees normally adoptable;
- processes for gathering the subscription of guarantees;
- processes for the control, custody and registration of the same.

The organisational and technological processes take into due account the necessary functional separateness which must be assigned among whomever defines the standard texts, whomever gathers the subscriptions and whomever checks / preserves / validates them.
The protection of the credit usually undertaken is unsecured (unfunded), while the use of secured (funded) credit protection instruments is usually associated with the protection of already non-performing loans / receivables and, therefore – differently to banking activities - this is more of an exception than a usual risk mitigation instrument.

Among the credit protection, guarantees provided by foreign correspondents against the loans / receivables they manage have "historic" relevance, albeit limited with respect to the size of the portfolio risk. These are guarantees undertaken within the sphere of consortium agreements which ensure endorsed legislative provisions which discipline the functioning on an international basis by now consolidated by many years of experience.

Even though there has never been any record of insolvencies, the maximum compliance of each correspondent is annually assessed on the basis of formalized procedures submitted to the Board of Directors.

Lastly, the company protects itself against credit risk connected with foreign transactions not backed by correspondents as defined above, also by means of credit insurance with a maximum insurable amount which is compared quarterly – on the basis of formalised procedures – with default rates on the foreign portfolio to be able to appreciate in an objective manner the adequacy with respect to the total limit guaranteed. The compliance of the insurance companies is, on a similar basis to that carried out for the correspondents, assessed annually and submitted to the Board of Directors.

Projects underway that will be realised as from 2016

The project entitled "Basel II Programme" continues, for the adoption by 2017 of the IRB Advanced approach for the calculation of the capital requirement for credit risk. This project involves an evolution of processes and instruments supporting the Company Divisions overseeing and governing the aforesaid risk areas.

In detail, during the first few months of 2016 the following implementation processes were already brought fully onto stream:

- approval by the Board of Directors
  - of the Governance documents of the Internal Rating System;
  - of the Consolidation Law of the Risk Measures (Global Rating Policy) which provides the general process standards for use of the internal rating system as well as a number of accompanying specific standards;
  - the launch of the use of the new PD models replacing those in use in 2015;
- new responsibilities have been defined within the Risk Division for the purpose of ensuring the accomplishment of the Confirmation and Validation process for the Risk Measures;
- with regard in particular to the new "local" PD models (developed in Italy), they have been activated in accordance with those of the associated company BNL and are applicable to the following scopes:
  - Small-Mid Corporate, with the purpose of obtaining the validation for calculation purposes of the capital requirement in this perimeter which is made up of the lowest bracket of the Corporate segment;
  - Sme Retail, with a number of specific implementations for the business, with the aim of replacing the current management modules with more accurate measures;
- the assignment process of the risk measures has been launched (PD and GRR/Global Recovery Rate), according to the method in use in the BNPP group, and which is essentially intended for the highest segment of the corporate area (Large Corporate);
- the construction process of the DWH of the credit has been launched which besides already populating the risk measures will during the year become the collection point for all the information from operational and accounting sources

judged useful for the control of the process of the credit in terms of Cost of the Risk but also efficiency /effectiveness of the management processes.

Besides the matters stated above, the introduction of the following process implementations is envisaged during 2016:

- the bringing onto stream of the framework of controls aimed at ensuring over time the quality of the data and the efficiency / effectiveness of the management processes of the internal rating system;
- completion of the grounding of the functioning processes of the internal rating system;
- release of an approval process governed by a new single application for transferors and debtors more compliant with the process requirements envisaged for the corporate sector;
- the bringing onto stream of the record file data exchange processes and the risk measures with global record file of the BNPP group (RMPM);
- review of the systematic supervision process which will be supported by the 2.0 IFIPEG release which led to essential changes not only of a technical / method-related type but will permit a more efficient handling of the monitoring / control process for the positions;
- the activation of the processes “fully up and running” for the population of the accounting data from the group structures which flow to the Credit DWH;
- the completion of the valorisation of the risk measures, according to the group process, PD / GRR destined to be applied to the larger-sized segment of the Corporate area (Large Corporate).

QUANTITATIVE INFORMATION

1. Distribution of credit exposures by portfolio and loan quality (Book value)

(thousands of €)

Portfolios/quality	Non-performing	Unlikely to pay	Past due positions	Performing Past due positions	Other Assets	Total
1. Available-for sale financial assets						-
2. Held-to maturity financial assets						-
3. Due from banks		3	9,227	9,015	405,048	**423,293**
4. Due from customers	90,631	227,963	62,135	1,312,616	4,262,726	**5,956,071**
5. Financial assets at fair value	-	-	-	-	-	-
6. Disposal financial assets	-					-
Total 31/12/15	90,631	227,966	71,362	1,321,631	4,667,774	6,379,364

(thousands of €)

Portfolios/quality	Poor quality assets	Other Assets	Total
1. Financial assets held for trading			-
2 Hedging derivatives	-		-
Total 31/12/15	-	-	-

2. Credit exposures

2.1 Credit exposures to customers: gross and net values and maturity bracket

(thousands of €)

Exposure types/Balances	Gross exposure					Specific value adjustments	Portfolio value adjustments	Net exposure
	Impaired assets				Performing assets			
	Up to 3 months	3 to 6 months	6 months to 1 year	beyond 1 year				
A CASH EXPOSURES								
a) Non-performing	3,113	2,687	13,820	244,766	X	(173,755)	X	90,631
-of which forborne exposures	793	108	526	20,449	X	(18,806)	X	3,070
b) Unlikely to pay	98,688	44,353	35,436	154,810	X	(105,324)	X	227,963
-of which forborne exposures	2,878	257	6,469	20,013	X	(7,787)	X	21,830
c) Past due positions	-	34,946	29,975	-	X	(2,786)	X	62,135
-of which forborne exposures	-	-	1,247	-	X	- 4	X	1,243
d) Performing Past due positions	X	X	X	X	1,314,699	X	(2,083)	1,312,616
-of which forborne exposures	X	X	X	X	-	X	-	-
e) Other Assets	X	X	X	X	4,265,541	X	(2,815)	4,262,726
-of which forborne exposures	X	X	X	X	-	X	-	-
TOTAL A	**101,801**	**81,986**	**79,231**	**399,576**	**5,580,240**	**- 281,865**	**- 4,898**	**5,956,071**
OFF BALANCE SHEET EXPOSURES								
a) Impaired assets	1,578				X	- 327	X	1,251
b) Performing assets	X	X	X	X	346,509	X	(177)	346,332
TOTAL B	**1,578**	**-**	**-**	**-**	**346,509**	**- 327**	**(177)**	**347,583**
TOTAL (A+)B	**103,379**	**81,986**	**79,231**	**399,576**	**5,926,749**	**- 282,192**	**- 5,075**	**6,303,654**

(thousands of €)

Credit exposures to customers - Performing assets	
Maturity	Performing Past due exposures
past due up to 3 months	1,314,699
past due 3 to 6 months	-
past due 6 months to 1 year	-
past due beyond 1 year	-
TOTAL	**1,314,699**
Other exposures	-

2.2 Credit exposures to banks and financial institutions: gross and net values and maturity bracket

(thousands of €)

Exposure types/Balances	Gross exposure					Specific value adjustments	Portfolio value	Net exposure
	Impaired assets				Performing assets			
	Up to 3 months	3 to 6 months	6 months to 1 year	beyond 1 year				
A CASH EXPOSURES								
a) Non-performing	-	-	-	1,553	X	(1,553)	X	-
-of which forborne exposures	-	-	-	-	X	-	X	-
b) Unlikely to pay	-	-	4	-	X	(1)	X	3
-of which forborne exposures	-	-	-	-	X	-	X	-
c) Past due positions	-	9,227	-	-	X	-	X	9,227
-of which forborne exposures	-	-	-	-	X	-	X	-
d) Performing Past due positions	X	X	X	X	9,015	X		9,015
-of which forborne exposures	X	X	X	X	-	X	-	-
e) Other Assets	X	X	X	X	405,049	X	(1)	405,048
-of which forborne exposures	X	X	X	X	-	X	-	-
TOTAL A	**-**	**9,227**	**4**	**1,553**	**414,064**	**- 1,554**	**(1)**	**423,293**
OFF BALANCE SHEET EXPOSURES								
a) Impaired assets	-				X	-	X	-
b) Performing assets	X	X	X	X	36,774	X		36,774
TOTAL B	**-**	**-**	**-**	**-**	**36,774**	**-**		**36,774**
TOTAL (A+B)	**-**	**9,227**	**4**	**1,553**	**450,838**	**- 1,554**	**- 1**	**460,067**

2.3 Classification of exposures based on external and internal ratings

2.3.1 Distribution of cash and "off-balance sheet" credit exposures by external rating classes

(thousands of €)

Exposures	External rating classes						Without rating	**Total**
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Cash exposures			**775,792**				**5,603,572**	**6,379,364**
B. Derivatives								**-**
B.1 Financial derivatives								**-**
B.2 Derivatives on receivables								**-**
C. Guarantees given			178				187,598	**187,776**
D. Commitments to grant funds							196,581	**196,581**
E. Other								**-**
TOTAL	**-**	**-**	**775,970**	**-**	**-**	**-**	**5,987,751**	**6,763,721**

Ifitalia, for the Exposures in the Central Administrations and Central Banks portfolio, uses the external ratings of the following ECAI:

	RISK CLASS	RATING	ITALY RATING 31/12/15
1 Standard & Poor's	3	from BBB+ to BBB-	BBB
2 Moody's	3	from Baa1 to Baa3	Baa2
3 Fitch	3	from BBB+ to BBB-	BBB+

3. Lending concentration

3.1 Distribution of cash and off-balance sheet exposures by sector of economic activities of the counterparty

(thousands of €)

Exposure types/Balances	Government authorities				Non-financial businesses				Banks and financial institutions			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Receivables								-				
A.1 Non-performing	8,587	(4,626)	X	**3,961**	248,493	(162,543)	X	**85,950**	1,553	(1,553)	X	**-**
-of which forborne exposures	-		X	**-**	21,254	(18,255)	X	**2,999**	-		X	**-**
A.2 Unlikely to pay	22,763	(1,936)	X	**20,827**	294,983	(94,086)	X	**200,897**	4	(1)	X	**3**
-of which forborne exposures	42		X	**42**	27,687	(6,744)	X	**20,943**	-	()	X	**- 0**
A.3 Past due positions	42,955	(2,034)	X	**40,921**	21,865	(731)	X	**21,134**	9,227	-	X	**9,227**
-of which forborne exposures	1,224		X	**1,224**	-	-	X	**-**				**-**
A.4 Other Assets	1,387,747	X	(29)	**1,387,718**	4,084,808	X	(4,793)	**4,080,015**	414,064	X	(1)	**414,063**
-of which forborne exposures				**-**								**-**
TOTAL	**1,462,052**	**(8,596)**	**(29)**	**1,453,427**	**4,650,149**	**(257,360)**	**(4,793)**	**4,387,996**	**424,848**	**(1,554)**	**(1)**	**423,293**

(thousands of €)

Exposure types/Balances	Households				Other parties				Total			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
A. Receivables								-				
A.1 Non-performing	7,306	(6,586)	X	**720**	-		X	**-**	265,939	(175,308)	X	**90,631**
-of which forborne exposures	622	(551)	X	**71**	-		X	**-**	21,876	(18,806)	X	**3,070**
A.2 Unlikely to pay	15,541	(9,302)	X	**6,239**	-		X	**-**	333,291	(105,325)	X	**227,966**
-of which forborne exposures	1,888	(1,043)	X	**845**	-		X	**-**	29,617	(7,787)	X	**21,830**
A.3 Past due positions	101	(21)	X	**80**	-		X	**-**	74,148	(2,786)	X	**71,362**
-of which forborne exposures	23	- 4	X	**19**	-	-	X	**-**	1,247	(4)	X	**1,243**
A.4 Other Assets	107,171	X	(76)	**107,095**	514	X		**514**	5,994,304	X	- 4,899	**5,989,405**
-of which forborne exposures	-	X		**-**		X			-	X	-	**-**
TOTAL	**130,119**	**(15,909)**	**(76)**	**114,134**	**514**			**514**	**6,667,682**	**(283,419)**	**(4,899)**	**6,379,364**

Off balance sheet exposures

(thousands of €)

Exposure types/Balances	Government authorities				Non-financial businesses				Banks and financial institutions			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Guarantees given and commitments												
A.1 Non-performing			X	**-**	-		X	**-**			X	**-**
A.2 Unlikely to pay			X	**-**	1,431	(304)	X	**1,127**	-		X	**-**
A.3 Non Performing assets			X	**-**	147	(24)	X	**123**			X	**-**
A.4 Other assets	186	X		**186**	346,235	X	(177)	**346,058**	36,774	X		**36,774**
TOTAL	**186**			**186**	**347,813**	**(328)**	**(177)**	**347,308**	**36,774**			**36,774**

(thousands of €)

Exposure types/Balances	Households				Other parties				Total			
	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Guarantees given and commitments												**-**
A.1 Non-performing			X	**-**	-		X	**-**	**-**		**X**	**-**
A.2 Unlikely to pay			X	**-**	-		X	**-**	**1,431**	**(304)**	**X**	**1,127**
A.3 Non Performing assets			X	**-**	-		X	**-**	**147**	**(24)**	**X**	**123**
A.4 Other assets	-	X		**-**	89	X		**89**	**383,284**	**X**	**- 177**	**383,107**
TOTAL					**89**			**89**	**384,862**	**(328)**	**(177)**	**384,357**

3.2 Distribution of cash and off-balance sheet exposures by counterparty's geographic area

(thousands of €)

	Geographic distribution					
	North-West	North-East	Centre	South and Islands	Other countries	Total
Receivables						
A.1 Non-performing	18,995	13,422	31,507	26,017	689	**90,630**
A.2 Unlikely to pay	46,063	15,370	52,220	113,346	967	**227,966**
A.3 Past due positions	11,421	1,743	19,365	37,882	951	**71,362**
A.4 Other assets	1,955,533	754,189	1,991,627	813,334	474,723	**5,989,406**
TOTAL	**2,032,012**	**784,724**	**2,094,719**	**990,579**	**477,330**	**6,379,364**

Off balance sheet exposures

(thousands of €)

	Geographic distribution					
	North-West	North-East	Centre	South and Islands	Other countries	Total
Off balance sheet exposures						
A.1 Non-performing	-	-	-	-	-	**-**
A.2 Unlikely to pay	172	146	214	595	-	**1,127**
A.3 Past due positions	8	13	71	11	20	**123**
A.4 Other assets	249,381	46,013	63,894	20,502	3,317	**383,107**
TOTAL	**249,561**	**46,172**	**64,179**	**21,108**	**3,337**	**384,357**

3.3 Significant exposures

(thousands of €)

Significant exposures		Book value	Weighted value
a	Amount	789,200	789,200
b	Total number of shares	5	5

4. Models and other methods for gauging and handling the credit risk

The description of the models for gauging the credit risk is indicated in Section 3 - Credit Risk: Information of a qualitative nature, in paragraph 2.2 "*Management, measurement and control systems*".

3.2 MARKET RISK

3.2.1 INTEREST RATE RISK

QUALITATIVE INFORMATION

1. General aspects

The interest rate risk deriving from the timing mismatch between asset and liability items associated with funding and lending transactions is handled by the Finance Division.

As part of its core activities, due to company policy, funding reflects the same market parameters to which the structure of the loans is linked.

In consideration of the types of lending and funding which characterise Ifitalia's activities, the risk of a change in the market rates has a marginal impact on the value of the assets and liabilities which has been assessed in the ICAAP sphere as an average risk.

QUANTITATIVE INFORMATION

Given that total funding is currently provided to the company by the Parent Company, note that the mismatch by maturity bracket with respect to the amount of the funding, as at 31 December 2015, is marginal.

1. Distribution by residual maturity (re-pricing date) of financial assets and liabilities

Currency: euro *(thousands of €)*

Items/residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Beyond 10 years	Unspecified duration
1. Assets								
1.1 Debt securities								
1.2 Receivables	1,182,979	3,898,548	400,160	236,952	237,722	66,370		191,071
1.3 Other assets								8,281
2. Liabilities								
2.1 Payables	172,856	4,986,064	2,404	26,398	46,372	1,183		272,774
2.2 Securities issued								
2.3 Other liabilities								
3. Financial derivatives								
Options								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.1 Long positions								491
3.2 Short positions								

Other currencies *(thousands of €)*

Items/residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Beyond 10 years	Unspecified duration
1. Assets								
1.1 Debt securities								
1.2 Receivables	14,403	124,831	19,576	6,752				
1.3 Other assets								
2. Liabilities								
2.1 Payables		137,237	19,873	3,478				
2.2 Securities issued								
2.3 Other liabilities								
3. Financial derivatives								
Options								
3.1 Long positions								
3.2 Short positions								
Other derivatives								
3.1 Long positions								
3.2 Short positions								

2. Models and other methods for gauging and handling the interest rate risk

The interest rate risk is monitored on a quarterly basis by the Financial Division – Treasury Dept. The model used by Ifitalia to monitor the interest rate risk is the one indicated by the provisions contained in the Bank of Italy circular No. 216 of 05/08/96, 7th update 9/7/2007, whose model is based on the principle of a 200 bp shock.
At the end of 2015, the sensitivity to the interest rate risk of the portfolio for Ifitalia amounted to EUR 17.2 million, equal to 2.3% of the supervisory capital, below the 20% threshold.

3.2.2 PRICE RISK

QUALITATIVE INFORMATION

1. General aspects

The Company does not purchase or sell financial instruments other than trade receivables and therefore is not exposed to the market risks associated with the price volatility of said instruments.

3.2.3 EXCHANGE RISK

QUALITATIVE INFORMATION

1. General aspects

All the foreign currency assets acquired are consistently assisted by identical liabilities in the same currency and with the same duration features. The exchange rate risk is therefore residual.

QUANTITATIVE INFORMATION

1. Distribution by currency of assets, liabilities and derivatives

(thousands of €)

Items	Currencies					
	US Dollars	GB Sterling	Yen	Canadian Dollars	Swiss Francs	Other currencies
1. Financial assets						
1.1 Debt securities						
1.2 Investment securities						
1.3 Receivables	138,066	3,388	342	6,607	95	30,145
1.4 Other financial assets						
2. Other assets						
3. Financial liabilities						
3.1 Payables	125,210	1,393	223	3,628		30,134
3.2 Debt securities						
3.3 Other financial liabilities						
4. Other liabilities						
5. Derivatives						
5.1 Long positions						
5.2 Short positions						
Total assets	138,066	3,388	342	6,607	95	30,145
Total liabilities	125,210	1,393	223	3,628	-	30,134
Imbalance (+/-)	12,856	1,995	119	2,979	95	11

3.3 OPERATIONAL RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the operational risk

The Operational Risk Management Model adopted by Ifitalia is based on the logic and principles defined by the TSA (Traditional Standardised Approach) Methodologies for the determination of capital requirements; the Company was certified by the Bank of Italy for use of this Methodology in July 2010.

The main aspects of the entire operational risk management and control framework are described below.

Organisational structure

The governance structure of the Operational Risks is made up of the **Governance Bodies** (Board of Directors, General Manager and Board of Statutory Auditors) and the following Divisions:

- **Compliance and Operational Risks Division - Operational Risks Management,** set up within the Compliance and Operational Risks Division with the task of invigorating and handling the entire Operational Risk Management Model in compliance with the prudent supervisory instructions and on a consistent basis with the provisions of the BNP Group. This Model is based on the integrated management of the "Operational Risks" and the "Permanent Controls" so as to perform synergic action in this process both in the phase for identification and reporting of the operating losses and in the risk assessment, control, monitoring and mitigation stage thanks to the adoption of common metrics and gaugings.
- **Permanent Controls Department** which has the task of carrying out the checks according to the formalities and the timescales defined in the Plan of Controls and preparing "day by day" operational disclosure on the checks carried out, the emerging criticalities and any mitigation activities achieved. This disclosure is sent to the Compliance and Operational Risks Division - Operational Risks Management and the operational management.

The organisation is completed by:

- **Risk Monitoring Committee - Permanent Control Operational Risk Session**, consistently with the Parent Company model, assures the coordination and decision-making process supporting the permanent control and operational risk organisation. The Committee is responsible for:
  - approving the Operational Plans for Permanent Control of the risks, prepared by the responsible Divisions;
  - provide a global, organic vision of the permanent control organisation and of operational risk;
  - analyse and acquire collective decisions on the permanence control and operational risk framework;
  - generating an alarm and escalation level on recurring critical issues;
  - determining the involvement of the operational Organisations responsible for managing these issues and activating the monitoring of mitigating actions.

Committee meetings are attended by the Heads of the Company Divisions identified, for each session, in relation to the topics discussed and to their respective responsibilities.

- **Finance Division** which has the responsibility of ensuring that the incidents generating a significant financial impact are appropriately reported in the Company's financial documents and working together with the Compliance and Operational Risks Division - Operational Risks Management to carry out an accounting reconciliation of the operating incidents. It is also responsible for making the calculation of the capital requirements to be established in relation to the operational risks.

Method

Handling of the operational risk, in the definition adopted by BNP Paribas, is based on an alignment of cause analysis (internal process or external fact), event (incident), effect (risk of economic loss). In detail, the BNP Group has defined as incident "every real or potential event deriving from the inadequacy or malfunctioning of internal processes or external events, which has, would have or could generated a loss, a revenue or a lack of earnings".

Analysis of the frequency/impacts of the historic incidents and their evolution in perspective represents an underlying element for the development of the map of the risks, which is supplemented by analysis of the potential events.

The Operational Risk Management Model within Ifitalia concerns the following processes:

- **Loss Data Collection process**: activities for the identification, survey and registration of historic incidents of Operational Risk by feeding the BNP FORECAST Group tool. The FORECAST (Full Operational Risk & Control Analysis System) management system has been the IT platform used by the Companies of the BNP Paribas Group to record historical incidents, the related recognised or estimated or potential losses, any amounts collected as a result of insurance or by other means that occur at the Group's organisations;

- **Risk Mapping process**: valuation of the exposure to operational and non-compliance risks within Ifitalia; the mapping of the risks has been one of the qualifying elements for the adoption of the TSA model. It is essentially based on an auto-diagnostic process for the identification, classification and prior valuation of the risks which corporate operations are potentially exposed to and as such, is a managerial operating instrument useful for the planning of the most appropriate mitigation measures for said risk;

- **Permanent Control Plan**: activation of permanent control procedures on areas at greatest operational risk identified in the Risk Mapping Process; the outcomes of the controls are reported through the Ve.Re.Co. (Control Reports) Group application;

- **Criticality solution activities**: adoption of suitable corrective measures in relation to the critical areas indicated, to ensure the efficiency of the company procedures and processes (in terms of integration, variation or support). This action expresses itself according to two different operating methods: definition of short-term corrective action and structuring of medium/long-term action plans;

- **Reporting**: reporting activities assures operational risk monitoring and enables to assess the efficacy of the controls and hedging procedures. The main report produced, "Permanent Controls and Operational Risks Report", ensures the presence of information on the outcomes of the permanent controls and the results of the Loss Data Collection process and handling of potential incidents. A section of the report contains any mitigation action adopted and the related progress of activities.

Quantitative information

Assessment of the main sources of manifestation and nature of the risks

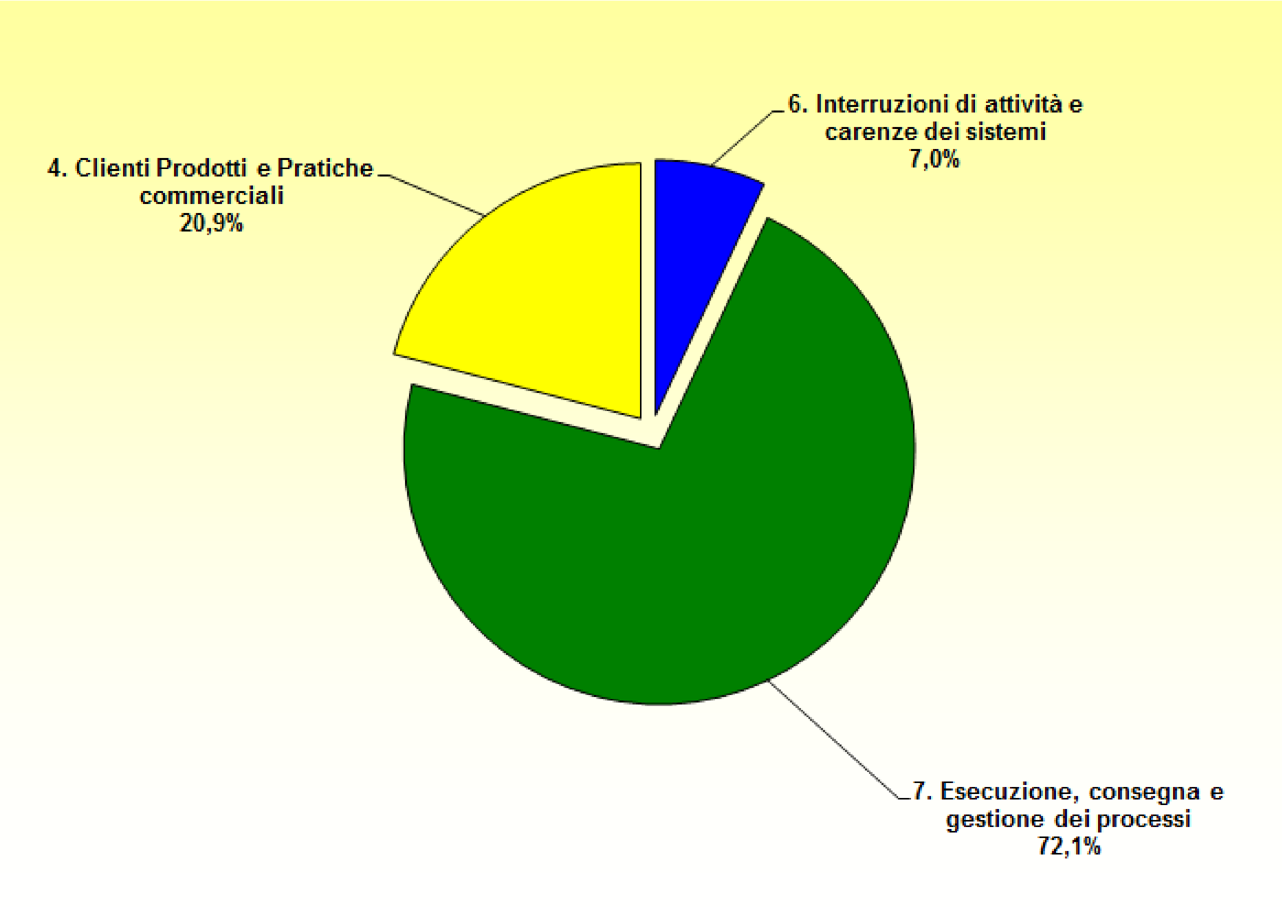
The breakdown by percentage of the manifestations of operational risks recorded in 2015 according to the type of loss event (Event Type) defined by Bank of Italy Circular 285 of 2013 is provided below. In 2015, 43 risk manifestations occurred, involving:

- **phenomena connected with the execution, delivery and process management (ET 7)**: these events are due to deficiencies in the completion of the transaction or in the management of the processes, as well as events deriving from transactions with commercial counterparties (sellers and suppliers); these events constitute the main source of operational risk, as they account for 72.1% of the total number of events which occurred in 2015 (versus 73.7% in 2014);

• **phenomena connected with Interruptions of activities and system dysfunction (ET 6)**: these events derive from activity interruptions or from system malfunctions; these events represent 7% of the total (compared to 10.5% in 2014);

• **phenomena connected with clients, products and business practices (ET 4)**: these are events deriving from breaches of professional obligations to customers or from the nature or characteristics of the product or of the service rendered; such phenomena are mainly represented by revocation actions and lawsuits, which account for 20.9% of the total events occurred in 2014 (versus 5.3% in 2014);

Percentage composition by each type of event:



4. Clienti Prodotti e Pratiche commerciali 20,9% = Clients, products and business practicies 20.9%
6. Interruzioni di attività e carenze dei sistemi 7,0% = Activity interruptions and deficiencies in systems 7.0%
7. Esecuzione, consegna e gestione dei processi 72,1% = Execution, delivery and process management 72.1%

3.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

1. General aspects, management processes and methods for gauging the liquidity risk

The policies for managing liquidity risk, i.e. the ability to fulfil, at any time, one's payment obligations at the set due dates, are an expression of the strategy defined by the Parent Company BNP Paribas, which is essentially based on centralised liquidity management for all Group companies.

QUANTITATIVE INFORMATION

1. Time distribution by residual maturity of financial assets and liabilities - Euro

Euro *(thousands of €)*

	Items/Timeframe	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Beyond 5 years	Unspecified duration
	Cash assets										
A.1	Government bonds										
A.2	Other debt securities										
A.3	Loans	1,152,248			1,115,374	1,899,468	658,520	668,967	461,628	66,525	191,071
A.4	Other assets										8,281
	Cash liabilities										
B.1	Deposits and current accounts										
	- Banks	172,857	592,958	477,601	754,120	911,384	552,404	1,726,398	46,372	1,183	
	- Financial institutions										
	- Customers										272,774
B.2	Debt securities										
B.3	Other liabilities										
	Off balance sheet transactions										
C.1	Financial derivatives with capital exchange										
	- Long positions										
	- Short positions										
C.2	Financial derivatives without capital exchange										
	Long positions									491	
	Short positions										
C.3	Deposits and loans to be received										
	- Long positions										
	- Short positions										
C.4	Irrevocable commitments to grant funds										
	- Long positions										
	- Short positions					196,581			-		
C.5.	Financial guarantees given	29,656			-	7,052	-	-	-		147,505

1. Time distribution by residual maturity of financial assets and liabilities – Other currencies

Other currencies *(thousands of €)*

Items/Timeframe	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Beyond 5 years	Unspecified duration
Cash assets										
A.1 Government bonds										
A.2 Other debt securities										
A.3 Loans	14,403			31,970	92,862	19,576	6,752			
A.4 Other assets										
Cash liabilities										
B.1 Deposits and current accounts										
- Banks	-	-	31,720	14,509	91,008	19,873	3,478			
- Financial institutions										
- Customers										
B.2 Debt securities										
B.3 Other liabilities										
Off balance sheet transactions										
C.1 Financial derivatives with capital exchange										
- Long positions										
- Short positions										
C.2 Financial derivatives without capital exchange										
Long positions										
Short positions										
C.3 Deposits and loans to be received										
- Long positions										
- Short positions										
C.4 Irrevocable commitments to grant funds										
- Long positions										
- Short positions										
C.5. Financial guarantees given	-	-	-	-	-	-	-	-	-	3,563

Section 4 Equity Information

4. 1 Company equity

4.1.1 Qualitative information

The Company's equity is made up of the aggregation of share capital, share premium reserve, reserves, valuation reserves and profit for the period.
For supervisory purposes, the capital aggregate significant in this connection is determined on the basis of the current provisions envisaged by the Bank of Italy and represents the reference protection for the prudent supervisory provisions.
In accordance with said provisions, the Company is obliged to respect a comprehensive capital requirement which is calculated as the sum of the requirements relating to the single risk types (so-called "building block").

4.1.2 Quantitative information

4.1.2.1 Company equity: breakdown

The Company's equity as at 31 December 2015 amounted to EUR 621,113 thousand.

(thousands of €)

Items/Balances	2015	2014
1. Share capital	55,900	55,900
2. Share premium	61,799	61,799
3. Reserves	449,942	389,449
- profit	438,369	377,850
a) legal reserve	11,180	11,180
b) statutory reserve	427,189	366,670
c) treasury shares		
d) other		
- other	11,573	11,599
4. (Treasury shares)	-	-
5. Valuation reserves	8,938	8,974
- Available-for-sale financial assets	3,964	3,967
- Tangible assets	-	-
- Intangible assets	-	-
- Foreign investment hedging	-	-
- Hedging of financial flows		
- Exchange rate differences	-	-
- Non current assets undergoing disposal	-	-
- Special revaluation laws	5,870	5,870
- Actuarial gains (losses) relating to defined benefit welfare plans	- 896	- 864
- Portion of the valuation reserves related to equity investments valued at equity	-	-
6. Equity instruments		
7. Profit (loss) for the year	44,534	60,519
Total	**621,113**	**576,641**

The information about the Company's equity components is indicated in Part B - Section 12 of these notes to the accounts.

4.1.2.2 Reserves from valuation of the available-for-sale financial assets: breakdown

(thousands of €)

Items/Balances	2015		2014	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1 Debt securities		-	-	-
2 Equity investments	3,964	-	3,967	-
3 UCI units		-	-	-
4 Loans			-	-
Total	**3,964**	**-**	**3,967**	**-**

4.1.2.3 Reserves from valuation of the available-for-sale financial assets: changes during the year

(thousands of €)

		Debt securities	Equity investments	UCI units	Loans
1.	**Opening balances**	**-**	**3,967**	**-**	**-**
2.	**Increases**	**-**	**-**	**-**	**-**
2.1	Positive fair value changes	-	-	-	-
2.2	Reversal to income statement of negative reserves	-	-	-	-
	from impairment		-	-	-
	from realisation	-	-	-	-
2.3	Other increases	-	-	-	-
3.	**Decreases**	**-**	**(3)**	**-**	**-**
3.1	Negative fair value changes	-	(3)		-
3.2	Adjustments from impairment				-
3.3	Reversal to income statement of positive reserves: from realisation	-	-		-
3.4	Other decreases	-	-		-
4.	**Closing balances**	**-**	**3,964**	**-**	**-**

4.2 Supervisory capital and ratios

4.2.1 Supervisory capital

By means of the recent reform of Section V of the Consolidated Banking Law, which came into force on 11 July 2015, financial intermediaries are authorised by the Bank of Italy to carry out lending activities under any form and enrolled in the specific register envisaged by Article 106 of the CBL (so-called "consolidated register", as amended by Italian Legislative Decree No. 141/2010).

The same intermediaries are subject to a prudent supervisory regime equivalent to that of the banks, aimed at pursuing objectives of financial stability and safeguarding the sound and prudent management, structured according to the principle of proportionality so as to take into account the operational, size-related and organisational complexity of the operators as well as the nature of the activities carried out.

The company, with reference to the transitory regulations envisaged by the reform for the parties already enrolled in the special list as per Article 107 of the CBL in the version prior to the amendments made by Italian Legislative Decree No. 141/2010, presented - in October 2015 - an application for authorisation for the purposes of enrolment in the consolidated register and, pending the outcome by the end of the transitory period, envisaged for 12 May 2016, remains subject to the repealed or replaced provisions until final cancellation from the repealed list.

By way of reference to the matters above, the Company's supervisory capital amounts in total to EUR 609,114 thousand; it is the sum of the Tier 1 and Tier 2 capital described below, net of the equity investments held in banks and financial institutions, which on the basis of the prudential provisions previously in force (Bank of Italy circular No. 216/2008) are deducted to the extent of 50% from the Tier 1 capital and 50% from the Tier 2 capital.

The quantitative information on the supervisory capital and the risk assets presented below has been calculated on the basis of the provisions issued in order to take into account the application of the IAS/IFRS accounting standards (discipline of the "Prudential Filters").

4.2.1.1 Qualitative information

1. *Tier 1 capital*

The Company's Tier 1 capital is made up of share capital, reserves, subject to the deduction of intangible fixed assets, losses recorded in previous years and the negative reserves on securities. It amounts to EUR 603,763 thousand net of the elements to be deducted from the Tier 1 and 2 capital (for a total of EUR 519 thousand).

2. *Tier 2 capital*
The Company's Tier 2 capital is entirely represented by revaluation reserves and amounts in total to EUR 5,351 thousand, net of elements to be deducted from the Tier 1 and 2 capital (for a total of EUR 519 thousand).

3. *Tier 3 capital*
The elements included under Tier 3 capital can only be used to cover the capital requirements on market risks – excluding the requirements on counterpart and settlement risks relating to the "supervisory trading portfolio" – and within the limit of 71.4% of said requirements.
The Tier 3 capital is constituted by the 3rd level subordinated loans and by the subordinated liabilities not computed in the Tier 2 capital. The latter liabilities may not exceed 50% of Tier 1 capital.
None of the Tier 3 elements existed as at 31 December 2015.

4.2.1.2 Quantitative information

(thousands of €)

	Total 31/12/2015	Total 31/12/2014
A. Tier 1 capital before application of prudential filters	**603,600**	**561,087**
B. Prudential filters applied to tier 1 capital :	682	827
B.1 Positive IAS/IFRS prudential filters (+)	682	827
B.2 Negative IAS/IFRS prudential filters (-)	-	-
C. Tier 1 capital gross of elements to be deducted (A+B)	**604,282**	**561,914**
D. Elements to be deducted from Tier 1 capital	519	519
E. Total Tier 1 capital (C-D)	**603,763**	**561,395**
F. Tier 2 capital before application of prudential filters	**5,870**	**5,870**
G. Prudential filters applied to tier 2 capital:	-	-
G.1 Positive IAS/IFRS prudential filters (+)	-	-
G.2 Negative IAS/IFRS prudential filters (-)	-	-
H. Tier 2 capital gross of elements to be deducted (F+G)	**5,870**	**5,870**
I. Elements to be deducted from tier 2 capital	519	519
L. Total tier 2 capital (TIER 2) (H-J)	**5,351**	**5,351**
M. Elements to be deducted from total tier 1 and tier 2 capital	-	-
N. Regulatory capital (E+L-M)	**609,114**	**566,746**
O. Tier 3 capital	-	-
P. Regulatory capital including tier 3 capital (N+O)	**609,114**	**566,746**

4.2.2 Capital adequacy

4.2.2.1 Qualitative information

Within the Company, the Finance Division carries out constant monitoring of the evolution of the aggregate useful for supervisory purposes with respect to the performance of the various risk profiles for the purpose of achieving an adequate balance in the overall structure, taking into account an effective composition between the TIER 1 and TIER 2 component of said capital.

4.2.2.2 Quantitative information

The prudent requirements illustrated in the following table have been calculated according to the criteria laid down by Basel II.

(thousands of €)

Categories/Balances	Unweighted amounts		Weighted amounts /	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
A. RISK ASSETS				
A.1 Credit and counterpart risk	**6,901,507**	**6,372,602**	**5,589,429**	**5,337,691**
1. Standardised method	6,901,507	6,372,602	5,589,429	5,337,691
2. Method based on internal ratings	-	-	-	-
2.1 Basic	-	-	-	-
2.2 Advanced	-	-	-	-
3. Securitisation	-	-	-	-
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterpart risk			**335,366**	**320,261**
B.2 Market Risk			**-**	**-**
1. Standard method			-	-
2. Internal models			-	-
3. Concentration risk			-	-
B.3 Operating risk			**23,067**	**24,568**
1. Basic method			-	
2. Standardised method			23,067	24,568
3. Advanced method			-	-
B.4 Other prudential requirements			**40,921**	**5,988**
B.5 Other elements of the calculation			**-**	**-**
B.6 Total prudential requirements			**399,354**	**350,817**
C. RISK ASSETS AND SUPERVISORY RATIOS				
C1 Risk-weighted assets			**6,559,788**	**5,744,596**
C2 Tier 1 capital/Risk-weighted assets ratio			**9.20%**	**9.77%**
C3 Regulatory capital including Tier 3 capital/Risk-weighted assets (Total capital ratio)			**9.29%**	**9.87%**

Section 5 – Analytical statement of comprehensive income

As indicated above, the statement does not show any changes relating to the variations in the value of the income components recorded in the year matching the valuation reserves.

Section 6 – Transactions with related parties

The introduction of the international accounting standards involves the application of the provisions relating to disclosure on transactions with related parties established by IAS 24.

6.1 Information on the remuneration of executives with strategic responsibilities

During the period, remuneration for the Board of Directors was recognised for EUR 46 thousand, while fees pertaining to the Board of Statutory Auditors amounted to EUR 77 thousand.

6.2 Loans and guarantees given in favour of directors and statutory auditors

At year end, there were no cash and endorsement credit facilities used by members of the Board of Directors or the Board of Statutory Auditors or by parties referring to the same.

6.3 Information on transactions with related parties

Reference should be made to the comments in the corresponding item of the report on operations – Intercompany transactions and those with related parties – page 28.

Income statement transactions for the period and the balance sheet balances as at 31 December 2015 between the Parent Company and other BNPP Group companies, deriving from financial or trade transactions, are presented below.

(thousands of €)

Counterpart	Interest and similar income	Interest and similar expense	Commission income	Commission expense	Dividends	Derivatives	Administrative expenses	Other operating income and charges
PARENT COMPANY		(6,526)		(874)			(571)	
ASSOCIATED COMPANIES	35	(1,137)	43	(2,284)	234	154	(14,126)	834
OTHER								
Total	**35**	**(7,663)**	**43**	**(3,158)**	**234**	**154**	**(14,696)**	**834**

(thousands of €)

Counterpart	IFITALIA creditor	IFITALIA debtor	Factoring receivables	Guarantees received (*)	Guarantees given	Derivative liability
A) PARENT COMPANY						
BNP PARIBAS SUCC. MILANO	24,434	4,982,129		91,111		
BNP PARIBAS PARIS		461				
B) BNPP GROUP COMPANIES						
BNL SpA	7,279	383,482		181,054	36,703	491
ARVAL SERVICE LEASE ITALIA S.P.A.	0	129	19,605			
BNP PARIBAS FACTOR GMBH		13				
BNP PARIBAS FACTOR		14				
BNP PARIBAS FORTIS	3	0				
BNP PARIBAS LEASE GROUP LEASING SOLUTION S.P.A.	0	3				
BUSINESS PARTNER ITALIA	50	3,474				
C) ASSOCIATED COMPANIES						
INTERNATIONAL TRADE PARTNER		21				
BNP PARIBAS PARTNERS FOR INNOVATION		87				
	31,766	**5,369,813**	**19,605**	**272,165**	**36,703**	**491**

(*) Including guarantees provided to cover the exceeding of risk concentration limits.

Financial Statement Data for the Parent Company BNP Paribas

With reference to the matters envisaged by Article 2497 *bis*, section 4 of the Italian Civil Code, regarding disclosure on the management and co-ordination activities, tables are presented below containing a summary of the highlights taken from the last set of financial statements approved on 31 December 2014 by BNP Paribas S.A. in its capacity as direct parent company.

Consolidated income statement of the BNP Paribas Group

In millions of euros	Notes	Year to 31 Dec. 2014	Year to 31 Dec. 2013[1]
Interest income	3.a	38,707	36,967
Interest expense	3.a	(18,388)	(17,516)
Commission income	3.b	12,661	11,889
Commission expense	3.b	(5,273)	(5,044)
Net gain on financial instruments at fair value through profit or loss	3.c	4,631	4,602
Net gain on available-for-sale financial assets and other financial assets not measured at fair value	3.d	1,969	1,626
Income from other activities	3.e	35,760	34,113
Expense on other activities	3.e	(30,899)	(29,351)
REVENUES		**39,168**	**37,286**
Salary and employee benefit expense	7.a	(14,801)	(14,430)
Other operating expense		(10,159)	(9,357)
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	5.n	(1,566)	(1,530)
GROSS OPERATING INCOME		**12,642**	**11,969**
Cost of risk	3.f	(3,705)	(3,643)
Costs related to the comprehensive settlement with US authorities	3.g	(6,000)	(798)
OPERATING INCOME		**2,937**	**7,528**
Share of earnings of equity-method entities	5.m	408	537
Net gain on non-current assets		155	287
Goodwill	5.o	(351)	(251)
PRE-TAX INCOME		**3,149**	**8,101**
Corporate income tax	3.h	(2,642)	(2,680)
NET INCOME		**507**	**5,421**
Net income attributable to minority interests		350	603
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS		**157**	**4,818**
Basic earnings per share	8.a	(0.07)	3.68
Diluted earnings per share	8.a	(0.07)	3.67

[1] Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Consolidated balance sheet of the BNP Paribas group

In millions of euros	Notes	31 December 2014	31 December 2013[1]
ASSETS			
Cash and amounts due from central banks		117,473	100,787
Financial instruments at fair value through profit or loss			
Trading securities	5.a	156,546	157,735
Loans and repurchase agreements	5.a	165,776	152,036
Instruments designated as at fair value through profit or loss	5.a	78,827	68,185
Derivative financial instruments	5.a	412,498	305,755
Derivatives used for hedging purposes	5.b	19,766	8,368
Available-for-sale financial assets	5.c	252,292	199,056
Loans and receivables due from credit institutions	5.f	43,348	57,545
Loans and receivables due from customers	5.g	657,403	612,455
Remeasurement adjustment on interest-rate risk hedged portfolios		5,603	3,568
Held-to-maturity financial assets	5.j	8,965	9,881
Current and deferred tax assets	5.k	8,629	8,850
Accrued income and other assets	5.l	110,088	88,656
Equity-method investments	5.m	7,371	6,561
Investment property	5.n	1,614	1,772
Property, plant and equipment	5.n	18,032	16,929
Intangible assets	5.n	2,951	2,537
Goodwill	5.o	10,577	9,846
TOTAL ASSETS		**2,077,759**	**1,810,522**
LIABILITIES			
Due to central banks		1,680	662
Financial instruments at fair value through profit or loss			
Trading securities	5.a	78,912	69,792
Borrowings and repurchase agreements	5.a	196,733	202,662
Instruments designated as at fair value through profit or loss	5.a	57,632	47,342
Derivative financial instruments	5.a	410,250	301,439
Derivatives used for hedging purposes	5.b	22,993	12,139
Due to credit institutions	5.f	90,352	84,594
Due to customers	5.g	641,549	553,497
Debt securities	5.i	187,074	186,686
Remeasurement adjustment on interest-rate risk hedged portfolios		4,765	924
Current and deferred tax liabilities	5.k	2,893	2,477
Accrued expenses and other liabilities	5.l	87,798	78,381
Technical reserves of insurance companies	5.p	175,214	155,226
Provisions for contingencies and charges	5.q	12,337	11,922
Subordinated debt	5.i	13,936	11,824
TOTAL LIABILITIES		**1,984,118**	**1,719,567**
CONSOLIDATED EQUITY			
Share capital, additional paid-in capital and retained earnings		83,162	80,672
Net income for the period attributable to shareholders		157	4,818
Total capital, retained earnings and net income for the period attributable to shareholders		83,319	85,490
Changes in assets and liabilities recognised directly in equity		6,091	1,943
Shareholders' equity		**89,410**	**87,433**
Retained earnings and net income for the period attributable to minority interests		4,097	3,528
Changes in assets and liabilities recognised directly in equity		134	(6)
Total minority interests		**4,231**	**3,522**
TOTAL CONSOLIDATED EQUITY		**93,641**	**90,955**
TOTAL LIABILITIES AND EQUITY		**2,077,759**	**1,810,522**

[1] Restated according to IFRS 10 and 11 and the amendment to IAS 32 (see notes 1.a and 2).

Board Of Statutory Auditors' Report

IFITALIA S.p.A.
INTERNATIONAL FACTORS ITALIA S.p.A.
Company subject to the management and co-ordination of BNP Paribas S.A. – Paris
Registered offices in Via Vittor Pisani 15, 20124 Milan, Italy
Share capital: EUR 55,900,000 fully paid-in
Milan Companies' Register No. and Tax Code 00455820589 Economic & Administrative Roster No. 683665
General register of Financial Brokers No. 28086 and Special Register No. 19016

BOARD OF STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING pursuant to Article 2429, par. 2 of the Italian Civil Code and Article 19 of Italian Legislative Decree No. 39/2010

Shareholders,

during the year ended 31 December 2015, we carried out the supervisory activities envisaged by the law, in observance of the provisions of Article 2403, par. 1 of the Italian Civil Code, Article 19 of Italian Legislative Decree No. 39 dated 27 January 2010 as well as the Instructions issued by means of Bank of Italy circular No. 216/1996 for financial brokers enrolled in the special list as per Article 107 of the consolidation act of the banking and lending laws (TUB) Italian Legislative Decree No. 385/1993 and according to the standards of conduct recommended by the Italian Accounting Profession.

Ifitalia S.p.A.'s financial statements have been drawn up in accordance with the IASB/IFRS International Accounting Standards and the related IASB/IFRIC interpretations adopted by the European Commission as per the Procedure pursuant to Article 6 of the EC Regulation No. 1606/2001 of the European Parliament and Council of the European Union dated 16 July 2002, as well as in accordance with the matters envisaged by the "Instruction for the preparation of financial statements and reports of financial brokers as per Article 107 of the consolidation act of the banking and lending laws (TUB), of payment institutions, of IMELs, SGRs and SIMs", whose updated text was issued by the Bank of Italy on 15 December 2015, and in accordance with Article 9 of Italian Legislative Decree No. 38/2005 and Article 5 of Italian Legislative Decree No. 87/1992. Italian Legislative Decree No. 87/1992, abrogated by Italian Legislative Decree No. 136 of 18 August 2015, continues to apply to the 2015 financial statements based on the transitional and final provisions set forth in Article 48 of Italian Legislative Decree No. 136/2015 itself.

The Board of Statutory Auditors acquired the information necessary for the performance of its work, both via constant participation in the meetings of the Board of Directors and via meetings with the Heads of the various company units and divisions.

Specifically, the Board of Statutory Auditors discloses the following.

It oversaw the observance of the law and the articles of association.

It obtained information from the Directors, quarterly and at the time of participation in Board meetings, on the activities performed and the transactions of greatest economic, financial and equity importance carried out by the Company and it can reasonably state that the action resolved and carried out is compliant with the law and the Articles of Association and does not appear manifestly imprudent, hazardous, in potential conflict of interest or in contrast with the resolutions adopted by the shareholders' meeting or such that it compromises the integrity of the company assets.

Intercompany and related party transactions of an ordinary nature have been adequately described in the directors' report and are deemed suitable and compliant with the interests of the Company; where applicable, the regulations laid down by Article 2497 *ter* of the Italian Civil Code have been observed.

In compliance with the Group instructions and IAS/IFRS international accounting standards, the Board of Directors took steps to draw up and forward the quarterly and interim data for the purposes of the consolidated reports.

The Board of Statutory Auditors acquired awareness of and oversaw, insofar as it is responsible, the adequacy of the company's organisational structure and its evolution within the sphere of the BNP Paribas Group, as well as the observance of the standards of correct administration and the observance of the instructions imparted by the Parent Company, by means of gathering information from the heads of the company divisions and meetings with the independent auditors for the purpose of a reciprocal exchange of significant data and information and in this connection it has no particular observations to make.
It is hereby indicated that, in 2015, the company:

- launched (i) the subscription of the share capital increase of Business Partner Italia S.c.p.A., paid in via the contribution of the Workout (debt collection) business unit of Ifitalia S.p.A., and (ii) the integration of the agreements with Business Partner Italia S.c.p.A. for the outsourcing of the activities corresponding to the contributed business unit;
- participated in the project for streamlining the properties used for business purposes, the Head Office locations of the Group companies in the city of Milan, which involves entering into a sub-leasing agreement with a company held by BNP Paribas S.A. - Italian Branch, concerning portions of the property located in Milan, Viale della Liberazione 5/7, named Diamond Tower, and procedures were launched for the sale of the owned property in Milan, at via Vittor Pisani 15/17, currently the company's head office, which will be transferred to the new address.

Following the issue of the new supervisory provisions for financial brokers pursuant to Bank of Italy Circular No. 288 of 3 April 2015, in implementation of the reform of Title V of the consolidation act of the banking and lending laws (TUB), the company carried out the activities required to adjust its organisation and articles of association to the new regulations and on 8 October 2015 sent the Bank of Italy a petition for authorisation for registration in the new single register pursuant to Article 106 of the consolidation act of the banking and lending laws (TUB), which has not yet been granted at the time of this report.
The Board of Statutory Auditors assessed and oversaw the adequacy of the internal audit system and the administrative accounting system as well as the reliability of the latter to correctly represent the operating events, by means of obtaining information from the heads of the respective divisions, the examination of the corporate documents and the analysis of the results of the work carried out by the independent auditors, overseeing the activities of those in charge of internal auditing, in observance of the provisions of the Governor of the Bank of Italy dated 15 October 2002 and 5 December 2007 updating Section VI of the Supervisory Instruction for Financial Brokers pursuant to Article 107 of the consolidation act of the banking and lending laws (TUB) Italian Legislative Decree No. 385/1993 regarding administrative and accounting organisation and internal audits.
Accordingly, the Board of Statutory Auditors - both during board meetings and meetings with the Compliance division - received information on the annual audit plans and the reports issued, assessing the results and monitoring the implementation of the corrective action.
In general, the Board of Statutory Auditors noted an essentially satisfactory trend in the results of the Internal Audit reports as well as suitable compliance bases on conclusion of the activities of the Compliance and Permanent Control Co-ordination division.
The Board of Statutory Auditors oversaw the observance of the supervisory instructions and the observance of the anti-money laundering and terrorism funding prevention legislation, with particular regard to the obligations to report suspect transactions and the other obligations as per Italian Legislative Decree No. 231 dated 21 November 2007, regarding the implementation of Directive 2005/60/EC and subsequent amendments, with particular reference to the establishment and activities of the anti-money laundering division in observance of the Bank of Italy Instruction of 10 March 2011 containing "Implementing provisions regarding organisation, procedures and internal audits aimed at preventing use of intermediaries and other persons who carry out financial activities for money laundering and terrorism funding purposes, pursuant to Article 7, par. 2 of Italian Legislative Decree No. 231".

On 4 November 2015, the Board of Statutory Auditors formulated its justified proposal for the assignment of the auditing engagement to the company Mazars Italia S.p.A. for the 2015-2023 nine-year period, following the proposed consensual termination of the pre-existing agreement with BDO Italia S.p.A. (transferred due to the transfer of the Mazars S.p.A. business unit). On 24 November 2015, the shareholders' meeting approved the consensual termination of the auditing engagement granted to Mazars S.p.A./BDO Italia S.p.A. effective as of the appointment of the new independent auditors and the recognition to BDO Italia S.p.A. of the consideration accrued for the auditing activity carried out in the meantime and the assignment pursuant to Article 13 and Article 16 of Italian Legislative Decree No. 39/2010 to Mazars Italia S.p.A., for the years from 2015 to 2023, of the engagement for the auditing of the financial statements and connected activities, ending on the date of the shareholders' meeting that will approve the financial statements as at 31 December 2023.

The independent auditors have disclosed that they will issue the audit report on the financial statements as at 31 December 2015 without findings or the highlighting of other aspects, on 11 April 2016. During the 3 meetings with the firm appointed to perform the official audit, held for the purposes of a reciprocal exchange of significant data and information, the Board of Statutory Auditors was informed that there were no events or facts deemed reprehensible or worthy of mentioning.

The Board of Statutory Auditors did not issue any written opinions as per the law.

The Board of Statutory Auditors carried out its supervisory activities during the year, taking part in 11 meetings of the Board of Directors and holding 7 audit meetings.

In compliance with the matters envisaged by Italian Legislative Decree No. 231/2001, the Company has endowed itself with an Organisation, Management and Control Model for the prevention of the offences envisaged therein, which is up-dated according to the introduction of new offences and the evolution of the organisational structure subject to the processing of the "Risk assessment".

In 2015, the project for updating the Model was launched based on the regulatory and organisational amendments arising since the previous update approved by the Board of Directors on 27 May 2014.

In addition, on 6 October 2015, as part of the activities to adjust to the supervisory provisions pursuant to Bank of Italy Circular No. 288/2015 and in compliance with the indications set forth therein, the Board of Directors permanently assigned the functions of the Supervisory Body established in accordance with Italian Legislative Decree No. 231/2001 to the Board of Statutory Auditors.

In conclusion, the Board of Statutory Auditors can confirm that the supervisory activities carried out during the year and up until today's date have not revealed any omissions, reprehensible facts or irregularities.

Having taken into account the above, the Board of Statutory Auditors reveals that there is no reason why the financial statements as at 31 December 2015 should not be approved, disclosing a profit of EUR 44,534,302, along with the proposal to allocate the profit formulated by the Board of Directors.

Milan, Italy, 7 April 2016

The Board of Statutory Auditors

Mr. Francesco Schiavone Panni
Chairman

Mr. Antonio Bertani
Acting Auditor

Mr. Guido Nori
Acting Auditor

Auditors’ report

Independent auditors' report pursuant to articles 14 and 16 of Legislative Decree n. 39 dated January 27, 2010

To the sole shareholder of
International Factors Italia S.p.A.

Independent auditors' report on the financial statements as at 31 December 2015

We have audited the accompanying financial statements of International Factors Italia S.p.A., which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes for the period ended December 31, 2015.

Directors' Responsibility for the financial statements

The Directors of International Factors Italia S.p.A. are responsible for the preparation of the financial statements that gives a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and with regulation implementing art.9 of Legislative Decree 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39/2010. 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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The 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 and fair presentation of the financial statements 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 policies used and the reasonableness of 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.

MAZARS ITALIA SPA
VIA SENATO, 20 - 20121 MILANO
TEL: +39 348 2595626 - www.mazars.it

SPA - CAPITALE SOCIALE DELIBERATO, SOTTOSCRITTO E VERSATO € 120.000,00 – SEDE LEGALE: VIA SENATO, 20 - 20121 MILANO

REA MI-2076227 - COD. FISC. E P. IVA 11176691001 – ISCRIZIONE AL REGISTRO DEI REVISORI LEGALI N. 163788 CON D.M. DEL 14/07/2011 G.U. N. 57 DEL 19/07/2011

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of International Factors Italia S.p.A. as at December 31, 2015, and of its net income result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with regulation implementing art.9 of Legislative Decree 38/05.

Other aspects

The financial statements of International Factors Italia S.p.A. for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 13 April 2015.

Report on Other Legal and Regulatory Requirements

Opinion concerning the consistency between the Director's report and the financial statements

We performed the procedures provided by the Standard on Auditing (SA Italia) 720B in order to express, as requested by law, an opinion concerning the consistency between the Director's report and the financial statements as at 31 December 2015 of International Factors Italia S.p.A. The management of International Factors Italia S.p.A. is responsible for the preparation of the Director's report. In our opinion, the Director's report is consistent with the Annual Report for the period ended December 31, 2015 of International Factors Italia S.p.A.

Milan, 11 April 2016

Mazars Italia S.p.A.
(signed on the original)
Marco Lumeridi
Partner – Registered auditor

The report has been translated solely for the convenience of International reader

Shareholders’ meeting resolution

ORDINARY SHAREHOLDERS' MEETING HELD ON 27 APRIL 2016

Resolutions: (EXTRACT)

The shareholders' meeting, chaired by Mario Girotti, met on 27 April 2016 and resolved amongst other aspects:

- to approve the financial statements for the period ended as at 31 December 2015, as presented by the management body, as well as the report accompanying the same and the proposed allocation of the profit for the year totalling EUR 44,534,302 to the statutory reserve, since the legal reserve has already reached one fifth of the share capital;
- to appoint for the three-year period which will end with approval of the financial statements as at 31 December 2018, the Board of Directors as follows:

  Chairman - Mario Girotti, Vice Chairman - Paolo Alberto De Angelis, Directors - Angelo Novati, Michela Cicenia, Patrick Pierre Marie Galouzeau de Villepin, Olivier Marie Perrain and Mario Spaziente;
- to appoint for the three-year period which will end with approval of the financial statements as at 31 December 2018, the Board of Statutory Auditors as follows:

  Chairman - Francesco Schiavone Panni, Statutory Auditors - Guido Natale Antonio Nori and Roberto Serrentino, Alternate Auditors - Lorenzo Theodoli Ciccolini and Roberto D'Ayala Valva.