

**Agenzia Nazionale per  
l'Attrazione degli Investimenti  
e lo Sviluppo d'Impresa SpA  
("Invitalia")**

**Consolidated Financial  
Statements 2016**

## CONSOLIDATED BALANCE SHEET

*(in thousands of Euro)*

| <b>ASSETS</b>       |  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---------------------|--|-------------------|-------------------|
| 10                  | Cash and cash equivalents  | 11                | 126               |
| 20                  | Financial assets held for trading                                  | 55,864            | 56,690            |
| 30                  | Financial assets at fair value through profit or loss              | 27,119            | 24,418            |
| 40                  | Available-for-sale financial assets                                | 12,548            | 8,496             |
| 60                  | Loans and receivables  | 1,167,728         | 1,045,270         |
| 90                  | Equity investments   | 43,825            | 44,993            |
| 100                 | Property, plant and equipment                                      | 244,392           | 449,754           |
| 110                 | Intangible assets  | 44,133            | 44,432            |
| 120                 | Tax assets   | 19,238            | 24,405            |
|                     | a) current   | 13,640            | 18,061            |
|                     | b) deferred  | 5,598             | 6,344             |
| 130                 | Non-current assets and disposal groups classified as held for sale | 280,056           | 73,947            |
| 140                 | Other assets   | 82,620            | 82,565            |
| <b>TOTAL ASSETS</b> |  | <b>1,977,534</b>  | <b>1,855,096</b>  |

## CONSOLIDATED BALANCE SHEET

*(in thousands of Euro)*

| <b>LIABILITIES AND EQUITY</b>       |  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|-------------------------------------|--|-------------------|-------------------|
| 10                                  | Loans and payables   | 163,982           | 225,134           |
| 70                                  | Tax liabilities  | 760               | 1,055             |
|                                     | a) current   | 760               | 1,055             |
|                                     | b) deferred  | -                 | -                 |
| 80                                  | Liabilities associated with non-current assets and disposal groups classified as held for sale | 79,627            | 19,876            |
| 90                                  | Other liabilities  | 993,619           | 831,466           |
| 100                                 | Provision for employee termination indemnities   | 9,318             | 9,199             |
| 110                                 | Provisions for risks and charges   | 10,330            | 8,868             |
| 120                                 | Share capital  | 836,384           | 836,384           |
| 160                                 | Reserves   | (71,912)          | (56,093)          |
| 170                                 | Valuation reserves   | (2,286)           | (10,594)          |
| 180                                 | Profit/(Loss) for the year   | (42,223)          | (9,864)           |
| 190                                 | Minority interests   | (65)              | (335)             |
| <b>TOTAL LIABILITIES AND EQUITY</b> |  | <b>1,977,534</b>  | <b>1,855,096</b>  |

## CONSOLIDATED INCOME STATEMENT

*(in thousands of Euro)*

|            |   | 31.12.2016      | 31.12.2015     |
|------------|---|-----------------|----------------|
| 10         | Interest and similar income   | 5,274           | 6,630          |
| 20         | Interest and similar expenses   | (530)           | (70)           |
|            | <b>NET INTEREST MARGIN</b>  | <b>4,744</b>    | <b>6,560</b>   |
| 30         | Fee and commission income   | 121,733         | 169,710        |
| 40         | Fee and commission expenses   | (19,894)        | (83,311)       |
|            | <b>NET FEE AND COMMISSION INCOME</b>  | <b>101,839</b>  | <b>86,399</b>  |
| 50         | Dividend and similar income   | -               | 284            |
| 60         | Net trading result  | (434)           | (835)          |
| 80         | Gains/(Losses) on financial assets/liabilities at fair value through profit or loss | 701             | 821            |
| 90         | Profits/(Losses) on disposals/repurchases of:                                       | 176             | 69             |
|            | a) Financial assets   | 176             | 69             |
|            | <b>OPERATING INCOME</b>   | <b>107,026</b>  | <b>93,298</b>  |
| 100        | Impairment losses/recoveries of:  | (13,985)        | (1,113)        |
|            | a) Financial assets   | (13,985)        | (1,113)        |
| 110        | Administrative expenses:  | (114,266)       | (105,506)      |
|            | a) personnel expenses   | (88,575)        | (77,727)       |
|            | b) other administrative expenses  | (25,691)        | (27,779)       |
| 120        | Impairment/recoveries on property, plant and equipment                              | (13,868)        | (12,880)       |
| 130        | Impairment/recoveries on intangible assets  | (7,778)         | (5,865)        |
| 150        | Net provisions for risks and charges  | (5,420)         | (1,061)        |
| 160        | Other operating income/expenses   | 23,323          | 24,550         |
|            | <b>LOSS FROM OPERATIONS</b>   | <b>(24,968)</b> | <b>(8,577)</b> |
| 170        | Gains/(Losses) on equity investments  | 6               | 17             |
|            | <b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>                          | <b>(24,962)</b> | <b>(8,560)</b> |
| 190        | Income taxes from continuing operations   | (620)           | (450)          |
|            | <b>PROFIT/(LOSS) AFTER TAX FROM CONTINUING OPERATIONS</b>                           | <b>(25,582)</b> | <b>(9,010)</b> |
| 200        | Profit/(Loss) after tax from discontinued operations                                | (16,651)        | (883)          |
|            | <b>PROFIT/(LOSS) FOR THE YEAR</b>   | <b>(42,233)</b> | <b>(9,893)</b> |
| 210        | Profit/(Loss) for the year attributable to minority interests                       | (10)            | (29)           |
| <b>220</b> | <b>PROFIT/(LOSS) ATTRIBUTABLE TO THE PARENT</b>                                     | <b>(42,223)</b> | <b>(9,864)</b> |

(1) IN ACCORDANCE WITH IFRS 5, COSTS AND REVENUES FOR 2015 RELATING TO ITALIA TURISMO (RECLASSIFIED IN 2016 TO "NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE") HAVE BEEN RECLASSIFIED FROM THE RELEVANT DETAILED INCOME STATEMENT ITEMS TO ITEM 200.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*(in thousands of Euro)*

| <b>Items</b> |   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|--------------|---|-------------------|-------------------|
| 10           | Profit/(Loss) for the year  | (42,233)          | (9,893)           |
|              | <b>Other comprehensive income that may not be reclassified to the income statement (net of tax)</b> |                   |                   |
| 40           | Actuarial gains/(losses) on defined benefit plans   | (688)             | 187               |
|              | <b>Other comprehensive income that may be reclassified to income statement (net of tax)</b>         |                   |                   |
| 100          | Available-for-sale financial assets   | 8,308             | (609)             |
| <b>130</b>   | <b>Total other comprehensive income</b>   | <b>7,620</b>      | <b>(422)</b>      |
| <b>140</b>   | <b>Comprehensive income (items 10+130)</b>  | <b>(34,613)</b>   | <b>(10,315)</b>   |
| 150          | Consolidated comprehensive income attributable to minority interests                                | (10)              | (29)              |
| <b>160</b>   | <b>Consolidated comprehensive income/(loss) attributable to the Parent</b>                          | <b>(34,603)</b>   | <b>(10,286)</b>   |

# CONSOLIDATED STATEMENT OF CASH FLOWS (\*)

(in thousands of Euro)

| D. OPERATING ACTIVITIES  | 31.12.2016        | 31.12.2015        |
|--|-------------------|-------------------|
| <b>1. Operations</b>   | <b>(332)</b>      | <b>11,452</b>     |
| - profit for the year (+/-)  | (42,233)          | (9,893)           |
| - gains/losses on financial assets held for trading and on financial assets/liabilities at fair value through profit or loss (+/-) | (296)             | (24)              |
| - impairment losses/recoveries (+/-)   | 13,985            | 1,113             |
| - impairment/write-backs on property, plant and equipment and intangible assets (+/-)  | 21,646            | 18,745            |
| - net provisions for risks and charges and other expenses/revenues (+/-)   | 5,420             | 1,061             |
| - unpaid taxes and duties (+)  | 620               | 450               |
| - other adjustments  | 526               | -                 |
| <b>2. Cash flows from/used by financial assets</b>   | <b>(48,265)</b>   | <b>(29,972)</b>   |
| - financial assets held for trading  | 185               | (3,762)           |
| - financial assets at fair value through profit or loss  | (2,000)           | 10,795            |
| - available-for-sale financial assets  | -                 | (12)              |
| - amounts due from banks   | 2,308             | (595)             |
| - amounts due from customers   | (40,983)          | (77,718)          |
| - other assets   | (7,775)           | 41,320            |
| <b>3. Cash flows from/used by financial liabilities</b>  | <b>(16,703)</b>   | <b>(70,559)</b>   |
| - amounts due to banks   | 34,148            | -                 |
| - amounts due to customers   | (23,929)          | 146,286           |
| - other liabilities  | (26,922)          | (216,845)         |
| <i>Net cash flows from/used in operating activities</i>  | <b>(65,300)</b>   | <b>(89,079)</b>   |
| <i>Net cash flows from/used in operating activities from discontinued operations</i>   | <b>(6,303)</b>    | <b>922</b>        |
| <b>E. INVESTING ACTIVITIES</b>   |                   |                   |
| <b>1. Cash flows from</b>  | <b>5,400</b>      | <b>928</b>        |
| - disposals of equity investments  | 5,048             | 644               |
| - dividends collected from equity investments  | 352               | 284               |
| <b>2. Cash flows used in</b>   | <b>(46,613)</b>   | <b>(50,964)</b>   |
| - purchases of equity investments  | (24,724)          | (9,722)           |
| - purchases of property, plant and equipment   | (13,761)          | (26,089)          |
| - purchases of intangible assets   | (8,128)           | (15,153)          |
| <i>Net cash flows from/used in investing activities</i>  | <b>(41,213)</b>   | <b>(50,036)</b>   |
| <i>Net cash flows from/used in investing activities from discontinued operations</i>   | <b>6,836</b>      | <b>(7,938)</b>    |
| <b>F. FINANCING ACTIVITIES</b>   |                   |                   |
| <i>Net cash flows from/used in financing activities</i>  | -                 | -                 |
| <i>Net cash flows from/used in financing activities from discontinued operations</i>   | -                 | -                 |
| <b>Net increase/decrease in cash and liquidity</b>   | <b>(105,980)</b>  | <b>(146,131)</b>  |
| <b>RECONCILIATION</b>  | <b>31.12.2016</b> | <b>31.12.2015</b> |
| <b>Cash and liquidity at the beginning of the year</b>   | <b>192,905</b>    | <b>339,036</b>    |
| Net increase/decrease in cash and liquidity  | (105,980)         | (146,131)         |
| <b>Cash and liquidity at the end of the year</b>   | <b>86,925</b>     | <b>192,905</b>    |
| <b>Of which relates to non-current assets and disposal groups classified as held for sale</b>                                      | <b>9,516</b>      | <b>8,983</b>      |
| Reconciliation   |                   |                   |
| <i>Item 60 - Current accounts and deposits (financial resources available on demand for current operations)</i>                    | 77,398            | 183,917           |
| <i>Item 10 - Cash and cash equivalents</i>   | 11                | 5                 |
| <i>Cash and liquidity at the end of the year included in non-current assets and disposal groups classified as held for sale</i>    | 9,516             | 8,983             |
| <b>Cash and liquidity at the end of the year</b>   | <b>86,925</b>     | <b>192,905</b>    |
| <i>Item 60 - Current accounts and deposits (financial resources available on demand for current operations)</i>                    | 77,398            | 183,917           |
| <i>financial resources committed to implementation of facilitating measures</i>  | 195,672           | 225,176           |
| <i>financial commitments and/or agreements</i>   | 332,635           | 103,490           |
| <b>Item 60 - Loans and receivables due from banks - Current accounts and deposits</b>  | <b>605,705</b>    | <b>512,583</b>    |

(\*) Starting from the year ended 31 December 2016, the statement of cash flows has been prepared considering only cash and liquidity available for current operations, therefore excluding liquidity restricted for the implementation of concessions and/or wholly dedicated to contracts and/or conventions. Comparative prior year figures have also been restated to reflect the same logic. Such representation provides a better view of cash flows available for Group management purposes.

Moreover, in accordance with IFRS 5, cash flows and income statement amounts relating to discontinued operations are presented separately. Comparative prior year figures have also been restated accordingly.

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of Euro)

| Items  | Closing balance as of 31.12.2014 | Adjustments to opening balance | Opening balance as of 01.01.2015 | Appropriation of prior year profit |           | Changes in equity  |                     |                             |   |                              |               | Consolidated comprehensive income | Equity attributable to the parent as of 31.12.2015 | Equity attributable to minority interests as of 31.12.2015 | Total          |
|--|----------------------------------|--------------------------------|----------------------------------|------------------------------------|-----------|--------------------|---------------------|-----------------------------|---|------------------------------|---------------|-----------------------------------|--|--|----------------|
|  |                                  |                                |                                  | Reserves                           | Dividends | Changes in reserve | Equity transactions |                             |   |                              |               |                                   |  |  |                |
|  |                                  |                                |                                  |                                    |           |                    | New shares issued   | Purchase of treasury shares | Distribution of extraordinary dividends | Change in equity instruments | Other changes |                                   |  |  |                |
| Share capital                                    | 890,339                          | -                              | 890,339                          | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | (53,955)      | -                                 | 836,384  | 338  | 836,722        |
| Share premium                                    | 1,259                            | -                              | 1,259                            | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | -                                 | -  | -  | -              |
| Reserves   | (10,770)                         | -                              | (10,770)                         | (10,594)                           | -         | (34,916)           | -                   | -                           | -                                       | -                            | -             | 187                               | (56,093)   | (644)  | (56,737)       |
| Retained earnings                                | 36,450                           | -                              | 36,450                           | (10,594)                           | -         | (49,313)           | -                   | -                           | -                                       | -                            | -             | -                                 | (23,457)   | 7  | (23,450)       |
| Other reserves                                   | (47,220)                         | -                              | (47,220)                         | -                                  | -         | 14,397             | -                   | -                           | -                                       | -                            | -             | 187                               | (32,636)   | (651)  | (33,287)       |
| Valuation reserves                               | (9,985)                          | -                              | (9,985)                          | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | (609)                             | (10,594)   | -  | (10,594)       |
| Profit/(Loss) for the year                       | (10,594)                         | -                              | (10,594)                         | 10,594                             | -         | -                  | -                   | -                           | -                                       | -                            | -             | (9,893)                           | (9,864)  | (29)   | (9,893)        |
| <b>Equity attributable to the Parent</b>         | <b>810,589</b>                   | -                              | <b>810,589</b>                   | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | -                                 | <b>759,833</b>                                     | -  | <b>759,833</b> |
| <b>Equity attributable to minority interests</b> | <b>49,660</b>                    | -                              | <b>49,660</b>                    | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | -                                 | -  | <b>(335)</b>   | <b>(335)</b>   |

| Items  | Closing balance as of 31.12.2015 | Adjustments to opening balance | Opening balance as of 01.01.2016 | Appropriation of prior year profit |           | Changes in equity  |                     |                             |   |                              |               | Consolidated comprehensive income | Equity attributable to the parent as of 31.12.2016 | Equity attributable to minority interests as of 31.12.2016 | Total          |
|--|----------------------------------|--------------------------------|----------------------------------|------------------------------------|-----------|--------------------|---------------------|-----------------------------|---|------------------------------|---------------|-----------------------------------|--|--|----------------|
|  |                                  |                                |                                  | Reserves                           | Dividends | Changes in reserve | Equity transactions |                             |   |                              |               |                                   |  |  |                |
|  |                                  |                                |                                  |                                    |           |                    | New shares issued   | Purchase of treasury shares | Distribution of extraordinary dividends | Change in equity instruments | Other changes |                                   |  |  |                |
| Share capital                                    | 836,722                          | -                              | 836,722                          | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | (292)         | -                                 | 836,384  | 46   | 836,430        |
| Reserves   | (56,737)                         | -                              | (56,737)                         | (9,893)                            | -         | (4,695)            | -                   | -                           | -                                       | -                            | -             | (688)                             | (71,912)   | (101)  | (72,013)       |
| Retained earnings                                | (23,450)                         | -                              | (23,450)                         | (9,893)                            | -         | 5,802              | -                   | -                           | -                                       | -                            | -             | (688)                             | (28,229)   | -  | (28,229)       |
| Other reserves                                   | (33,287)                         | -                              | (33,287)                         | -                                  | -         | (10,497)           | -                   | -                           | -                                       | -                            | -             | -                                 | (43,683)   | (101)  | (43,784)       |
| Valuation reserves                               | (10,594)                         | -                              | (10,594)                         | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | 8,308                             | (2,286)  | -  | (2,286)        |
| Profit/(Loss) for the year                       | (9,893)                          | -                              | (9,893)                          | 9,893                              | -         | -                  | -                   | -                           | -                                       | -                            | -             | (42,233)                          | (42,223)   | (10)   | (42,233)       |
| <b>Equity attributable to the Parent</b>         | <b>759,833</b>                   | -                              | <b>759,833</b>                   | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | -                                 | <b>719,963</b>                                     | -  | <b>719,963</b> |
| <b>Equity attributable to minority interests</b> | <b>(335)</b>                     | -                              | <b>(335)</b>                     | -                                  | -         | -                  | -                   | -                           | -                                       | -                            | -             | -                                 | -  | <b>(65)</b>  | <b>(65)</b>    |

## **Notes to the Consolidated Financial Statements**



## **Part A – ACCOUNTING POLICIES**

### **A.1 – General**

#### **Section 1 – Statement of compliance with international financial reporting standards**

As provided for in Regulation (EC) no. 1606 of 19 July 2002 (adopted in Italy by Legislative Decree No. 38 of 28 February 2005), the consolidated financial statements have been prepared in accordance with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Commission and in effect at the reporting date.

The consolidated financial statements follow the statement formats and rules set forth in the instructions issued by the Governor of the Bank of Italy on 9 December 2016, "*Instructions for the preparation of financial statements and reports of financial intermediaries under article 107 of the Consolidated Banking Act (T.U.B.), Payment Institutions, Electronic Money Institutions (IMELs), Asset Management Companies (SGRs) and Securities Investment Firms (SIMs)*".

In this regard, it is noted that the Ministry of the Economy and Finance (MEF) Decree of 10 October 2012 exempts Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa SpA (the "Agency", the "Parent Company" or "Invitalia") from applying the rules set forth in Title V of the Consolidated Banking Act as it is subject to other equivalent forms of oversight (MEF and the Italian Audit Office - the "Corte dei Conti"). As confirmed by independent legal opinion, such exemption has no effect on the Agency's status as a "financial intermediary" or on the aforementioned guidance, which has been applied consistently over time in preparing the financial statements.

The Group has adopted the following new accounting standards, effective from 1 January 2016:

- "*Equity Method in Separate Financial Statements (Amendments to IAS 27)*". The amendments, which were adopted by Commission Regulation (EU) 2015/2441 published on 23 December 2015, allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- "*Amendments to IAS 1, 'Presentation of financial statements'*". The amendments, which were adopted by Commission Regulation (EU) 2015/2406 published on 19 December 2015, are part of the IASB Disclosure Initiative to improve presentation and disclosure in financial reports and address certain issues raised by users of financial statements and reports.
- "*Annual Improvements to IFRS: 2012-2014 Cycle*". The amendments, which were adopted by Commission Regulation (EU) 2015/2343 published on 16 December 2015, relate to the following standards: IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 *Financial Instruments: Disclosure*, IAS 19 *Employee Benefits* and IAS 34 *Interim Financial Reporting*.
- "*Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*". The amendments, which were adopted by Commission Regulation (EU) 2015/2231 published on 3 December 2015, clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate

as it reflects only the flow of revenues generated by the asset rather than the consumption of the economic benefits embodied in the asset.

- "*Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)*". The amendments to IFRS 11, which were adopted by Commission Regulation (EU) 2015/2173 published on 25 November 2015, provide guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.
- Amendments to IAS 16 and IAS 41 regarding bearer plants. The amendments, which were adopted by Commission Regulation (EU) 2015/2113 published on 24 November 2015, clarify that bearer plants may be recognised at cost rather than fair value, while harvested produce should continue to be recognised at fair value.
- "*Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)*". The amendment, which was adopted by Commission Regulation (EU) 2016/1703 published on 23 September 2016, clarifies three matters relating to the consolidation of an investment entity.

### **Accounting standards and interpretations effective for accounting periods after 2016 (for which early application is permitted) not yet adopted by the Group**

New standards and interpretations issued and endorsed by the European Union but not yet effective (effective for annual periods beginning on or after 1 January 2017) are also listed below:

- On 24 July 2014, the IASB published the complete version of *IFRS 9, 'Financial Instruments'*. The document reflects the results of the classification and measurement, derecognition, impairment and hedge accounting phases of the IASB project to replace IAS 39. The new standard supersedes previous versions of IFRS 9. The IASB began its project to replace IAS 39 in 2008 and the project was completed in phases. In 2009, the IASB published the first version of IFRS 9 covering the classification and measurement of financial assets; rules regarding financial liabilities and derecognition were then published in 2010. In 2013, IFRS 9 was amended to include a reformed model for hedge accounting. In September 2015, EFRAG completed its due process in support of the endorsement advice that was then submitted to the European Commission. IFRS 9, which was adopted by Commission Regulation (EU) 2016/2067 of 29 November 2016, is applicable for annual periods beginning on or after 1 January 2018. Earlier application is permitted.
- On 28 May 2014, the IASB published *IFRS 15 - "Revenue from Contracts with Customers"*. The standard provides a single complete framework for revenue recognition and sets the rules to be applied to all contracts with customers (except for contracts within the scope of those standards covering leases, insurance contracts and financial instruments). IFRS 15 replaces previous standards and interpretations on revenues, including: *IAS 18 Revenue; IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services*. The provisions of IFRS 15 define the criteria for recognising revenue deriving from the sale of products or supply of services in terms of a five-step model framework; the standard also requires that sufficient information be disclosed to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. On 11 September 2015, the IASB published an Amendment to IFRS 15 that deferred the standard's effective date by one year to 1 January 2018. IFRS 15, which was adopted by Commission Regulation (EU)

2016/1905 published on 29 October 2016, is applicable for annual periods beginning on or after 1 January 2018. Earlier application is permitted.

### **Accounting standards and interpretations applicable in future periods**

As of the date of approving these consolidated financial statements, certain accounting standards, amendments and interpretations, including the following, had been issued by the IASB but not yet endorsed by the EU (certain were still at the consultation stage).

- On 30 January 2014, the IASB published *IFRS 14 – "Regulatory Deferral Accounts"*. The standard permits first-time adopters operating in rate-regulated sectors to continue to recognise regulated assets and liabilities in accordance with their previous GAAP requirements, subject to some limited changes, when they first adopt IFRS and in subsequent financial statements. The standard also requires that assets and liabilities relating to rate-regulated activities, as well as changes in such assets and liabilities, be presented separately in the statement of financial position and statement of profit or loss and other comprehensive income and that specific disclosures be made in the notes to the financial statements. The European Commission has decided to suspend its endorsement process until a definitive accounting standard is issued by the IASB.
- On 13 January 2016, the IASB published the new standard *IFRS 16 Leases*, which replaces IAS 17. IFRS 16 is applicable for annual periods beginning on or after 1 January 2019. The new standard effectively eliminates the accounting distinction between an operating lease and a finance lease, albeit under certain simplified circumstances, and introduces the concept of control in the definition of a lease. Specifically, in order to determine whether a contract is, or contains, a lease, IFRS 16 requires confirmation as to whether the lessee has the right to control the use of an identified asset for a period of time. Earlier application is permitted if *IFRS 15, 'Revenue from Contracts with Customers'*, is also applied. The conclusions of the EFRAG due process review are expected during 2017.
- On 12 April 2016, the IASB published "*Clarifications to IFRS 15 Revenue from Contracts with Customers*". The amendment does not modify the provisions contained in the standard but rather clarifies how such provisions should be applied. Specifically, clarification is provided regarding: (i) how to identify a performance obligation in a contract; (ii) how to determine whether an entity is a principal or an agent; and (iii) how to determine when to recognise revenues from the concession of licences. The amendment, which is expected to be endorsed by the European Commission during 2017, is effective for annual periods beginning on or after 1 January 2018.
- On 11 September 2014, the IASB published "*Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*", to resolve a conflict between IAS 28 and IFRS 10. IAS 28 requires that gains or losses resulting from the sale or contribution by an entity of a non-monetary asset to an associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. IFRS 10, on the other hand, requires full profit or loss recognition in the event of loss of control, even if the entity continues to maintain a non-controlling interest in the company, including cases involving the sale or contribution of a subsidiary to a joint venture or associate. The amendments provide that when an entity sells or contributes a non-monetary asset or subsidiary to an associate or joint venture, the gain or loss to be recognised in the financial statements of the selling/contributing entity depends upon whether the assets or subsidiary sold/contributed constitute a business as defined in IFRS 3. In the case in which the assets or subsidiary sold/contributed constitute a business, the entity must recognise the gain or loss on the entire interest previously held, while, if this is not the case, the share of profit or loss relating to the interest still

held by the entity is eliminated. In December 2015, the IASB published Amendments to IFRS 10 and IAS 28 that defer the effective date for the changes to a date to be determined, following completion of the IASB project on the equity method.

- On 19 January 2016, the IASB published certain amendments to *IAS 12 Income Taxes*. "*Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)*" clarifies how to account for deferred tax assets relating to debt instruments measured at fair value. The amendments are effective for annual periods beginning on or after 1 January 2017; earlier application is permitted. It is expected that the amendments will be endorsed by the European Commission during the second quarter of 2017.
- On 29 January, the IASB published certain amendments to *IAS 7 Statement of cash flows*. "*Disclosure initiative (Amendments to IAS 7)*" is intended to improve presentation and disclosure in financial reports and address certain issues raised by users of financial statements and reports. The amendments are effective for annual periods beginning on or after 1 January 2017. It is expected that the amendments will be endorsed by the European Commission during the second quarter of 2017.
- On 20 June 2016, the IASB published certain amendments to *IFRS 2 Share-based Payment*. "*Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)*" clarifies certain matters relating to the classification and measurement of share-based payment transactions. Specifically, the amendments introduce significant improvements regarding: (i) the measurement of cash-settled share-based payments; (ii) the classification of such transactions; and (iii) how to account for modifications from cash-settled to equity-settled share-based payment transactions. The amendments are effective for annual periods beginning on or after 1 January 2018. It is expected that the amendments will be endorsed by the European Commission during the second quarter of 2017.
- On 12 September 2016, the IASB published certain amendments to *IFRS 4 Insurance Contracts*. "*Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*" addresses issues arising from the different effective dates of IFRS 9 and the new insurance contracts standard. The amendments are effective for annual periods beginning on or after 1 January 2018. It is expected that the amendments will be endorsed by the European Commission during the third quarter of 2017.
- On 8 December 2016, the IASB published certain amendments to *IAS 40 Investment Property*. "*Amendments to IAS 40: Transfers of Investment Property*" is intended to clarify matters regarding transfers to, or from, investment properties. Specifically, the amendment clarifies that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The amendments are effective for annual periods beginning on or after 1 January 2018; earlier application is permitted. It is expected that the amendments will be endorsed by the European Commission during the second half of 2017.
- On 8 December 2016, the IASB published "*Annual Improvements to IFRS Standards 2014-2016 Cycle*". The changes introduced, which form part of the ongoing process of rationalisation and clarification of international accounting standards, relate to the following standards: IFRS 1 *First-time adoption of IFRS*, IFRS 12 *Disclosure of interests in other entities* and IAS 28 *Investments in associates and joint ventures*. It is expected that the amendments will be endorsed by the European Commission during the second half of 2017. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018; earlier application is permitted only in the case of IAS 28. The amendments to IFRS 12 are effective for annual periods beginning on or after 1 January 2017.

- On 8 December 2016, the IASB published "IFRIC 22 – "Foreign Currency Transaction and Advance Consideration" to clarify the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation clarifies that the transaction date to be used to determine the exchange rate is the date the entity makes or receives the advance payment. IFRIC 22 is effective for annual periods beginning on or after 1 January 2018; earlier application is permitted. It is expected that the amendments will be endorsed by the European Commission during the second half of 2017.

The potential impacts that application of these standards, amendments and interpretations would have on the Group's consolidated financial statements are subject to further review and measurement.

## **Section 2 – Basis of preparation**

The consolidated financial statements comply with the "Framework" for the preparation and presentation of financial statements. They are therefore prepared on an accruals and going concern basis and general principles of materiality and significance have been applied as has the principle of substance over form.

Each material class of items is presented separately and items of a dissimilar nature or function are presented separately unless they are immaterial. Assets and liabilities and income and expenses are not offset unless required or permitted by an IFRS or related interpretation.

The consolidated financial statements include the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

In order to provide a more accurate representation of cash flows available for Group management purposes, the statement of cash flows has been prepared considering only cash and liquidity available for current operations, therefore excluding liquidity restricted for the implementation of concessions and/or wholly dedicated to contracts and/or conventions. Comparative prior year figures have also been restated accordingly.

Moreover, in accordance with IFRS 5, cash flows and income statement amounts relating to discontinued operations are presented separately. Comparative prior year figures have also been restated accordingly.

Certain items in the financial statements have been presented differently or reclassified, including item 40 of the balance sheet, a different presentation of the cash flow statement (see cash flow statement for details) and income statement (see income statement for details).

In accordance with Art. 5, Paragraph 2 of Legislative Decree 38 of February 28, 2005, the financial statements are expressed in the functional currency of the Agency, which is the Euro.

Unless otherwise indicated, the financial statements and related notes are presented in thousands of Euros.

The consolidated financial statements were approved by the Board of Directors on 21 April 2017.

### ***Section 3 – Significant events subsequent to the reporting date***

Other than the matters described below, no events or facts occurred between the reporting date and the date the financial statements were approved that would require adjustment to the results of the consolidated financial statements for the year ended 31 December 2016.

#### **Invitalia**

Following approval of the 2017-2019 Business Plan and the decision of the shareholders' meeting to issue financial instruments to support the implementation of the Business Plan, steps were taken in early 2017 to complete the acquisition of Banca del Mezzogiorno - Medio Credito Centrale S.p.A.

The 2017-2019 Business Plan redefines the role and responsibilities of Invitalia, with certain new areas of responsibility being added and others taken away. The most significant new areas for which Invitalia is now responsible include the planned acquisition of Banca del Mezzogiorno, the establishment of the Italian Development Fund (FIS) and the progressive transfer of responsibility for the management of all business incentives from the Ministry of Economic Development to Invitalia. With respect to activities for which Invitalia is no longer responsible, it should be noted that a process has been initiated to dispose of the residual assets of Italia Turismo and the other managed tourist ports as well as the liquidation of the Fond Nord Ovest (Fund for the North West) managed by Invitalia Ventures SGR.

As set out in the Business Plan, the process of selecting advisors for the planned public tender for the sale of assets was initiated during the early stages of 2017; it is expected that such process will be completed by the end of May 2017.

Actions were also taken at the beginning of 2017 regarding a Euro 400 million bond issue, including nomination of the bookrunner and lead arranger and initiation of the tender to select rating agencies.

#### **Banca del Mezzogiorno**

Following a delay due to the differing strategic priorities of the potential acquirer and potential seller, in September 2016 informal contacts were re-established between the parties and on 10 January 2017, a non-binding expression of interest regarding the acquisition of 100% of the share capital of Banca del Mezzogiorno was sent to Poste Italiane.

Following the completion of comprehensive due diligence and detailed negotiations with Poste Italiane S.p.A., the contract governing the sale of 100% of the bank's share capital was signed on 8 February 2017. The contract will become effective on receipt of the necessary authorisations from the banking supervisory authorities (the Bank of Italy and the European Central Bank) and final authorisation from the Ministry of Economic Development, which has already approved the Business Plan that sets out the details of the planned operation. The administrative process to obtain the authorisation of the aforementioned banking supervisory authorities was initiated on 24 March 2017.

The acquisition price of the shares was based on the bank's net equity, reduced to reflect a negotiated amount relating to the results of the due diligence; the price will be subject

to further adjustment to reflect certain changes between the reference date (1 January 2017) and the closing date.

#### **Section 4 – Other matters**

The consolidated financial statements have been audited by PricewaterhouseCoopers SpA.

#### **Section 5 –Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the *Agenzia nazionale per l'attrazione degli investimenti e lo sviluppo d'impresa SpA* and entities controlled by the Agency directly or indirectly.

The scope of consolidation is based on the provisions of IFRS 10, IFRS 11 and IAS 28. An entity is considered to be controlled when the parent exercises its power, whether directly or indirectly, to determine the entity's financial and management policies. Subsidiaries are consolidated on a line-by-line basis. Consolidation of a subsidiary begins when the parent obtains control over the subsidiary and ceases when the parent loses control of the subsidiary.

All assets, liabilities, revenues and expenses of companies consolidated on a line-by-line basis are aggregated in the consolidated financial statements, other than those relating to intragroup transactions, which are eliminated on consolidation.

Consolidated assets and liabilities reflect those reported in the individual financial statements of group companies, as approved by the respective Boards of Directors and/or shareholders' meetings. Equity and the result for the year attributable to minority interests are recognized separately in the consolidated balance sheet and income statement. Consolidation adjustments are made as appropriate to present the Group as a single entity.

Assets and liabilities classified as held for sale are presented separately in the consolidated financial statements under line items 130 and 80 in assets and liabilities respectively.

The following subsidiaries were consolidated on a line-by-line basis:

| Company   | Registered office | Type of relationship   | Investment held by              | % Holding | % Voting rights | A = controlled directly<br>B = controlled indirectly |
|---|-------------------|--|---------------------------------|-----------|-----------------|--|
| INFRATEL ITALIA S.p.A.                            | Roma              | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| INVITALIA PARTECIPAZIONI S.p.A.                   | Roma              | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| INVITALIA VENTURES S.p.A.                         | Roma              | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| <b>Item 130 - Discontinued Operations</b>         |                   |  |                                 |           |                 |  |
| GARANZIA ITALIA - CONFIDI                         | Roma              | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| ITALIA TURISMO S.p.A.                             | Roma              | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| MARINA DI PORTISCO S.p.A.                         | Portisco          | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| TRIESTE NAVIGANDO SRL (EX GALLIPOLI NAVIGANDO)    | Gallipoli         | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA S.p.A.                | 100.00%   | 100.00%         | A  |
| AQUILA SVILUPPO S.p.A. in liquidazione            | L'Aquila          | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA PARTECIPAZIONI S.p.A. | 90.00%    | 90.00%          | B  |
| SVILUPPO ITALIA CALABRIA S.c.p.A. in liquidazione | Cosenza           | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA PARTECIPAZIONI S.p.A. | 99.84%    | 99.84%          | B  |
| SVILUPPO ITALIA CAMPANIA S.p.A. in liquidazione   | Napoli            | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA PARTECIPAZIONI S.p.A. | 99.88%    | 99.88%          | B  |
| SVILUPPO ITALIA SARDEGNA S.p.A. in liquidazione   | Cagliari          | <b>Majority voting rights at the ordinary shareholders' meetings</b> | INVITALIA PARTECIPAZIONI S.p.A. | 100.00%   | 100.00%         | B  |

## **A.2 – Main financial statement items**

### **Criteria applied**

The following paragraphs provide details of the accounting policies adopted in the preparation of the consolidated financial statements in terms of the criteria used for the recognition, classification, measurement, and derecognition of the various assets, liabilities, revenues and expenses.

### ***Cash and cash equivalents***

Cash and cash equivalents are recognised at nominal value and include short term deposits and deposits repayable on demand that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

### ***Financial assets held for trading***

Includes financial instruments that are held for trading, independently of their technical nature, as well as any derivative instruments not used for hedging purposes.

Financial assets held for trading are initially recognized at fair value, which unless otherwise indicated usually corresponds to the amount paid, excluding transaction costs and income, which are recognized immediately in the income statement even if directly attributable to the financial assets.

Financial assets held for trading are subsequently measured at fair value through profit or loss at each reporting period.

The fair value of financial instruments listed on active markets is measured at market prices (bid/ask prices or, if unavailable, average prices).

In the absence of an active market, estimates and valuation models that consider both risk factors and observable market data are used. These include: methods based on quoted prices for similar assets or liabilities in active markets; discounted cash flows; methods used to determine option prices; and the values of recent similar transactions.

Only those securities and derivative instruments whose fair value cannot be determined reliably using such methods are measured at cost.

Financial assets held for trading are derecognized when the contractual rights have expired or when, as a result of being sold, substantially all the risks and rewards relating to these financial assets are transferred.

Realised gains/losses resulting from the sale/expiration of such assets and unrealised gains/losses relating to fair value adjustments are recognised in "Net trading result".

Financial assets held for trading are derecognised on sale at the transfer date (settlement date).

### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include securities for which the fair value option is applied. The same recognition, measurement and derecognition criteria are applied as for financial assets held for trading and fair value is determined based on market value at the end of the period under review. Period over period changes in the fair value of such financial assets are recognised immediately in the income statement.



### ***Held to maturity investments***

The Group does not hold financial assets with the intention of holding them to maturity.

### ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are not classified as financial assets held for trading, held to maturity investments, or financial assets at fair value through profit or loss or loans and receivables.

Available-for-sale financial assets also include unlisted equity investments not considered to be subsidiaries, associates or jointly controlled (minority shareholding).

Available-for-sale financial assets are initially recognized at the settlement date in the case of debt or equity instruments or the disbursement date in the case of loans and receivables. They are initially recognized at fair value, which reflects the consideration plus transaction costs and income directly attributable to the instrument.

Available-for-sale financial assets are subsequently re-measured at *fair value*. Gains or losses arising from changes in *fair value* are recognized in equity within item 170 "Valuation reserves" until the financial asset is derecognised or an impairment is recognised. At the time of such derecognition or recognition of impairment, the cumulative gains and losses are recognized in the income statement and the reserve is reduced to zero.

Equity instruments for which *fair value* cannot be reliably determined are measured at cost.

Available-for-sale financial assets are tested for impairment at the end of each reporting period.

Any reinstatement of value, following a previous impairment, cannot result in a carrying amount that exceeds what the amortized cost would have been had the impairment loss not been recognized.

Available-for-sale financial assets are derecognized when the contractual rights expire or when, following a sale, substantially all the risks and benefits relating to the financial asset are transferred.

### ***Loans and receivables***

Loans and receivables fall into the broader category of financial instruments and comprise those relationships through which the Agency has contractual rights to cash flows.

Whether disbursed directly or acquired from third parties, loans and receivables (due from customers, banks and financial institutions) are financial assets, with fixed or determinable payments, that are not quoted in an active market or initially classified as Available-for-sale financial assets.

Loans and receivables include trade receivables and repurchase agreements.

Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Amortized cost is equal to the initial value of the instrument, net of any capital reimbursed, adjusted to reflect any revaluation or impairment and amortization of the difference between the amount disbursed and that reimbursable on maturity. The

effective interest rate is the rate that exactly discounts the future cash flows through the expected life of the financial instrument to the net carrying amount of the financial instrument, including any directly related fees/income.

In the event of lending below market rates or rates usually set for similar lending, initial recognition is equal to the present value of future cash flows calculated at an appropriate rate, with any difference with respect to the disbursed amount being taken to the income statement. If the fair value on recognition of the financial instrument is less than the amount disbursed due to the rate applied being below market rates, then initial recognition is at the lower value, calculated by determining the present value of future cash flows at the market rate applicable to financial instruments with similar characteristics. Such adjustment is not made in the case of loans to be financed under existing laws or special subsidising laws, for which the company has only partial exposure to credit risk, on the assumption that the economic effects of such lending are absorbed by the funds in question (reported under Liabilities Item 90) or otherwise discounted in the conditions related to such lending.

Trade receivables with normal commercial terms are not discounted.

At the end of each reporting period, trade receivables are tested for impairment.

Impaired receivables are remeasured and adjusted; the amount of the impairment loss recognised is the difference between the carrying value of the related asset at the measurement date (amortised cost) and the present value of expected future cash flows, discounted at the financial asset's original effective interest rate.

Expected future cash flows are based on expected recovery times, assumed realisable value, cost of guarantees and any other costs that will be incurred to recover outstanding amounts.

Cash flows relating to short-term receivables (due within 12 months) are not discounted.

The original effective interest rate of each financial asset remains unaltered over time even in the presence of changes to the contracted rate and even in the case the asset ceases to earn interest.

Impairment losses are recognised in profit or loss.

Impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss. Such recovery must not result in a carrying value that exceeds what the amortised cost would have been had the impairment not been recognised.

Receivables for which no specific evidence of impairment has been identified (i.e. performing loans and receivables) are assessed for impairment on a collective basis to identify inherent risk.

Impairment losses based on collective assessment are recognised in profit or loss.

### ***Equity investments***

Investments in companies subject to significant influence (associates) are measured using the equity method with the relevant share of gains or losses being recognised in profit or loss.

In measuring equity, consideration is given, as appropriate to "exit strategy" clauses (where these exist) that define timing and price determination methods based on agreed methodologies.

Investments in associates include those acquired while implementing national and/or EU funded concessions, where the risk remains wholly or in part with the related funds.

The risk of incurring losses greater than the carrying value of the investments is recognised in a dedicated provision to the extent that the investor has legal or constructive obligations, or is otherwise required to settle the losses.

### ***Property, plant and equipment***

This item includes land, buildings, furniture and fittings, plant and machinery.

Property, plant and equipment is measured at cost, including any directly related transaction costs and finance charges incurred in the realisation of such assets. Assets acquired through business combinations prior to 1 January 2004 were initially recognised at their existing Italian GAAP book values at the time of the business combination rather than cost.

Asset cost as defined above is depreciated on a straight-line basis over the useful economic lives of the assets from when they are considered ready for use, using depreciation rates that reflect their remaining useful lives. If significant component parts of such assets have different economic lives, they are recognised and depreciated separately.

Land, irrespective of whether it is free of buildings or annexed to civil or industrial buildings, is not depreciated as it has an indefinite useful life.

Leased assets are not depreciated if the related lease contracts provide for the return of such assets in their original condition, subject as required to necessary renewals and replacement.

Depreciable value is determined net of any residual value, if significant. If residual value is equal to or greater than the carrying value, the depreciation rate is set at zero. In line with the specific nature of the individual assets, residual value is tested periodically for potential impairment.

If there are indicators or evidence of potential impairment of items of Property, plant and equipment, impairment tests are performed to identify any loss in value. This involves estimating the asset's recoverable value (the higher of the asset's market value less costs of disposal and its value in use) and comparing it to the asset's book value. Book values, if higher, are adjusted to the recoverable amount. An asset's value in use is equal to the present value of its pre-tax future cash flows, calculated using a pre-tax discount rate that reflects the current market cost of money and the risk associated with the asset. Impairment losses are recognised in the income statement under "Impairment/recoveries on property, plant and equipment". Impairment losses are reversed if the conditions that gave rise to them no longer exist.

### ***Intangible assets***

Intangible assets are identifiable non-monetary assets without physical substance intended for use over a period of more than one year or indefinitely. They are initially

recognised at cost as adjusted for any ancillary costs. Intangible assets are recognised at cost, adjusted for any ancillary charges only if it is probable that the future economic benefits attributable to the assets will be realised and if the cost of the asset may be reliably determined. If this is not the case, the cost of the intangible asset is recorded in the income statement in the year in which it was sustained.

Assets with a finite useful life, are amortised on a straight-line basis from the moment they are available for use. Assets with an indefinite useful life are not subject to systematic amortisation, but are periodically subjected to impairment testing, similar to that described above in relation to property plant and equipment.

Amortisation, impairment losses and recoveries are recorded in the income statement under "Impairment/recoveries on intangible assets".

Intangible assets are derecognised from the balance sheet on disposal or if no future economic benefits are expected. Intangible assets are recognised at cost, determined in the same way as for property plant and equipment.

Gains or losses on derecognition of an intangible asset are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset; they are recognised in the income statement when the asset is derecognised.

### ***Non-current assets and disposal groups classified as held for sale and related liabilities***

This item includes non-current assets and disposal groups held for sale and assets and related liabilities, for which disposal is deemed to be extremely probable. These include non-current assets/liabilities for which a disposal process has commenced based on a reorganisation plan, prepared pursuant to the 2007 Finance Act and the subsequent Ministry of Economic Development Decree of 27 March 2007, or in implementation of the 2017-2019 Plan approved by the MISE and the MEF in December 2016. Such assets/liabilities are measured at the lower of their carrying amount and their fair value less costs to sell.

The income and charges attributable to Non-current assets and disposal groups considered to be discontinued operations are recognised under a separate line item in the income statement.

### ***Contract work in progress***

Construction contracts in progress (contract work in progress) are measured based on contracted revenues earned with reasonable certainty, given the stage of completion of contract activities (percentage of completion method) in such a way as to accrue revenues in line with work completed.

Positive or negative differences between the value of work in progress and advance/progress payments received are recognised as assets or liabilities in the balance sheet, considering also any reductions in value made to recognise risks associated with non-acceptance of work completed.

In addition to the initial amount of revenue agreed in the contract, contract revenues include variations in contract work, price revisions and claims, to the extent that it is probable that they will result in revenues that are capable of being reliably measured.

Any expected losses on construction contracts are immediately recognised as an expense, independently of the stage of completion of the contract.

### ***Inventories***

Inventories are stated at the lower of purchase cost and estimated net realisable value. Purchase cost is determined using the weighted average cost or specific cost method.

### ***Payables and other liabilities***

Payables and other liabilities are initially recognised at fair value, net of any directly related transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the original effective interest method.

This accounting treatment is not followed in the case of payables due to third parties in relation to managed funds relating to concessions to be implemented by the Agency on the assumption that the economic and financial effects are absorbed by the related uses (in this regard see the note on Loans and receivables under criteria applied)

Revocable payables and liabilities issued are treated as short term liabilities and are not discounted.

In the same way, trade payables with normal business cycle due dates are not discounted.

### ***Provision for employee termination indemnities***

The liability relating to employee termination indemnities is based on defined benefit plans and is recognized when the right to the benefit is earned. It is stated net of any plan assets and advances paid and is calculated based on actuarial assumptions, using the projected unit credit method; it is accrued over the working lives of employees. Plan costs are recognised in the income statement when incurred.

Actuarial gains and losses are recognised in the period to which they relate and reported in equity.

The actuarial valuation is determined each year by an independent actuary.

### ***Provisions for risks and charges***

Provisions for risks and charges are recognised when, and only when:

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

Amounts are recognised based on best estimates at the reporting date of the expenditure required to settle such obligations or transfer them to third parties. Risks that may result in potential liabilities are disclosed without provision in the notes to the financial statements.

If the effect is significant, in determining provisions, future expected cash flows are

discounted to present value using a discount rate that reflects the current market assessments of the time value of money and the risk associated with the liability.

If discounted in such manner, any increase in the provisions liability related to the time value of money is recognized as a finance expense.

### ***Current and deferred income taxes***

Current and deferred income taxes, calculated in accordance with domestic tax regulations and relevant rates in effect, are recognised on an accruals basis in line with the recognition of the costs and income that generated them.

Income taxes, other than those relating to assets and liabilities recognised directly in equity, are recognised in the income statement.

Current tax assets and liabilities include the tax balances of the Group companies due to the relevant Italian and foreign tax authorities. More specifically, these items include the net balance of current tax liabilities for the year, calculated based on a prudent estimate of the tax charges due for the year, assessed according to the tax regulations currently in effect, and the current tax assets represented by advances paid and other tax credits for withholding taxes borne or tax credits of previous years that the Group companies claimed against taxes payable in future years.

The provision for income taxes is based on prudent estimates of current tax expenses, deferred tax assets and deferred tax liabilities.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which they can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are updated to reflect changes in legislation and/or rates.

If deferred tax assets and liabilities relate to transactions and other events recognised in the income statement, any related tax effects are also recognised in the income statement. For transactions and other events not recognised in the income statement but directly in equity (such as measurement of available for sale financial instruments or cash flow hedges), any related tax effects are also recognised directly in equity in the relevant dedicated reserves.

Since 2004, the Parent has adopted domestic fiscal consolidation arrangements, governed by Articles 117 and 129 of the consolidated law on income tax (TUIR), introduced by Legislative Decree no. 344/2003.

Relations between the Agency and those subsidiaries that participate in such arrangements are regulated by contract.

### ***Revenue recognition***

Revenues are recognised to the extent the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Parent Company. Depending on the type of transaction, revenues are recognised as follows:

- Sale of goods - revenues are recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer.
- Rendering of services - revenues are recognised when the stage of completion of the transaction at the end of the reporting period can be measured reliably, as foreseen in the case of contract work in progress. If the outcome of the

transaction cannot be estimated reliably, revenue shall be recognised only to the extent of recoverable costs.

- Interest - revenue is recognised based on interest earned on the net value of the related financial assets, calculated using the effective interest method (which exactly discounts estimated future cash receipts through the expected life of the financial instrument).
- Dividends - dividends are recognised when shareholders' rights to receive payment are established.

## **Other information**

### *Government grants*

Government grants are recognised at fair value when there is reasonable assurance that they will be received and that the conditions attached to them will be complied with.

When grants relate to cost components (e.g. income related grants) they are recognised under "Other operating income/expenses" and spread systematically across the various years in such a way that annual revenues from grants are in proportion to the costs they are intended to offset.

When grants relate to assets (e.g. capital grants), they are recognised as long-term liabilities and released progressively to the income statement as "Other income" in proportion to the useful economic life of the asset in question, in line with the related depreciation/amortization charges.

Grants awarded for the purpose of giving immediate financial support to an entity, rather than in relation to future or past costs, are recognised in the income statement during the year in which the entity qualifies to receive it.

### ***Leasehold improvements***

The costs of restructuring leased properties are capitalised based on the fact that for the duration of the lease contract the lessee controls and can derive future economic benefits from the asset.

Such capitalised costs are recognised in "Property, plant and equipment" and depreciated over a period no longer than the duration of the relevant lease contract.

## **A.3 – Fair value**

### ***Fair value hierarchy***

Fair value measurements are classified in terms of the following hierarchy, which categorises the inputs to valuation techniques used to measure fair value.

Level 1:

quoted prices in active markets – as defined in IAS 39;

Level 2:

inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices);

Level 3:

inputs not based on observable market data

## Part B – Information on the Balance Sheet

### ASSETS

#### Item 10 – Cash and cash equivalents

|           |            |
|-----------|------------|
| <b>11</b> | <b>126</b> |
|-----------|------------|

|                                     | 31.12.2016 | 31.12.2015 |
|-------------------------------------|------------|------------|
| Item 10 - Cash and cash equivalents |            |            |
| Cash                                | 11         | 126        |
| <b>Total</b>                        | <b>11</b>  | <b>126</b> |

The item also includes the balance on two prepaid credit cards used for urgent expenses for small amounts.

#### Item 20 – Financial assets held for trading

|               |               |
|---------------|---------------|
| <b>55,864</b> | <b>56,690</b> |
|---------------|---------------|

Financial assets held for trading mainly comprise domestic financial securities and government bonds with average duration of less than two years and an average rating of BB+, a slight improvement with respect to the previous year due to certain positions having matured. The average performance of financial assets held for trading, at 2.11%, represented an improvement with respect to the previous year (1.54%) and was achieved while limiting both interest rate risk and credit risk, both of which showed marginal improvements with respect to the prior year. Margins earned on securities were used to refinance positions through repurchase agreements, resulting both in further interest margins, given the low cost of borrowing, and a reduction in short-term financial requirements.

#### 2.1. Financial assets: breakdown

|  | 31.12.2016    |              |          | 31.12.2015    |              |          |
|--|---------------|--------------|----------|---------------|--------------|----------|
|  | Level 1       | Level 2      | Level 3  | Level 1       | Level 2      | Level 3  |
| <b>A. Cash assets</b>                      |               |              |          |               |              |          |
| Debt securities                            | 53,541        | 2,323        | -        | 53,209        | 3,481        | -        |
| Equities and CUI                           |               |              |          |               |              |          |
| Stock                                      | -             | -            | -        | -             | -            | -        |
| Loans                                      | -             | -            | -        | -             | -            | -        |
| <b>Total A</b>                             | <b>53,541</b> | <b>2,323</b> | <b>-</b> | <b>53,209</b> | <b>3,481</b> | <b>-</b> |
| <b>B. Derivative Financial Instruments</b> |               |              |          |               |              |          |
| Financial derivatives                      | -             | -            | -        | -             | -            | -        |
| Credit derivatives                         | -             | -            | -        | -             | -            | -        |
| <b>Total B</b>                             | <b>-</b>      | <b>-</b>     | <b>-</b> | <b>-</b>      | <b>-</b>     | <b>-</b> |
| <b>Total A + B</b>                         | <b>53,541</b> | <b>2,323</b> | <b>-</b> | <b>53,209</b> | <b>3,481</b> | <b>-</b> |



## 2.3 Financial assets held for trading:

### *Borrower/issuer breakdown*

|  | 31.12.2016    | 31.12.2015    |
|--|---------------|---------------|
| <b>A. Cash assets</b>                      | <b>55,864</b> | <b>56,690</b> |
| a) Governments and Central Banks           | 16,414        | 18,485        |
| b) Other public entities                   | 2,323         | 3,481         |
| c) Banks                                   | 34,657        | 34,724        |
| d) Financial Institutions                  | -             | -             |
| e) Other issuers                           | 2,470         | -             |
| <b>B. Derivative Financial Instruments</b> |               |               |
| a) Banks                                   | -             | -             |
| b) Other Counterparties                    | -             | -             |
| <b>Total</b>                               | <b>55,864</b> | <b>56,690</b> |

## 2.4 Annual changes

|                                 | Debt securities |
|---------------------------------|-----------------|
| <b>Opening balance</b>          | <b>56,690</b>   |
| <b>Increases</b>                |                 |
| Purchases                       | 18,165          |
| Positive fair value differences | 230             |
| Other changes                   | 719             |
| <b>Decreases</b>                |                 |
| Sales                           | (3,215)         |
| Reimbursements                  | (15,135)        |
| Negative fair value differences | (634)           |
| Other changes                   | (956)           |
| <b>Total</b>                    | <b>55,864</b>   |

See attachment A.1 for details of changes.

### **Item 30 – Financial assets at fair value through profit or loss**

**27,119**

**24,418**

Financial assets at fair value comprise capital redemption policies underwritten by the Parent with insurance companies. Amounts invested in such policies, which had decreased during the previous year, increased slightly during the early part of 2016. Such investments in capital redemption policies, amounting in total to Euro 27 million, have underlying debt profiles that result in more stable plans and improved overall annual performance; in 2016, they achieved a return close to 2.50%.

### 3.1 Financial assets at fair value: *breakdown*

|                 | 31.12.2016 |          |               | 31.12.2015 |          |               |
|-----------------|------------|----------|---------------|------------|----------|---------------|
|                 | Level 1    | Level 2  | Level 3       | Level 1    | Level 2  | Level 3       |
| Debt securities | -          | -        | 27,119        | -          | -        | 24,418        |
| <b>Total</b>    | <b>-</b>   | <b>-</b> | <b>27,119</b> | <b>-</b>   | <b>-</b> | <b>24,418</b> |

The (level 3) fair value of such debt securities is based on capitalisation of the average annual rate of return calculated for each policy by the issuing company, net of the related management fee.

### 3.2 Borrower/issuer breakdown

|                                  | 31.12.2016    | 31.12.2015    |
|----------------------------------|---------------|---------------|
| <b>A. Cash assets</b>            |               |               |
| a) Governments and Central Banks | -             | -             |
| b) Other public entities         | -             | -             |
| c) Banks                         | -             | -             |
| d) Financial Institutions        | 27,119        | 24,418        |
| e) Other issuers                 | -             | -             |
| <b>Total</b>                     | <b>27,119</b> | <b>24,418</b> |

### 3.3 Annual changes

|                                 | Debt securities |
|---------------------------------|-----------------|
| <b>Previous opening balance</b> | <b>24,418</b>   |
| Changes to opening balance      | -               |
| <b>Opening balance</b>          | <b>24,418</b>   |
| Purchases                       | 2,000           |
| Positive fair value differences | 701             |
| Other variations                | -               |
| <b>Decreases</b>                | -               |
| <b>Total</b>                    | <b>27,119</b>   |

See attachment A.2 for details of changes.

At the reporting date, no financial assets at fair value were pledged as collateral for Group liabilities or commitments.

#### Item 40 – Available-for-sale financial assets

|               |              |
|---------------|--------------|
| <b>12,548</b> | <b>8,496</b> |
|---------------|--------------|

The item comprises units held in investment funds (CUI), representing medium and long-term investments in closed end funds.

#### 4.1 Available-for-sale financial assets: *breakdown*

|                      | 31.12.2016 |               |         | 31.12.2015 |              |         |
|----------------------|------------|---------------|---------|------------|--------------|---------|
|                      | Level 1    | Level 2       | Level 3 | Level 1    | Level 2      | Level 3 |
| Equity and CUI Stock | -          | 12,548        | -       | -          | 8,496        | -       |
| <b>Total</b>         | -          | <b>12,548</b> | -       | -          | <b>8,496</b> | -       |

#### 4.2 Borrower/issuer breakdown

|                                  | 31.12.2016    | 31.12.2015   |
|----------------------------------|---------------|--------------|
| <b>A. Cash assets</b>            |               |              |
| a) Governments and Central Banks | -             | -            |
| b) Other public entities         | -             | -            |
| c) Banks                         | -             | -            |
| d) Financial Institutions        | -             | -            |
| e) Other issuers                 | 12,548        | 8,496        |
| <b>Total</b>                     | <b>12,548</b> | <b>8,496</b> |

### 4.3 Annual changes

|                                 | <b>Equities and CUI Stock</b> |
|---------------------------------|-------------------------------|
| <b>Previous opening balance</b> | <b>8,496</b>                  |
| Changes to opening balance      | -                             |
| <b>Opening balance</b>          | <b>8,496</b>                  |
| Purchases                       | 6,398                         |
| Positive fair value differences | 648                           |
| Write-backs recognised in       | -                             |
| - income statement              | -                             |
| - shareholders' equity          | -                             |
| Transfers from other portfolios | -                             |
| Other increases                 | 296                           |
| <b>Decreases</b>                |                               |
| Disposals                       | -                             |
| Reimbursements                  | (216)                         |
| Negative fair value differences | (3,074)                       |
| Impairment losses               | -                             |
| Transfers to other portfolios   | -                             |
| Other decreases                 | -                             |
| <b>Closing balance</b>          | <b>12,548</b>                 |

See attachment A.3 for details of Equities and CUI stock and related changes during the period.

Fair value is based on the most recent net asset value (NAV) communicated by the fund manager. The NAV is adjusted to reflect calls and refunds communicated by fund managers between the most recent official NAV and the reporting date.

#### Item 60 – Loans and receivables

|                  |                  |
|------------------|------------------|
| <b>1,167,728</b> | <b>1,045,270</b> |
|------------------|------------------|

The item is broken down by debtor as follows:

|                                 | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---------------------------------|-------------------|-------------------|
| Due from banks                  | 609,356           | 518,542           |
| Due from financial institutions | 521               | 715               |
| Due from customers              | 557,851           | 526,013           |
| <b>Total</b>                    | <b>1,167,728</b>  | <b>1,045,270</b>  |

## 6.1 Due from banks

|                                 | 2016           |              |          |                | 2015           |              |          |                |
|---------------------------------|----------------|--------------|----------|----------------|----------------|--------------|----------|----------------|
|                                 | Book value     | Fair value   |          |                | Book value     | Fair value   |          |                |
|                                 |                | Level 1      | Level 2  | Level 3        |                | Level 1      | Level 2  | Level 3        |
| Current accounts and deposits   | 605,705        | -            | -        | 605,705        | 512,583        | -            | -        | 512,583        |
| Funding                         | -              | -            | -        | -              | -              | -            | -        | -              |
| - Reverse repurchase agreements | -              | -            | -        | -              | -              | -            | -        | -              |
| - Other loans                   | -              | -            | -        | -              | -              | -            | -        | -              |
| Debt securities                 | 3,003          | 2,974        | -        | -              | 2,990          | 2,946        | -        | -              |
| - Structured securities         | -              | -            | -        | -              | -              | -            | -        | -              |
| - Other debt securities         | 3,003          | 2,974        | -        | -              | 2,990          | 2,946        | -        | -              |
| Other assets                    | 648            | -            | -        | 648            | 2,969          | -            | -        | 2,969          |
| <b>Total</b>                    | <b>609,356</b> | <b>2,974</b> | <b>-</b> | <b>606,353</b> | <b>518,542</b> | <b>2,946</b> | <b>-</b> | <b>515,552</b> |

"Current accounts and deposits" includes:

- financial resources available on demand for current operations amounting to Euro 77,398 thousand (Euro 183,917 thousand as of 31 December 2015) of which an amount of Euro 16,776 thousand is restricted, following an agreement reached in December 2016, pending settlement of the ISA/ISMEA dispute;
- restricted resources relating to the implementation of concessions financed by national and EU funds (described in more detail in the note on Liabilities Item 90) amounting to Euro 195,673 thousand (Euro 225,175 thousand as of 31 December 2015);

|   | 2016           | 2015           |
|---|----------------|----------------|
| Sustainable growth fund                                   | 43,288         | 49,371         |
| Law 181/89 (Crisis area interventions)                    | 31,872         | 36,180         |
| Rotating fund DPR 58/87                                   | 26,715         | 27,049         |
| Patents convention  | 15,976         | 21,044         |
| Law 208/98 (Incentive fund)                               | 15,333         | 16,468         |
| Promotion of tourism                                      | 1,247          | 1,247          |
| Reindustrialisation of the Ottana area                    | 804            | 803            |
| L'Aquila Poli Museali Agreement                           | 730            | 822            |
| Creation of broadband and ultra broadband infrastructures | 58,887         | 70,384         |
| Other   | 821            | 1,807          |
|   | <b>195,673</b> | <b>225,175</b> |

- resources wholly dedicated to contracts and/or conventions with public authorities in accordance with Decree Law 197/2010 and the related conversion law 217/2010 amounting to Euro 332,634 thousand.

|   | 2016           | 2015           |
|---|----------------|----------------|
| Bagnoli - Coroglio area intervention                                | 50,000         | 50,000         |
| Law 289/02  | 12,124         | 12,341         |
| Interministerial Committee for Economic Planning (CIPE) 62-130/02   | 5,887          | 6,103          |
| Procurement contracts with regional institutions                    | 5,503          | 59             |
| Public conventions  | 3,823          | 1,305          |
| Hydrogeological disruptions   | 870            | 703            |
| Spinner   | 231            | 3              |
| ILVA Convention   | 10             | 10             |
| Factoring   | -              | 26             |
| Regional contracts of broadband and ultra broadband infrastructures | 254,186        | 32,940         |
|   | <b>332,634</b> | <b>103,490</b> |

The Group does not earn interest income on liquidity that is restricted for the implementation of concessions, as such interest is retained within the managed fund.

The same is true for resources wholly dedicated to covering the costs of public procurement contracts assigned by local and regional authorities.

On 1 November 2008, assets with a total nominal value of Euro 122,400 thousand, based on market values as of 1 July 2008, were reclassified. The following table provides an overview of the amounts and related reclassifications as required by IFRS 7.

| Technical nature | Type                              | Nominal value at transfer date | Book value at the transfer date (30.6.2008) | Fair Value as of 31/12/15 | Fair Value as of 31/12/16 | Book value as of 31/12/16 |
|------------------|-----------------------------------|--------------------------------|---|---------------------------|---------------------------|---------------------------|
| Debt securities  | Financial assets held for trading | 32,500                         | 30,647                                      | 2,946                     | 2,974                     | 3,003                     |
| <b>Total</b>     |                                   | <b>32,500</b>                  | <b>30,647</b>                               | <b>2,946</b>              | <b>2,974</b>              | <b>3,003</b>              |

In summary:

|                         | Gains/(Losses) |
|-------------------------|----------------|
| <b>Without transfer</b> |                |
| Trading                 | 28             |
| <b>Total</b>            | <b>28</b>      |
| <b>With transfer</b>    |                |
| Trading                 | 33             |
| <b>Total</b>            | <b>33</b>      |

Fair value increases relating to securities in the "Financial assets held for trading" portfolio during the period 2015-2016 resulted in gains amounting to Euro 28 thousand.

Adoption of the amortised cost method following the reclassification resulted in gains of Euro 33 thousand.

## 6.2 Due from financial institutions

|                           | 2016       |                 |          |            |          |            | 2015       |                 |          |            |          |            |
|---------------------------|------------|-----------------|----------|------------|----------|------------|------------|-----------------|----------|------------|----------|------------|
|                           | Book value |                 |          | Fair value |          |            | Book value |                 |          | Fair value |          |            |
|                           | Performing | Non-performing: |          | L1         | L2       | L3         | Performing | Non-performing: |          | L1         | L2       | L3         |
|                           |            | Acquired        | Other    |            |          |            |            | Acquired        | Other    |            |          |            |
| <b>1. Loans</b>           | <b>192</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>192</b> | <b>160</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>160</b> |
| <b>1.4 Other loans</b>    | 192        | 0               | 0        | 0          | 0        | 192        | 160        | 0               | 0        | 0          | 0        | 160        |
| <b>2. Debt securities</b> | <b>0</b>   | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>0</b>   | <b>0</b>   | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>0</b>   |
| <b>3. Other assets</b>    | <b>329</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>329</b> | <b>555</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>555</b> |
| <b>Total book value</b>   | <b>521</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>521</b> | <b>715</b> | <b>0</b>        | <b>0</b> | <b>0</b>   | <b>0</b> | <b>715</b> |

At the reporting date, no loans or receivables due from financial institutions were pledged as collateral for Group liabilities and commitments.

## 6.3 Due from customers

|  | 2016           |                 |               |            |    |                | 2015           |                 |               |            |    |                |
|--|----------------|-----------------|---------------|------------|----|----------------|----------------|-----------------|---------------|------------|----|----------------|
|  | Book value     |                 |               | Fair value |    |                | Book value     |                 |               | Fair value |    |                |
|  | Performing     | Non-performing: |               | L1         | L2 | L3             | Performing     | Non-performing: |               | L1         | L2 | L3             |
|  |                | Purchased       | Other         |            |    |                |                | Purchased       | Other         |            |    |                |
| <b>1. Loans</b>  | <b>71,211</b>  | -               | <b>50,540</b> | -          | -  | <b>121,751</b> | <b>76,656</b>  | -               | <b>50,891</b> | -          | -  | <b>127,547</b> |
| <b>1.2 Factoring</b>                                       | <b>11,634</b>  | -               | -             | -          | -  | <b>11,634</b>  | <b>12,716</b>  | -               | -             | -          | -  | <b>12,716</b>  |
| . with recourse  | 9,421          | -               | -             | -          | -  | 9,421          | 8,161          | -               | -             | -          | -  | 8,161          |
| . without recourse   | 2,213          | -               | -             | -          | -  | 2,213          | 4,555          | -               | -             | -          | -  | 4,555          |
| <b>1.6 Other loans</b>                                     | <b>59,577</b>  | -               | <b>50,540</b> | -          | -  | <b>110,117</b> | <b>63,940</b>  | -               | <b>50,891</b> | -          | -  | <b>114,831</b> |
| <i>Of which: enforcement of guarantees and commitments</i> | 2,774          | -               | -             | -          | -  | -              | -              | -               | -             | -          | -  | -              |
| <b>3. Other assets</b>                                     | <b>417,920</b> | -               | <b>18,180</b> | -          | -  | <b>436,100</b> | <b>385,466</b> | -               | <b>13,000</b> | -          | -  | <b>398,466</b> |
| <b>Total book value</b>                                    | <b>489,131</b> | -               | <b>68,720</b> | -          | -  | <b>557,851</b> | <b>462,122</b> | -               | <b>63,891</b> | -          | -  | <b>526,013</b> |

“**Due from customers**” includes loans amounting to Euro 83,850 thousand under Law 181/89, for which the insolvency risk is not borne by Invitalia, as well as loans amounting to Euro 14,148 thousand under Rotating Fund DPR 58/87, for which the insolvency risk is borne by Invitalia only in respect of arrears in excess of 12 months. For further details regarding such funds, see the note on Liabilities Item 90 “**Other liabilities - due to third parties in relation to managed funds**”.

Impairment adjustments made to non-performing balances represent around 43.46% of their nominal value.

The sub-item “**Factoring**” relates to the remaining balance regarding the management of SVI Finance, a former subsidiary company.

The sub-item “**Other assets**” includes receivables for services to ministries and public authorities provided by Invitalia (Euro 374 million) and Infratel (Euro 40 million, of which Euro 27 million for completion of infrastructure works and Euro 13 million for monitoring and implementation reporting). The sub-item also includes receivables totalling Euro 4 million due to Invitalia from the Ministry of Economic Development following a sentence of the Rome court of law that recognised Invitalia’s right to receive grants that had been cancelled in error.

**Item 90 – Equity investments**
**43,825**
**44,993**
**9.1 Equity investments: information on equity interest**

|   | Book value    | % owned | Registered office    | Total assets | Total revenue | Total equity | Profit/(loss) |
|---|---------------|---------|----------------------|--------------|---------------|--------------|---------------|
| <b>COMPANIES SUBJECT TO SIGNIFICANT INFLUENCE</b>   |               |         |                      |              |               |              |               |
| CONSORZIO EX CNOW   | 1             | 52.00%  | Venezia              | 8            | 4             | 3            |               |
| CONSORZIO SPINNER   | -             | 33.33%  | Bologna              | 15           | 1             | (6)          | (31)          |
| ELETTRA SINCROTONE TRIESTE S.P.A.   | 1,913         | 3.82%   | Trieste              | 146,811      | 51,270        | 47,633       | 1,408         |
| LAMEZIA EUROPA SCPA   | 708           | 20.00%  | Lamezia Terme        | 8,850        | 874           | 3,542        | 40            |
| MARINA ARENELLA SRL   | 282           | 30.00%  | Palermo              | 2,170        | 366           | 939          | (57)          |
| MARINA DI MARGHERITA DI SAVOIA SRL (in liquidation)   | -             | 100.00% | Margherita di Savoia | 25           | -             | (1)          | (7)           |
| MARINA DI REGGIO CALABRIA SRL (in liquidation)  | 25            | 72.12%  | Reggio Calabria      | 54           | -             | 35           | -             |
| MARINA DI TRANI SRL (in liquidation)  | -             | 100.00% | Roma                 | 104          | -             | (112)        | -             |
| SICULIANA NAVIGANDO SRL   | 17            | 95.47%  | Siciliana            | 326          | -             | 18           | (3)           |
| SISTEMA SRL (in liquidation)  | -             | 45.24%  | Cassana              | 1,912        | 1             | (4686)       | (42)          |
| TURISMO E SVILUPPO SPA (in liquidation)   | -             | 33.60%  | Cosenza              | 4,575        | 874           | (676)        | 863           |
| TRAPANI NAVIGANDO SRL   | 209           | 100.00% | Trapani              | 608          | -             | 209          | -             |
| VIVENDA SPA   | 13,600        | 30.00%  | Roma                 | 110,442      | 104,625       | 30,184       | (179)         |
| <b>of which companies acquired in accordance with Law 181/189 and subsequent amendments</b> |               |         |                      |              |               |              |               |
| GUSTAVO DE NEGRI & ZA.MA. SRL   | 202           | 20.20%  | Caserta              | 4,281        | 2             | (1)          | (1,826)       |
| SKY TECNO SRL   | 755           | 22.00%  | Napoli               | 14,092       | 9,796         | 5,033        | 1,705         |
| TEKLA SRL   | 653           | 26.33%  | Scafati              | 10           | 3             | 3            | (87)          |
| <b>NON-SIGNIFICANT COMPANIES</b>  |               |         |                      |              |               |              |               |
| ALA BIRDI S.R.L.  | 2,818         | 30.00%  | Arborea              | 10,944       | 210           | 9,394        | 1             |
| CFI - COOPERAZIONE FINANZA  | 643           | 0.67%   | Roma                 | 103,454      | 3,486         | 96,011       | (1365)        |
| C.R.A.A. SRL (in liquidation)   | 38            | 15.00%  | Arese                | 252          | -             | 252          | (37)          |
| ELA SPA (in bankruptcy)   | -             | 2.26%   | Napoli               | -            | -             | -            | -             |
| FINMEK SOLUTIONS SPA IN PROC. CONC.   | -             | 30.00%  | L'Aquila             | -            | -             | -            | -             |
| FONDERIE SPA (in bankruptcy)  | -             | 1.73%   | Roma                 | -            | -             | -            | -             |
| FONDERIT ETRURIA (in bankruptcy)  | -             | 12.75%  | Livorno              | -            | -             | -            | -             |
| IDC - ITALIAN DISTRIBUTION (in liquidation)   | -             | 6.67%   | Roma                 | -            | -             | -            | -             |
| ISTIT ENCICLOPEDIA TRECCANI   | 3,440         | 7.30%   | Roma                 | 121,741      | 47,115        | 47,588       | 444           |
| ITALIACAMP SRL - UNIPERSONALE   | 1             | 5.00%   | Roma                 | 941          | 879           | 271          | 161           |
| MARINA DI VILLA IGIEA SPA   | 702           | 7.55%   | Palermo              | 8,120        | 1,667         | 5,283        | 188           |
| MECCANO SCPA  | 77            | 4.43%   | Fabiano              | 8,127        | 4,344         | 1,748        | 6             |
| SASSI ON LINE SERVICE S.C.P.A. (in liquidation)   | -             | 9.99%   | Bari                 | 253          | -             | (1,272)      | (20)          |
| SOCIETA' PER CORNIGLIANO SPA  | 1,351         | 10.00%  | Genova               | 83,699       | 24,575        | 13,507       | 80            |
| T.E.S.S - COSTA DEL VESUVIO SPA   | -             | 9.14%   | Napoli               | -            | -             | -            | -             |
| TINTORIA STAMPERIA DEL MOLISE (in bankruptcy)   | -             | 30.47%  | Boiano               | -            | -             | -            | -             |
| TRADIZIONI DI CALABRIA SPA (in bankruptcy)  | -             | 49.00%  | Cirò                 | -            | -             | -            | -             |
| TRADIZIONI ITALIANE SPA (in bankruptcy)   | -             | 12.50%  | Cirò                 | -            | -             | -            | -             |
| WAHO0 SPA (in bankruptcy)   | -             | 17.60%  | Cagliari             | -            | -             | -            | -             |
| <b>of which companies acquired in accordance with Law 181/189 and subsequent amendments</b> |               |         |                      |              |               |              |               |
| CATWOK SPA (in bankruptcy)  | 564           | 23.11%  | Napoli               | -            | -             | -            | -             |
| C.S.R.A. SRL (in bankruptcy)  | 620           | 40.00%  | Massa                | -            | -             | -            | -             |
| CMS SRL (in bankruptcy)   | 1,370         | 19.22%  | Laterza              | -            | -             | -            | -             |
| DESIGN MANUFACTURING SPA  | 990           | 7.93%   | Pozzuoli             | 116,733      | 56,966        | 8            | (718)         |
| ELMIRAD SERVICE SRL (in liquidation)  | 120           | 12.39%  | Taranto              | -            | -             | -            | -             |
| GRIMALDI SPA  | 307           | 5.16%   | Caserta              | 28,940       | 25,051        | 9,936        | 100           |
| JONICA IMPIANTI SRL   | 278           | 8.70%   | Taranto              | 8,816        | 4,201         | 2,367        | (831)         |
| METALFER SUD SPA (in bankruptcy)  | 697           | 37.01%  | Torre Annunziata     | -            | -             | -            | -             |
| MODOMECC BUILDING SRL   | 168           | 7.47%   | Massafra             | 5,101        | 1,330         | 2,771        | 19            |
| PERITAS SRL   | 326           | 15.16%  | Brindisi             | 7,279        | 1,770         | 2,049        | 35            |
| PRO.S.IT. SRL (in bankruptcy)   | 499           | 27.06%  | Napoli               | -            | -             | -            | -             |
| SALVER SPA  | 2,524         | 14.31%  | Roma                 | 91,236       | 42,796        | 25,903       | 944           |
| SIAPRA SPA  | 1,570         | 6.13%   | L'Aquila             | 85,215       | 113,994       | 28,845       | 449           |
| SICALP SRL (in bankruptcy)  | 1,033         | 36.36%  | Campiglia Marittima  | -            | -             | -            | -             |
| SIMPE SPA (in bankruptcy)   | 3,600         | 4.01%   | Acerra               | -            | -             | -            | -             |
| SURAL SPA (in bankruptcy)   | 253           | 1.42%   | Taranto              | -            | -             | -            | -             |
| TIRRENA MACCHINE SRL (in bankruptcy)  | 1,472         | 44.19%  | Massa                | -            | -             | -            | -             |
| <b>Total</b>  | <b>43,825</b> |         |                      |              |               |              |               |

## 9.2 Annual changes in equity investments:

|                                 | 31.12.2016    | 31.12.2015    |
|---------------------------------|---------------|---------------|
| <b>Previous opening balance</b> | <b>44,993</b> | <b>44,591</b> |
| Classification to Item 130      |               |               |
| <b>Opening balance</b>          | <b>44,993</b> | <b>44,591</b> |
| Purchases                       | -             | 4,215         |
| Write-backs                     | 8             | 842           |
| Revaluations                    | -             | -             |
| Other increases                 | 1,489         | 420           |
| Sales                           | (644)         | (1,312)       |
| Impairment losses               | (9)           | (86)          |
| Other decreases                 | (2,012)       | (3,677)       |
| <b>Closing balance</b>          | <b>43,825</b> | <b>44,993</b> |

Attachment A.5 provides details of changes in equity investments.

As highlighted in the table, it is noted that the item includes equity investments in associates acquired while implementing national and/or EU funded concessions (mainly Law 181/89 and subsequent) where the risk remains wholly or in part with the related funds.

At the reporting date, no equity investments were pledged as collateral for Group liabilities and commitments.

## Section 10

### Item 100 – Property, plant and equipment

|                |                |
|----------------|----------------|
| <b>244,392</b> | <b>449,754</b> |
|----------------|----------------|

| Items/amounts                    | 31.12.2016              | 31.12.2015              |
|----------------------------------|-------------------------|-------------------------|
|                                  | Assets measured at cost | Assets measured at cost |
| <b>Assets used in operations</b> |                         |                         |
| <b>Owned</b>                     | <b>244,392</b>          | <b>239,645</b>          |
| Land                             | 6,410                   | 6,410                   |
| Buldings                         | 59,379                  | 57,137                  |
| Furnitures                       | 94                      | 113                     |
| Other                            | 178,509                 | 175,985                 |
| <b>Investment property</b>       |                         | <b>210,109</b>          |
| Land                             | -                       | 40,506                  |
| Buildings                        | -                       | 96,339                  |
| Other                            | -                       | 73,264                  |
| <b>Total</b>                     | <b>244,392</b>          | <b>449,754</b>          |

The decrease is due to the reclassification to item 130 “Non-current assets and disposal groups classified as held for sale” of the properties held by the subsidiary Italia Turismo.



Changes in property, plant and equipment are detailed in the following table:

|                                 | Land         | Buildings      | Furniture   | Other           | Total            |
|---------------------------------|--------------|----------------|-------------|-----------------|------------------|
| <b>Previous opening balance</b> | 46,916       | 153,476        | 113         | 249,249         | <b>449,754</b>   |
| Classification to Item 130      | (40,506)     | (96,339)       | -           | (73,264)        | <b>(210,109)</b> |
| <b>Opening balance</b>          | <b>6,410</b> | <b>57,137</b>  | <b>113</b>  | <b>175,985</b>  | <b>239,645</b>   |
| Additions                       | -            | 2,228          | 8           | 13,753          | <b>15,989</b>    |
| Other increases                 | -            | 1,671          | -           | 954             | <b>2,625</b>     |
| <b>Decreases</b>                | -            | <b>(1,657)</b> | <b>(27)</b> | <b>(12,183)</b> | <b>(13,867)</b>  |
| Disposals                       | -            | -              | -           | -               | -                |
| Depreciation                    | -            | (1,657)        | (27)        | (12,183)        | <b>(13,867)</b>  |
| Other decreases                 | -            | -              | -           | -               | -                |
| <b>Closing balance</b>          | <b>6,410</b> | <b>59,379</b>  | <b>94</b>   | <b>178,509</b>  | <b>244,392</b>   |

It is noted that, as of the reporting date, the transfer of ownership of the areas and properties from Bagnoli Futura SpA to Invitalia had not yet been completed as provided for in Art. 6 of Prime Ministerial Decree (DPCM) of 15 October 2015, adopted in accordance with Art. 33 of Decree Law 133/2014, as the state property Agency had not estimated the value of the areas as required by the aforementioned DPCM.

Payment for the assets in question will be made through the issue on regulated markets of financial instruments with duration of less than 15 years.

At the reporting date, there were no:

- items of property, plant and equipment pledged as collateral for Group liabilities and commitments
- assets acquired under finance leases
- assets held as investment property

#### Item 110 – Intangible assets

|               |               |
|---------------|---------------|
| <b>44,133</b> | <b>44,432</b> |
|---------------|---------------|

| Items/amounts            | 31.12.2016              | 31.12.2015              |
|--------------------------|-------------------------|-------------------------|
|                          | Assets measured at cost | Assets measured at cost |
| Other intangible assets: |                         |                         |
| Owned                    |                         |                         |
| - Internally generated   | 9,336                   | 10,789                  |
| - Other                  | 34,797                  | 33,643                  |
| <b>Total</b>             | <b>44,133</b>           | <b>44,432</b>           |

The sub-item "Other" relates, in the amount of Euro 34,328 thousand, to the acquisition by the subsidiary Infratel of Indefeasible Right of Use (IRU) telecommunications infrastructure user rights for a period of 15 years. Amortisation is calculated for each individual section, based on the 15-year contractual duration of the rights, from the dates that the individual sections are made available.

## 11.2 Intangible assets: annual changes

| Items/amounts   | 31.12.2016     | 31.12.2015     |
|---|----------------|----------------|
| <b>Previous opening balance</b>                               | <b>44,432</b>  | <b>35,818</b>  |
| Classification to Item 130                                    | (704)          | -              |
| <b>Opening balance</b>  | <b>43,728</b>  | <b>35,818</b>  |
| <b>Increases</b>  | <b>8,211</b>   | <b>15,154</b>  |
| Additions   | 8,211          | 15,154         |
| <b>Decreases</b>  | <b>(7,807)</b> | <b>(6,244)</b> |
| Amortisation  | (7,623)        | (5,975)        |
| Impairment losses   | (155)          | (269)          |
| - <i>Impairment losses recognised in the Income Statement</i> | (155)          | (269)          |
| Other decreases   | (28)           | (296)          |
| <b>Closing balance</b>  | <b>44,133</b>  | <b>44,432</b>  |

The increase during the year was due mainly to the following factors:

- Capitalisation of costs incurred by the Parent Company in relation to "Banca del Mezzogiorno" pre-acquisition activities and the Bond issue transaction (Euro 1,034 thousand).

The acquisition of Banca del Mezzogiorno will strengthen Invitalia's ability to deliver on its Government granted mandate to increase competition in Italy, especially in the South; the acquisition will also support strategic economic and social development through the use of banking techniques able to select counterparts with specific characteristics and evaluate the sustainability of loans. In accordance with IAS 38, external and internal costs incurred in relation to the Bond issue have been treated as development expenditure and capitalised to the extent they are preparatory and able to generate probable future economic benefits based on the 2017-2019 Business Plan approved by the Agency's Board of Directors in December 2016.

- Capitalisation by the subsidiary Infratel of the costs incurred to acquire Indefeasible Right of Use (IRU) telecommunications infrastructure user rights for Euro 5,850 thousand.
- Capitalisation of costs incurred to complete IT initiatives aimed at achieving efficiencies (Euro 790 thousand).

### Item 120 – Tax assets

|               |               |
|---------------|---------------|
| <b>19,238</b> | <b>24,405</b> |
|---------------|---------------|

|              | 31.12.2016    | 31.12.2015    |
|--------------|---------------|---------------|
| Current      | 13,640        | 18,061        |
| Deferred     | 5,598         | 6,344         |
| <b>Total</b> | <b>19,238</b> | <b>24,405</b> |

"Current" tax assets relate to tax credits due for the main part to the Parent and a consolidated subsidiary.

## Item 130 – Non-current assets and disposal groups classified as held for sale

**280,056**      **73,947**

The following table provides a breakdown of the item:

|  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|--|-------------------|-------------------|
| Cash and cash equivalents                | 11                | 9                 |
| Available-for-sale financial assets      | 191               | 203               |
| Loans and receivables                    | 18,080            | 8,419             |
| - of which deposits and current accounts | 9,506             | 3,515             |
| Equity investments                       | 15,341            | 15,290            |
| Property, plant and equipment            | 221,017           | 34,593            |
| Intangible assets                        | 254               | 132               |
| Tax assets                               | 2,466             | 450               |
| Other assets                             | 22,696            | 14,851            |
| <b>Total</b>                             | <b>280,056</b>    | <b>73,947</b>     |

The item relates to companies identified as being held for sale in line with the restructuring and disposals plan approved by the Ministry of Economic Development by Ministerial Decree on 31 July 2007 or based on the 2017-2019 Business Plan approved by the MEF and MISE in December 2016.

The item includes the following consolidated companies:

- Italia Turismo SpA
- Sviluppo Italia Campania SpA (in liquidation)
- Sviluppo Italia Sardegna SpA (in liquidation)
- Sviluppo Italia Calabria SpA (in liquidation)
- Aquila Sviluppo SpA (in liquidation)
- Marina di Portisco SpA
- Garanzia Italia Confidi (in liquidation)

The increase during the year was due to the reclassification to this item of Italia Turismo SpA (which has significant property holdings, mainly in the South of Italy, comprising tourist villages leased by primary tourism sector operators) in line with the 2017-2019 Business Plan approved by the MEF and MISE in December 2016. In this regard, it is expected that a public tender will be launched during the first quarter of 2017. The item includes Euro 188,596 thousand relating to properties owned by Italia Turismo; the assets in question were tested for impairment with the assistance of qualified external consultants and their values written down by approximately Euro 15 million.

The sub-item "Equity investments" represents the value of investments measured using the equity method. Attachments A.6, A.7 and A.8 show percentage ownership and changes during the year in the value of investments measured using the equity method.

## Section 14.1

### Item 140 – Other assets

**82,620**
**82,565**

Breakdown:

|  | 31.12.2016    | 31.12.2015    |
|--|---------------|---------------|
| Inventories  | 30,724        | 39,822        |
| Due from tax authorities in relation to indirect taxes | 36,609        | 28,199        |
| Due from social security entities                      | 309           | 303           |
| Supplier credits and advance payments                  | 1,292         | 2,046         |
| Guarantee deposits                                     | 2,905         | 2,680         |
| Prepayments  | 7,687         | 7,864         |
| Other amounts receivable                               | 3,094         | 1,650         |
| <b>Total</b>   | <b>82,620</b> | <b>82,565</b> |

“Inventories” includes:

- Euro 11.6 million representing the value of work performed and not yet billed by the Parent. Changes from period to period are mainly due to differences in contract reporting and billing dates;
- Euro 19 million relating to Infratel SpA’s installation of broadband and ultra-broadband technology.

The following table provides details of the value of work performed and related billings:

| Description                               | 2016             |                  |               | 2015             |                  |               |
|---|------------------|------------------|---------------|------------------|------------------|---------------|
|   | Work in progress | Invoiced         | Net Inventory | Work in progress | Invoiced         | Net Inventory |
| Broadband and ultra-broadband             | 231,420          | (212,374)        | 19,046        | 219,036          | (197,334)        | 21,702        |
| Infrastructures R. Calabria University    | 221              | -                | 221           | 236              | -                | 236           |
| Engineering Bari Pol.- Departm.           | 6,305            | (6,280)          | 25            | 6,305            | (6,280)          | 25            |
| Redevelopment Bari Pol.                   | 7,384            | (7,371)          | 13            | 7,384            | (7,371)          | 13            |
| BR Agricultural Areas second deletion     | 840              | (836)            | 4             | 815              | (564)            | 251           |
| Manfr Falm aquifer landfill redevelopment | 57               | (57)             | -             | 57               | (57)             | -             |
| Mise Thapsos zone redevelopment           | 12,035           | (11,776)         | 259           | 11,889           | (11,776)         | 113           |
| DL e Coord. Sicur. Cardona                | 42               | (42)             | -             | 42               | (42)             | -             |
| Former Nissometal zone redeloment         | 10,739           | (9,460)          | 1,279         | 9,913            | (9,460)          | 453           |
| PDC Disc Acqua Corsari Realization        | 274              | (308)            | (34)          | 254              | (208)            | 46            |
| DICO                                      | 28               | (28)             | -             | 28               | (28)             | -             |
| San Focà sports fields redevelopment      | 4,787            | (4,685)          | 102           | 6,183            | (4,685)          | 1,498         |
| Mise Gatano creek                         | 6                | (6)              | -             | 6                | (6)              | -             |
| C. Rimini-additional works                | 20               | -                | 20            | 20               | -                | 20            |
| System actions                            | 2,312            | -                | 2,312         | 2,312            | -                | 2,312         |
| National registry of State aids start-up  | 2,101            | -                | 2,101         | -                | -                | -             |
| D. Lgs 185 - Titolo I                     | 2,064            | -                | 2,064         | 1,928            | -                | 1,928         |
| AT NOP Impr e compet 2014-2020            | 1,529            | -                | 1,529         | -                | -                | -             |
| D. Lgs 185 - Titolo II                    | 589              | -                | 589           | 2,746            | -                | 2,746         |
| NOP IC - ASS tec.OI MiSE-DGMEREEN         | 402              | -                | 402           | -                | -                | -             |
| Other works                               | 792              | -                | 792           | 8,479            | -                | 8,479         |
|   | <b>283,947</b>   | <b>(253,223)</b> | <b>30,724</b> | <b>277,633</b>   | <b>(237,811)</b> | <b>39,822</b> |

- **“Due from tax authorities in relation to indirect taxes”** relates to the VAT credit due to the Parent Company (Euro 14,297 thousand) and the subsidiary Infratel (Euro 22,313 thousand). The increase is due to the new split payment billing regime applied to public entities that does not permit immediate recovery of VAT on purchases made during the year.
- **“Guarantee deposits”** mainly represent amounts deposited with the landlord of the leased properties where the Parent Company’s offices are located. In this regard, the commitment relating to the main lease contract is equal to Euro 10,370 thousand, of which Euro 2,963 thousand is due within 12 months and the remaining Euro 7,407 thousand within 3 years.

## LIABILITIES

### Section 1

#### Item 10 – Loans and payables

|                |                |
|----------------|----------------|
| <b>163,982</b> | <b>225,134</b> |
|----------------|----------------|

The following table provides a breakdown of the item by loan type:

#### 1.1 Loans and payables

| Items                   | 31.12.2016    |                               |                  | 31.12.2015    |                               |                  |
|-------------------------|---------------|-------------------------------|------------------|---------------|-------------------------------|------------------|
|                         | Due to banks  | Due to financial institutions | Due to customers | Due to banks  | Due to financial institutions | Due to customers |
| <b>Loans</b>            | <b>38,216</b> | -                             | <b>1,584</b>     | <b>46,399</b> | -                             | <b>40,307</b>    |
| · Repurchase agreements | 37,916        | -                             | -                | -             | -                             | -                |
| · Other loans           | 300           | -                             | 1,584            | 46,399        | -                             | 40,307           |
| <b>Other payables</b>   | <b>1</b>      | -                             | <b>124,181</b>   | <b>4,069</b>  | -                             | <b>134,359</b>   |
| <b>Total</b>            | <b>38,217</b> | -                             | <b>125,765</b>   | <b>50,468</b> | -                             | <b>174,666</b>   |
| Fair value level 1      | -             | -                             | -                | -             | -                             | -                |
| Fair value level 2      | -             | -                             | -                | -             | -                             | -                |
| Fair value level 3      | 38,217        | -                             | 125,765          | 50,468        | -                             | 174,666          |
| Fair value              | 38,217        | -                             | 125,765          | 50,468        | -                             | 174,666          |

The sub-item “Other loans” includes Euro 300 thousand representing the remaining balance of a bank loan granted by BNL to the subsidiary Infratel and Euro 1,584 thousand relating to with recourse factoring.

“Other payables” relates mainly to advances received by the Parent from public entities and Ministries in relation to projects/orders in progress.

#### Item 70 – Tax liabilities

|            |              |
|------------|--------------|
| <b>760</b> | <b>1,055</b> |
|------------|--------------|

|              | 31.12.2016 | 31.12.2015   |
|--------------|------------|--------------|
| Current      | 760        | 1,055        |
| Deferred     | -          | -            |
| <b>Total</b> | <b>760</b> | <b>1,055</b> |

**Item 80 – Liabilities associated with non-current assets and disposal groups classified as held for sale**

**79,627**      **19,876**

|                                  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|----------------------------------|-------------------|-------------------|
| Payables                         | 45,927            | 226               |
| Tax liabilities                  | -                 | 287               |
| Other liabilities                | 23,595            | 17,868            |
| Employee termination indemnities | 462               | 258               |
| Provisions for risks and charges | 9,643             | 1,237             |
| <b>Total</b>                     | <b>79,627</b>     | <b>19,876</b>     |

The increase is due to the inclusion in this item in 2016 of Italia Turismo related financial payables amounting to approximately Euro 45 million, as described in the note relating to Item 130 in Assets.

See the note relating to Assets Item 130 for the list of companies to which the above amounts relate.

**Item 90 – Other liabilities**

**993,619**      **831,466**

Breakdown:

|  | <b>31.12.2016</b> | <b>31.12.2015</b> |
|--|-------------------|-------------------|
| Due to third parties in relation to managed funds          | 317,383           | 342,599           |
| Deferred income relating to capital grants                 | 439,010           | 303,110           |
| Due to commissioning parties for contract work in progress | 93,225            | 50,281            |
| Due to suppliers   | 74,782            | 77,947            |
| Other deferred income                                      | 19,067            | 19,687            |
| Due to employees   | 8,788             | 7,901             |
| Due to tax authorities in relation to indirect taxes       | 7,154             | 2,123             |
| Due to social security entities                            | 5,222             | 4,932             |
| Accrued expenses   | -                 | 100               |
| Fiscal consolidation related payable                       | 481               | 284               |
| Guarantee deposits received                                | 131               | 131               |
| Other amounts payable                                      | 28,377            | 22,370            |
| <b>Total</b>   | <b>993,619</b>    | <b>831,466</b>    |
| <b>Fair value level 3</b>                                  | <b>993,619</b>    | <b>831,466</b>    |

“Due to third parties in relation to managed funds” relates to concessions where the Group is responsible for initiating actions provided for in the concession agreements. For further details, see Part D, “Other information”, Section H.2.

The following table provides a breakdown of amounts due to third parties in relation to managed funds.

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
| Law 181/89 (Crisis area interventions)                    | 131,508           | 140,706           |
| Rotating fund DPR 58/87                                   | 47,950            | 47,749            |
| Law Reg.23/91 Art.8                                       | 1,984             | 1,984             |
| Law 208/98 (Incentive fund)                               | 2,468             | 3,603             |
| Promotion of tourism                                      | 2,217             | 2,217             |
| L'Aquila Poli Museali Agreement                           | 730               | 822               |
| Patents convention  | 15,946            | 21,024            |
| Reindustrialisation of the Ottana area                    | 804               | 803               |
| Sustainable growth fund                                   | 50,000            | 50,000            |
| Creation of broadband and ultra broadband infrastructures | 62,310            | 71,717            |
| Virgo project   | 530               | -                 |
| Other   | 936               | 1,974             |
| <b>Total</b>  | <b>317,383</b>    | <b>342,599</b>    |

Specifically:

- The Law 181/89 Fund is aimed at investment and employment programmes in areas affected by the crisis in the steel industry.

The aforementioned fund was assigned to the Parent Company based on the CIPE (Inter-ministerial Committee on Economic Programming) decision of 20 December 1990. The decision was then confirmed by the CIPE on 3 August 1993 and reaffirmed by the implementation guidelines formulated by the Ministry for Industry in a letter dated 9 April 1994; it was again confirmed by Ministerial Decree 1123182/75 of 23 December 1996, which regulated the execution of Law 513/93, which in turn incorporated the regulations contained in Laws 181/89, 408/89 and 38/90. Losses incurred on the use of funds are accounted for as reductions in the item in question.

The following table provides a breakdown of the Law 181/89 Fund as of 31 December 2016:

|   | <b>31.12.2016</b> | <b>31.12.2015</b> |
|---|-------------------|-------------------|
| Funds received  | 645,696           | 632,416           |
| Funds reimbursed to the Ministry of Production Activities | (133,336)         | (114,878)         |
| Grants disbursed  | (363,214)         | (362,108)         |
| Contributions to be disbursed                             | (2,914)           | -                 |
| Losses on loans and receivables and equity investments    | (14,724)          | (14,724)          |
| <b>Total</b>  | <b>131,508</b>    | <b>140,706</b>    |

"Funds reimbursed" relates to amounts returned to the Ministry for Economic Development in accordance with the terms of Ministerial Decree 1184605/75 of 9 March 2005 that established the Single Fund; such terms provide that the Agency shall, on a six-monthly basis, reimburse amounts received in relation to loans, cancelled grants and disposal of equity investments.

The following table provides details of movements in the Law 181/89 fund during 2016:

|   |                |
|---|----------------|
| <b>Balance as of 31 December 2015</b>                     | <b>140,706</b> |
| Capital account grants disbursed and other uses           | (4,020)        |
| Funds received  | 13,280         |
| Funds reimbursed to the Ministry of Production Activities | (18,458)       |
| Losses on loans and receivables and equity investments    | -              |
| <b>Balance as of 31 December 2016</b>                     | <b>131,508</b> |

As of 31 December 2016, funds received totalled Euro 645,696 thousand, net of reimbursements to the Ministry amounting to Euro 133,336 thousand; the balance was used as follows:

|   | <b>2016</b>    | <b>2015</b>    |
|---|----------------|----------------|
| Capital account grants  | 363,214        | 362,108        |
| Amounts due from customers for pre-financing, loans and mortgages (net of repayments) | 83,850         | 90,756         |
| Equity investments (net of calls to pay)  | 18,222         | 18,522         |
| Net loans and receivables due from credit institutions                                | 31,872         | 36,180         |
| Other financial receivables (loans)   | 478            | (4,752)        |
| Losses on loans and receivables and equity investments                                | 14,724         | 14,724         |
| <b>Total</b>  | <b>512,360</b> | <b>517,538</b> |

- The DPR 58/87 Rotating Fund relates to amounts disbursed to provide financial assistance to investee companies operating in the tourist sector. The Fund was created through transfers from the ex-Agensud agency, pursuant to Art. 9 of Presidential Decree 58/87. A commission of 0.75% is recognised on a six-monthly basis on the balance of loans made from the Fund.
- The Regional Law 23/91 Fund relates to capital grants disbursed in past years to the Parent Company by the Sicily Region (under Law 23 of 15 May 1991), net of the amount referred to in Law 359/92. In line with the Agency's restructuring plan, on 9 April 2008, the Agency and Sicily Region signed a deed to transfer the loans and residual balances relating to Regional Law 23/91 Fund to the regional authority. The balance reported represents the remaining financial resources to be transferred to the Region.
- The Law 208/98 Fund relates to amounts disbursed to the Parent Company by the Ministry of Production Activities to launch the investment "incentive fund" for companies in regional incubators and as capital grants for the construction of the incubators themselves.
- The Promotion of Tourism Fund relates to amounts disbursed to launch the CIPE (Inter-ministerial Committee on Economic Planning) decision of 25 March 1990 regarding the promotion of tourism in the South of Italy. The programme aims to increase levels of tourism in the South of Italy through the provision of adequate technical, organisational and coordination assistance to the initiatives identified. The approach involves the co-financing of initiatives identified by Regions, business associations and significant operators in the tourism sector. A commission of 10% of funds managed is recognised in respect of planning, organisation, coordination and quality control activities performed in relation to the initiatives. The balance reflects unused amounts received and interest earned during the period, less benefits disbursed.
- The Aquila Poli Museali Agreement includes amounts disbursed to the Parent Company in relation to the restoration and renovation of the Abruzzo National Museum.
- The Patents convention relates to an agreement, signed by the Ministry for Economic Development and the Parent Company on 17 December 2009, aimed at providing



financial support to micro, small and medium sized enterprises and research centres for the realisation and development of innovative patent-based projects.

- The Fund for the Reindustrialisation of the Ottana area is aimed at the acquisition of real estate owned by the Consorzio ASI and the realisation of environmental security, fire prevention and general infrastructure operations.
- The Fund received by the subsidiary Infratel for the realisation of broadband and ultra broadband infrastructures is to be used to disburse grants to operators in the telecommunications industry for the realisation of broadband and ultra broadband infrastructures.
- "Other" comprises the following two funds:
  - o "Acerra crisis area" relates to the capital grant provided by the Campania Region pursuant to the programme agreement of 14 July 2005 for the coordinated launch of the operation in the Acerra area affected by the NGP SpA industrial crisis. The operation, which involved financing the industrial project proposed by Simpe SpA, was launched together with the Ministry for Economic Development. At the beginning of 2010, pending transfer of the latest instalments from the Campania Region and with the Region's agreement, a share of the funds (Euro 1,235 thousand) was used to pay subsidies to PRO.S.IT Srl, a company implementing an entrepreneurial project in the context of the programme agreement in question. Total amounts received in relation to this concession, plus interest earned on the dedicated current account, amounted to Euro 5,413 thousand, while amounts disbursed to beneficiaries totalled Euro 5,222 thousand, leaving a net amount payable of Euro 191 thousand.
  - o The Venture Capital Rotating Fund relates to ERDF grants assigned to the Parent Company to establish 50% of the 10-year Fund for venture capital operations. The final accounting for the fund was carried out during the early part of 2015 and the amount reported represents resources that will be transferred to the Ministry on receipt, through the recovery procedures underway, of the remaining shares of equity investments acquired.

"Due to suppliers" relates to payables due for goods and services. The item includes both unpaid invoices received and accruals in respect of invoices to be received.

"Due to employees" includes amounts accrued in respect of accrued leave, 14<sup>th</sup> month salary payments, bonuses and performance based remuneration.

"Deferred income relating to capital grants" represents government grants received for investment purposes. Such grants are recognised in the income statement in line with the depreciation/amortization of the assets to which they relate.

Specifically, the item relates to:

- capital (plant) account grants totalling Euro 355,594 thousand made available to the subsidiary Infratel by the MISE for the realisation of broadband and ultra broadband infrastructures. This effectively explains the year on year increase in the item;
- a grant of Euro 8,008 thousand received by the Parent Company in relation to the programme agreement for the reindustrialisation of the crisis-hit Ottana, Bolotana, Noragugume areas, aimed at acquisition of an industrial complex and works to address environmental security, fire prevention and other general infrastructure related issues;
- a grant of Euro 10,000 thousand, received by the Parent Company pursuant to Article 83 of Law 289/02, funded by the Ministry of the Economy and Finance in

2003. In accordance with Decree Law no. 35 of 14 March 2005, the grant is to be used in order to set-up incubators for production companies; the amount will be recognised in the income statement in line with the depreciation/amortization of the assets realised;

- a grant of Euro 15,458 thousand, received by the Parent Company pursuant to Law 208/98 for the set-up of business incubators. The funds were provided by the Ministry of the Economy and Finance during 2005, as provided for in the agreement signed by Sviluppo Italia on 14 December 2004. The amount relates to the grant received, net of an amount credited to the income statement in relation to depreciation /amortization of business incubators already in place;
- the L.N.26/86 grant for the Trieste business incubator, amounting to Euro 775 thousand, which was transferred to the Parent Company by the Bic Friuli Venezia Giulia business unit;
- a grant of Euro 50,000 thousand, received by the Parent Company for the environmental recovery and urban regeneration of the area of significant national interest in Bagnoli-Coroglio, pursuant to Article 33 of Decree Law no. 133 of 12 September 2014, as converted into law with amendments by Law no. 164 of 11 November 2014. For further details see the note relating to Item 100 Property, plant and equipment.

"Other deferred income" relates to the disposal of IRU related rights to use cable duct and fibre optic infrastructures.

## Section 10

### Item 100 – Provision for employee termination indemnities

9,318

9,199

The item relates to post-employment benefits and represents the share of amounts payable on termination of contract already earned by employees at the reporting date. In accordance with the requirements of IAS 19 regarding defined benefit plans, such amounts are measured at their present value at the reporting date, determined using the "Projected Unit Credit Method".

The amount accrued during the year includes the (notional) annual interest cost (Euro 10 thousand) that would have been incurred to borrow an amount equal to the defined benefit obligation at the beginning of the year, discounted at the relevant interest rate.

Factors increasing the amount include actuarial losses incurred due to changes in the actuarial assumptions with respect to those used in the previous year. Such amounts are recognised directly in an equity reserve.

Factors decreasing the amount relate mainly to amounts transferred to complementary pension schemes or to the Italian Social Security Institute (INPS) Treasury fund.

The main financial and demographic assumptions adopted in the actuarial calculations were as follows:

- Inflation: average rate equal to 1.2% in 2017 and 1.5% in future years, based on the "2016 Economic and Financial Update";
- Discount rate: based on the market yield of high-quality corporate bonds on the valuation date. Specifically, the composite yield curve of Euro area, corporate AA rated investment grade bonds as of 31 December 2016 (Bloomberg) was used;
- Salary rate increases: as agreed with management, salary increases of 1.5% for

- 2016 (gross of inflation) and 1.5% for future years have been adopted for the purpose of estimating employee termination indemnities;
- Mortality rates: based on ISTAT (Italian national statistics institute) statistical tables up to 2015, by age and gender;
  - Retirement: based on age limits set by relevant legislation;
  - Likelihood of early retirement:
    - 2% per year in the case of Executives
    - 1% per year for other employees
  - Advance payments: 3% of employees per year from the fifth year of employment and 70% of indemnities earned (maximum permitted by law).

The following table shows changes in employee termination indemnities during the year:

| Movements                       | 31.12.2016     | 31.12.2015     |
|---------------------------------|----------------|----------------|
| <b>Previous opening balance</b> | <b>9,199</b>   | <b>10,149</b>  |
| Classification to Item 130      | (118)          | -              |
| <b>Opening balance</b>          | <b>9,081</b>   | <b>10,149</b>  |
| Accruals in the year            | 4,937          | 4,422          |
| Other increases                 | 36             | 148            |
| <b>Decreases</b>                | <b>(4,736)</b> | <b>(5,520)</b> |
| Benefits paid                   | (472)          | (766)          |
| Other decreases                 | (4,265)        | (4,754)        |
| <b>Closing balance</b>          | <b>9,318</b>   | <b>9,199</b>   |

## Section 11

### Item 110 – Provisions for risks and charges

|  |               |              |
|--|---------------|--------------|
|  | <b>10,330</b> | <b>8,868</b> |
|--|---------------|--------------|

|  | 31.12.2016    | 31.12.2015   |
|--|---------------|--------------|
| Provision for urbanisation             | 188           | 188          |
| Provision for contract risks           | 1,044         | 840          |
| Provision for legal risks              | 329           | 836          |
| Provision for other risks and disputes | 8,769         | 7,004        |
| <b>Total</b>                           | <b>10,330</b> | <b>8,868</b> |

|  | Opening balance | Reclassification to Item 130 | Accruals in the year | Uses         | Other variances | Closing balance |
|--|-----------------|------------------------------|----------------------|--------------|-----------------|-----------------|
| Provision for urbanisation             | 188             | -                            | -                    | -            | -               | 188             |
| Provision for contract risks           | 840             | -                            | 704                  | -            | (500)           | 1,044           |
| Provision for legal risks              | 836             | -                            | 142                  | (649)        | -               | 329             |
| Provision for other risks and disputes | 7,004           | (2,642)                      | 4,574                | (167)        | -               | 8,769           |
| <b>Total</b>                           | <b>8,868</b>    | <b>(2,642)</b>               | <b>5,420</b>         | <b>(816)</b> | <b>(500)</b>    | <b>10,330</b>   |

The following table provides details of the related income statement and balance sheet effects of changes in provisions

|   | Accruals in the year | Uses         | Other variances |
|---|----------------------|--------------|-----------------|
| Item 150 - Net provisions for risks and charges | 5,240                | -            | -               |
| Item 110 - Administrative expenses              | -                    | (649)        | -               |
| Item 60 - Adjustments                           | -                    | -            | 500             |
|   | <b>5,420</b>         | <b>(649)</b> | <b>500</b>      |

"Other risks and disputes" includes provisions relating to risks regarding the non-acceptance of costs incurred for regional works completed and ongoing litigation at the reporting date as well as provisions regarding costs and probable risks relating to the Business Plan presented to the MEF and MISE in December 2016. The above table detailing changes in the provisions shows the transfer of provisions relating to Italia Turismo to Item 130 "Non-current assets and disposal groups classified as held for sale" (see the note on such item for further details). Uses during the year related to the occurrence of events in respect of which provisions had been made.

## Section 12 - Equity

### Item 120 – Share capital

|                |                |
|----------------|----------------|
| <b>836,384</b> | <b>836,384</b> |
|----------------|----------------|

Share capital, amounting to Euro 836,384 thousand, comprises 1,257,637,210 ordinary shares of zero nominal value, held by the Ministry of the Economy and Finance.

No shares with dividend rights or convertible bonds have been issued.

\* \* \* \*

As required by the new requirements issued by the Bank of Italy, comments on Liability Items 160 and 170, "Reserves" and "Valuation reserves" respectively, are provided in Part D - Information on group consolidated capital.

### Item 190 – Minority interests

|             |              |
|-------------|--------------|
| <b>(65)</b> | <b>(335)</b> |
|-------------|--------------|

|                            | <b>31.12.2016</b> | <b>31.12.2015</b> |
|----------------------------|-------------------|-------------------|
| Share capital              | 46                | 338               |
| Treasury shares            | -                 | -                 |
| Equity Instruments         | -                 | -                 |
| Share premium              | -                 | -                 |
| Reserves                   | (101)             | (644)             |
| Revaluation reserves       | -                 | -                 |
| Profit (loss) for the year | (10)              | (29)              |
| <b>Total</b>               | <b>(65)</b>       | <b>(335)</b>      |

## Part C – Information on the Consolidated Income Statement

### Section 1 – Interest - Items 10 and 20

#### Item 10 – Interest and similar income

|              |              |
|--------------|--------------|
| <b>5,274</b> | <b>6,630</b> |
|--------------|--------------|

| Items/Technical nature  | 31.12.2016   |            |                    |              | 31.12.2015   |
|---|--------------|------------|--------------------|--------------|--------------|
|   | Securities   | Loans      | Other transactions | Total        | Total        |
| <b>Financial assets held for trading</b>                      | 1,577        | -          | -                  | 1,577        | 1,606        |
| <b>Financial assets at fair value through profit and loss</b> | -            | -          | -                  | -            | -            |
| <b>Available-for-sale financial assets</b>                    | -            | -          | -                  | -            | -            |
| <b>Financial assets held to maturity</b>                      | -            | -          | -                  | -            | -            |
| <b>Loans and receivables</b>                                  | 32           | 944        | 2,422              | 3,398        | 4,953        |
| - Due from banks  | 32           | -          | 2,422              | 2,454        | 2,598        |
| - Due from financial institutions                             | -            | -          | -                  | -            | -            |
| - Due from customers  | -            | 944        | -                  | 944          | 2,355        |
| <b>Other assets</b>   | -            | -          | 299                | 299          | 71           |
| <b>Hedging derivatives</b>                                    | -            | -          | -                  | -            | -            |
| <b>Total</b>  | <b>1,609</b> | <b>944</b> | <b>2,721</b>       | <b>5,274</b> | <b>6,630</b> |

Interest income related mainly to the Parent company.

#### Item 20 – Interest and similar expenses

|              |             |
|--------------|-------------|
| <b>(530)</b> | <b>(70)</b> |
|--------------|-------------|

| Items/Technical nature   | 31.12.2016 |              |                    |              | 31.12.2015  |
|--|------------|--------------|--------------------|--------------|-------------|
|  | Securities | Loans        | Other transactions | Total        | Total       |
| Due to banks   | -          | (68)         | (1)                | (69)         | (68)        |
| Due to financial institutions                                    | -          | -            | -                  | -            | -           |
| Due to customers   | -          | -            | (2)                | (2)          | -           |
| Securities issued  | -          | -            | -                  | -            | -           |
| Financial liabilities held for trading                           | -          | -            | -                  | -            | -           |
| Financial liabilities held at fair value through profit and loss | -          | -            | -                  | -            | -           |
| Other liabilities  | -          | (450)        | (9)                | (459)        | (2)         |
| Hedging derivatives  | -          | -            | -                  | -            | -           |
| <b>Total</b>   |            | <b>(518)</b> | <b>(12)</b>        | <b>(530)</b> | <b>(70)</b> |

The amount includes accrued interest (Euro 313 thousand) on the disputed ISMEA proceedings-related receivable and interest (Euro 134 thousand) on the amount received as damages in prior years that must now be reimbursed to KPMG following an unsuccessful appeal.

## Section 2 – Fees and commissions income and expenses - Items 30 and 40

### Item 30 – Fee and commission income

**121,733**      **169,710**

| Breakdown                                    | 31.12.2016     | 31.12.2015     |
|--|----------------|----------------|
| <b>Factoring activities</b>                  | 47             | 47             |
| <b>Services:</b>                             | 120,099        | 167,335        |
| - Fund management on behalf of third parties | 16,447         | 71,827         |
| - Reimbursable emoluments                    | 130            | 393            |
| - Other services                             | 103,522        | 95,115         |
| <b>Other fees and commissions income</b>     |                |                |
| - Other fees and commissions income          | 1,587          | 2,328          |
| <b>Total</b>                                 | <b>121,733</b> | <b>169,710</b> |

“Fund management on behalf of third parties” includes Euro 16 million relating to revenues earned by Infratel for the realisation of broadband-related infrastructures commissioned by regional administrative authorities and Euro 106 million for fund management services relating to the Parent. The following table provides a detailed breakdown:

|   | 2016           | 2015           |
|---|----------------|----------------|
| Emilia Romagna Earthquake   | 19,535         | 12,731         |
| Broadband and ultra-broadband   | 16,447         | 71,827         |
| Legislative Decree 185/2000 Title II                                  | 5,909          | 13,553         |
| National Operational Programme R&C Technical Assistance               | 5,744          | 11,595         |
| Bagnoli-Coroglio redevelopment  | 5,400          | -              |
| System Actions  | 4,359          | 5,690          |
| CDS 2015  | 4,006          | 2,795          |
| DGIAI Cohesion action plan (technical assistance)                     | 3,613          | 1,966          |
| Legislative Decree 185 - Title I                                      | 1,168          | 2,312          |
| DG Research of Ministry of Education, Universities and Research grant | 3,133          | -              |
| New companies with zero rate  | 2,990          | -              |
| Smart&Start Italia  | 2,687          | 2,721          |
| Development contracts   | 2,094          | 2,080          |
| AT Infrastructure Projects  | 1,913          | 1,060          |
| IIP - Industry 2015   | 1,871          | 3,909          |
| NOP Mobility networks AdG   | 1,724          | -              |
| New Regime 181  | 1,536          | -              |
| Internal Areas Phase II   | 1,395          | -              |
| Digit DGIAI ZFU   | 1,243          | 1,025          |
| System Actions - Hydrogeological disruptions                          | 1,234          | -              |
| "Garanzia Giovani" national revolving fund                            | 1,217          | -              |
| IOP Energy MISE-DGENRE  | 1,151          | 1,979          |
| Other income  | 29,600         | 31,701         |
| Reversible remuneration   | 130            | 393            |
|   | <b>120,099</b> | <b>167,337</b> |

### Item 40 – Fee and commission expenses

**(19,894)**      **(83,311)**

| Breakdown/sectors                   | 31.12.2016      | 31.12.2015      |
|-------------------------------------|-----------------|-----------------|
| Guarantees received                 | (423)           | (57)            |
| Third party services                | (19,370)        | (83,219)        |
| Collection and payment services     | (56)            | -               |
| Other fees and commissions expenses | (45)            | (35)            |
| <b>Total</b>                        | <b>(19,894)</b> | <b>(83,311)</b> |

“Third party services” decreased significantly with respect to the previous year due to the subsidiary Infratel completing broadband related activities in certain regions included in the EDRF 2007 -2013 implementation during 2015. A further reason for the decrease was the liquidation and subsequent cancellation of a subsidiary (IAP) and its removal from the scope of consolidation.

|  | 2016          | 2015          |
|--|---------------|---------------|
| Broadband and ultra-broadband  | 12,562        | 66,448        |
| Former Nissometal-1AA038 Niso zone redevelopment                         | 807           | -             |
| Legislative Decree 185/2000 Title II                                     | 696           | 4,918         |
| Emilia Romagna Earthquake  | 483           | 5,004         |
| Development contracts  | 475           | -             |
| AT DGPIPS POC Internationalization                                       | 432           | -             |
| Ministry of Education, Universities and Research support                 | 328           | -             |
| Internal Areas Phase II  | 298           | -             |
| National Operational Programme R&C Technical Assistance                  | 267           | 516           |
| NOP Mobility networks AdG support  | 259           | -             |
| Bagnoli - works  | 253           | -             |
| Bagnoli-Coroglio redevelopment   | 231           | -             |
| Migrants acceptance - Pontebba   | 229           | -             |
| System Actions   | 188           | 1,234         |
| Special support for technical structure Mission                          | 181           | -             |
| AsA NOP R&M 2007-2013 support  | 173           | -             |
| National Operational Programme Technical support for metropolitan cities | 137           | -             |
| System Actions - Metropolitan areas                                      | 115           | -             |
| Other expense  | 1,256         | 6,048         |
|  | <b>19,370</b> | <b>83,219</b> |

## Item 50 – Dividend and similar income

|          |            |
|----------|------------|
| <b>0</b> | <b>284</b> |
|----------|------------|

### 3.1 Breakdown

| Breakdown/sectors             | 31.12.2016 | 31.12.2015 |
|-------------------------------|------------|------------|
|                               | Dividends  | Dividends  |
| <b>Equity investments</b>     | -          | 284        |
| - Merchant banking activities | -          | 284        |
| - Other activities            | -          | -          |
| <b>Total</b>                  | -          | <b>284</b> |

## Item 60 – Net trading result

|              |              |
|--------------|--------------|
| <b>(434)</b> | <b>(835)</b> |
|--------------|--------------|

### 4.1 Breakdown:

| Breakdown/sectors       | 31.12.2016   |                    |              |                   | Net result   |
|-------------------------|--------------|--------------------|--------------|-------------------|--------------|
|                         | Revaluations | Profits on trading | Write-downs  | Losses on trading |              |
| <b>Financial assets</b> | 230          | 87                 | (635)        | (116)             | (434)        |
| Debt securities         | 230          | 87                 | (635)        | (116)             | (434)        |
| <b>Total</b>            | <b>230</b>   | <b>87</b>          | <b>(635)</b> | <b>(116)</b>      | <b>(434)</b> |

The item represents the negative net balance resulting both from year end measurement of securities held, resulting in a net write-down of Euro 405 thousand, and net losses on trading amounting to Euro 29 thousand.

## Section 6

### Item 80 – Gains/(Losses) on financial assets/liabilities at fair value through profit or loss

|            |            |
|------------|------------|
| <b>701</b> | <b>821</b> |
|------------|------------|

Breakdown:

| Breakdown/sectors       | 31.12.2016   |                  |                   |                 |            |
|-------------------------|--------------|------------------|-------------------|-----------------|------------|
|                         | Revaluations | Gains on capital | Losses on capital | Realised losses | Net income |
| <b>Financial assets</b> |              |                  |                   |                 |            |
| Debt securities         | 701          | -                | -                 | -               | 701        |
| <b>Total</b>            | <b>701</b>   | <b>-</b>         | <b>-</b>          | <b>-</b>        | <b>701</b> |

The item relates to the positive change in the year-end valuation of capital redemption policies.

### Section 7 - Item 90 – Profits/(Losses) on disposal or repurchase of financial assets and liabilities

|            |           |
|------------|-----------|
| <b>176</b> | <b>69</b> |
|------------|-----------|

| Item                                | 31.12.2016 |          |            | 31.12.2015 |          |            |
|-------------------------------------|------------|----------|------------|------------|----------|------------|
|                                     | Profits    | Losses   | Net result | Profits    | Losses   | Net result |
| <b>Financial assets</b>             | -          | -        | -          | -          | -        | -          |
| Loans and receivables               | -          | -        | -          | 11         | -        | 11         |
| Available-for-sale financial assets | 176        | -        | 176        | 58         | -        | 58         |
| Financial assets held to maturity   | -          | -        | -          | -          | -        | -          |
| <b>Total</b>                        | <b>176</b> | <b>-</b> | <b>176</b> | <b>69</b>  | <b>-</b> | <b>69</b>  |
| <b>Financial liabilities</b>        | -          | -        | -          | -          | -        | -          |
| Loans and payables                  | -          | -        | -          | -          | -        | -          |
| Securities issued                   | -          | -        | -          | -          | -        | -          |
| <b>Total</b>                        | <b>-</b>   | <b>-</b> | <b>176</b> | <b>-</b>   | <b>-</b> | <b>-</b>   |
| <b>Total</b>                        | <b>176</b> | <b>-</b> | <b>176</b> | <b>69</b>  | <b>-</b> | <b>69</b>  |

The item relates to the capital gain on the sale of a share in an investment fund.

### Item 100 – Impairment losses/recoveries on financial assets

|                 |                |
|-----------------|----------------|
| <b>(13,985)</b> | <b>(1,113)</b> |
|-----------------|----------------|

#### 8.1 Impairment losses/recoveries on loans and receivables

| Items/adjustments                      | 31.12.2016                 |                              |                     |                       |                | 31.12.2015     |
|--|----------------------------|------------------------------|---------------------|-----------------------|----------------|----------------|
|  | Specific impairment losses | Collective impairment losses | Specific recoveries | Collective recoveries | Total          | Total          |
| <b>Due from banks</b>                  | (2,044)                    | -                            | 55                  | -                     | (1,989)        | -              |
| Other                                  | (2,044)                    | -                            | 55                  | -                     | (1,989)        | -              |
| <b>Due from financial institutions</b> | -                          | -                            | -                   | -                     | -              | -              |
| <b>Due from customers</b>              | (1,087)                    | -                            | -                   | -                     | (1,087)        | (1,113)        |
| Other                                  | (1,087)                    | -                            | -                   | -                     | (1,087)        | (1,113)        |
| <b>Total</b>                           | <b>(3,131)</b>             | <b>-</b>                     | <b>55</b>           | <b>-</b>              | <b>(3,076)</b> | <b>(1,113)</b> |



## 8.2 Impairment losses/recoveries on available-for-sale financial assets:

| Items/adjustments               | 31.12.2016                   |                       |       | 31.12.2015 |       |
|---------------------------------|------------------------------|-----------------------|-------|------------|-------|
|                                 | Collective impairment losses | Collective recoveries | Total | Total      | Total |
| Debt securities                 | -                            | -                     | -     | -          | -     |
| Equity securities and CUI Stock | (10,909)                     | -                     | -     | -          | -     |
| Other financing                 | -                            | -                     | -     | -          | -     |
| <b>Total</b>                    | <b>(10,909)</b>              | -                     | -     | -          | -     |

The impairment loss relates to the write-down of shares held in an investment fund.

## Section 9

### Item 110 – Administrative expenses

|                  |                  |
|------------------|------------------|
| <b>(114,266)</b> | <b>(105,506)</b> |
|------------------|------------------|

#### 9.1. Breakdown of item 110.a. “personnel expenses”

| Items/Sectors  | 31.12.2016       | 31.12.2015       |
|--|------------------|------------------|
| Personnel expenses (a)                                 | (88,575)         | (77,727)         |
| Other administrative expenses (b)                      | (25,691)         | (27,779)         |
| <b>Total</b>   | <b>(114,266)</b> | <b>(105,506)</b> |
| Items/Sectors  | 31.12.2016       | 31.12.2015       |
| Personnel  | <b>(85,328)</b>  | <b>(70,169)</b>  |
| - Wages and salaries                                   | (57,985)         | (49,198)         |
| - Social security charges                              | (18,885)         | (17,579)         |
| - Employee termination indemnities                     | (350)            | (146)            |
| - Supplementary benefits                               | -                | -                |
| - Provision for termination indemnities                | (3,318)          | (3,247)          |
| - Provisions for post-employment benefits              | -                | -                |
| . Defined contribution plans                           | -                | -                |
| . Defined benefit plans                                | -                | -                |
| - Payments to external pension funds                   | <b>(1,597)</b>   | <b>(1,444)</b>   |
| . Defined contribution plans                           | (1,597)          | (1,444)          |
| . Defined benefit plans                                | -                | -                |
| - Other  | (3,194)          | (2,063)          |
| Other personnel  | (2,803)          | (3,135)          |
| Directors and statutory auditors                       | (721)            | (878)            |
| Early retirement costs                                 | -                | -                |
| Expenses recovered in relation to relocated employees  | 738              | 568              |
| Expenses reimbursed in relation to relocated employees | (460)            | (606)            |
| <b>Total</b>   | <b>(88,575)</b>  | <b>(77,727)</b>  |

“Expenses recovered in relation to relocated employees” related almost exclusively to intragroup relocations.

“Expenses reimbursed in relation to relocated employees” related to recharges to those Group companies where the employees worked.

Payments to external pension funds in respect of defined contribution plans related to termination indemnity related contributions made to the Italian Social Security Institute (INPS).

| Average number of employees | 31.12.2016 | 31.12.2015 |
|-----------------------------|------------|------------|
| Executives                  | 57         | 61         |
| Middle managers             | 239        | 240        |
| Other employees             | 1,114      | 995        |

| Number of employees by category | 31.12.2016   | 31.12.2015   |
|---------------------------------|--------------|--------------|
| Executives                      | 57           | 63           |
| Middle managers                 | 240          | 217          |
| Other employees                 | 1,073        | 864          |
| <b>Total</b>                    | <b>1,370</b> | <b>1,144</b> |

Breakdown of other administrative expenses:

| Items/Sectors                          | 31.12.2016      | 31.12.2015      |
|--|-----------------|-----------------|
| Association membership fees            | (6,190)         | (5,410)         |
| Legal and notary public costs          | (3,265)         | (3,685)         |
| IT costs                               | (3,143)         | (2,009)         |
| Maintenance and utility costs          | (2,704)         | (2,955)         |
| Third party services                   | (2,350)         | (4,052)         |
| Indirect taxes and duties              | (1,986)         | (2,602)         |
| Communication costs                    | (1,099)         | (1,938)         |
| Consumables and other management costs | (814)           | (1,144)         |
| Insurance premiums                     | (462)           | (511)           |
| Lease and rental costs                 | (172)           | (207)           |
| Other                                  | (3,506)         | (3,266)         |
| <b>Total</b>                           | <b>(25,691)</b> | <b>(27,779)</b> |

## Section 10

**Item 120 – Impairment/recoveries on property, plant and equipment**

**(13,868) (12,880)**

| Items/Impairment losses and recoveries | 31.12.2016      |                   |            |                 |
|--|-----------------|-------------------|------------|-----------------|
|  | Depreciation    | Impairment losses | Recoveries | Net result      |
| <b>Assets used in operations</b>       | (13,868)        | -                 | -          | (13,868)        |
| - Owned                                |                 |                   |            |                 |
| . Buildings                            | (1,651)         | -                 | -          | (1,651)         |
| . Furniture                            | (26)            | -                 | -          | (26)            |
| . Office equipment                     | (428)           | -                 | -          | (428)           |
| . Other                                | (11,763)        | -                 | -          | (11,763)        |
| <b>Total</b>                           | <b>(13,868)</b> | <b>-</b>          | <b>-</b>   | <b>(13,868)</b> |

The item includes annual depreciation on owned assets (mainly business incubators and infrastructure).

## Section 11

### Item 130 – Impairment/recoveries on intangible assets

**(7,778) (5,865)**

| Items                          | 31.12.2016     |                   |            |                |
|--------------------------------|----------------|-------------------|------------|----------------|
|                                | Amortisation   | Impairment losses | Recoveries | Net result     |
| <b>Other intangible assets</b> |                |                   |            |                |
| - Owned                        | (7,778)        | -                 | -          | (7,778)        |
| <b>Total</b>                   | <b>(7,778)</b> | <b>-</b>          | <b>-</b>   | <b>(7,778)</b> |

## Section 13

### Item 150 – Net provisions for risks and charges

**(5,420) (1,061)**

|                               | 31.12.2016     | 31.12.2015     |
|-------------------------------|----------------|----------------|
| Net provision for other risks | (5,420)        | (1,061)        |
| <b>Total</b>                  | <b>(5,420)</b> | <b>(1,061)</b> |

The item includes provisions relating to risks regarding the non-acceptance of costs incurred for regional works completed and provisions regarding costs and probable risks relating to the Business Plan presented to the MEF and MISE in December 2016.

## Section 14

### Item 160 – Other operating income/expenses

**23,323 24,550**

#### 14.1 Breakdown:

|                           | 31.12.2016     | 31.12.2015    |
|---------------------------|----------------|---------------|
| <b>Operating income</b>   | <b>24,432</b>  | <b>25,190</b> |
| Rental income             | 1,350          | 1,513         |
| Contract penalties        | 200            | 50            |
| Capital grants            | 15,737         | 13,404        |
| Revenue grants            | 4,513          | 5,798         |
| Recoveries                | 204            | 2,162         |
| Other operating income    | 2,428          | 2,263         |
| <b>Operating expenses</b> | <b>(1,109)</b> | <b>(640)</b>  |
| Other operating expenses  | (1,109)        | (640)         |
| <b>Total</b>              | <b>23,323</b>  | <b>24,550</b> |

“Other operating income/expenses” relates to capital (plant) grants received by Infratel (Euro 14.8 million) and the Parent Company (Euro 1 million) recognised on the basis of the depreciation charged during the period on the assets financed by the grants.

“Revenue grants” relate to personnel costs, management costs and lump-sum expenses reported to (and recovered from) the MISE by the subsidiary Infratel.

“Rental income” relates to rental fees earned on the hangar located at the Atitech MRO.

**Item 170 – Gains/(Losses) on equity investments****6****17**

Breakdown:

| Items               | 31.12.2016  | 31.12.2015   |
|---------------------|-------------|--------------|
| <b>Income</b>       | <b>32</b>   | <b>1,002</b> |
| Revaluations        | -           | -            |
| Profits on disposal | 8           | 57           |
| Write backs         | 24          | 945          |
| Other proceeds      | -           | -            |
| <b>Charges</b>      | <b>(26)</b> | <b>(985)</b> |
| Write-downs         | (10)        | (383)        |
| Losses on disposal  | (16)        | (602)        |
| Impairment losses   | -           | -            |
| Other charges       | -           | -            |
| <b>Net result</b>   | <b>6</b>    | <b>17</b>    |

**Section 17****Item 190 – Income taxes from continuing operations****(620)****(450)**

17.1. Breakdown:

|  | 31.12.2016   | 31.12.2015   |
|--|--------------|--------------|
| Current taxes                                  | (1,651)      | (526)        |
| Changes in current taxes of previous years     | 795          | -            |
| Reductions in current taxes in current year    | -            | -            |
| Changes in deferred tax assets                 | 236          | 76           |
| Changes in deferred tax liabilities            | -            | -            |
| <b>Income taxes from continuing operations</b> | <b>(620)</b> | <b>(450)</b> |

The item comprises the tax charge for the year (IRAP) and changes in deferred tax assets.

**Section 18****Item 200 - Profit/(Loss) after tax from discontinued operations****(16,651)****(883)**

18.1. Breakdown:

|  | 31.12.2016      | 31.12.2015   |
|--|-----------------|--------------|
| Net interest margin  | (910)           | (1,507)      |
| Net fees and commissions   | 9,965           | 10,348       |
| Administrative expenses  | (6,686)         | (8,907)      |
| Net adjustments to/recoveries on property, plant and equipment and intangible assets | (17,431)        | (3,298)      |
| Other valuation adjustments  | (333)           | (661)        |
| Net provisions for risks   | (678)           | (498)        |
| Other income   | 2,456           | 2,186        |
| Other expenses   | (2,338)         | (3,266)      |
| Profits/(losses) on equity investments   | (22)            | 4,987        |
| Taxes  | (594)           | (267)        |
| Profit/loss on disposal/acquisition of assets and liabilities                        | (80)            | -            |
| <b>Profit/(Loss) after tax from discontinued operations</b>                          | <b>(16,651)</b> | <b>(883)</b> |

“Net adjustments to/recoveries on property, plant and equipment and intangible assets” primarily relates to Italia Turismo, which in expectation of being sold through public tender wrote down the carrying values of certain items of Property, plant and equipment by approximately Euro 15.5 million.

**Item 210 – Profit/(Loss) for the year attributable to minority interests**

**(10)**

**(29)**

**Part D – Other information**

**B – FACTORING AND ASSIGNMENT OF RECEIVABLES**

**Gross amount and book value**

|   | 31.12.2016    | 31.12.2016 | 31.12.2016    | 31.12.2015    | 31.12.2015 | 31.12.2015    |
|---|---------------|------------|---------------|---------------|------------|---------------|
| Gross amount and book value                                 | Gross amount  | Impairment | Net value     | Gross amount  | Impairment | Net value     |
| <b>Performing assets</b>                                    | <b>11,634</b> | -          | <b>11,634</b> | <b>12,716</b> | -          | <b>12,716</b> |
| • Exposure with the assignor (with recourse)                | 9,420         | -          | 9,420         | 8,161         | -          | 8,161         |
| assignment of future receivables                            | 5,240         | -          | 5,240         | 5,594         | -          | 5,594         |
| Other   | 4,180         | -          | 4,180         | 2,567         | -          | 2,567         |
| • Exposure with the factor/buyer (without recourse)         | 2,214         | -          | 2,214         | 4,555         | -          | 4,555         |
| <b>Non-performing assets</b>                                |               |            |               |               |            |               |
| - doubtful loans and receivables                            |               |            |               |               |            |               |
| • Exposure with the assignor (with recourse)                |               |            |               |               |            |               |
| assignment of future receivables                            | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| • Exposure with the factor/buyer (without recourse)         |               |            |               |               |            |               |
| purchased below nominal value                               | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| - unlikely to be repaid - substandard loans and receivables |               |            |               |               |            |               |
| • Exposure with the assignor (with recourse)                |               |            |               |               |            |               |
| assignment of future receivables                            | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| • Exposure with the factor/buyer (without recourse)         |               |            |               |               |            |               |
| purchased below nominal value                               | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| - unlikely to be repaid - restructured exposures            |               |            |               |               |            |               |
| • Exposure with the assignor (with recourse)                |               |            |               |               |            |               |
| assignment of future receivables                            | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| • Exposure with the factor/buyer (without recourse)         |               |            |               |               |            |               |
| purchased below nominal value                               | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| - past due exposures  |               |            |               |               |            |               |
| • Exposure with the assignor (with recourse)                |               |            |               |               |            |               |
| assignment of future receivables                            | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| • Exposure with the factor/buyer (without recourse)         |               |            |               |               |            |               |
| purchased below nominal value                               | -             | -          | -             | -             | -          | -             |
| Other   | -             | -          | -             | -             | -          | -             |
| <b>Gross amount and book value</b>                          | <b>11,634</b> | -          | <b>11,634</b> | <b>12,716</b> | -          | <b>12,716</b> |

**With recourse factoring: advances and “factoring receivables”**

|   | - advances   | - advances   | - factoring receivables | - factoring receivables |
|---|--------------|--------------|-------------------------|-------------------------|
| With recourse factoring                   | 31.12.2016   | 31.12.2015   | 31.12.2016              | 31.12.2015              |
| - short-term                              | -            | -            | 4,180                   | 2,567                   |
| - up to 3 months                          | -            | -            | -                       | -                       |
| - more than three months up to six months | -            | -            | -                       | -                       |
| - from 6 months to one year               | -            | -            | -                       | -                       |
| - more than 1 year                        | 5,240        | 5,594        | -                       | -                       |
| - unlimited duration                      | -            | -            | -                       | -                       |
| <b>Total</b>                              | <b>5,240</b> | <b>5,594</b> | <b>4,180</b>            | <b>2,567</b>            |

## Without recourse factoring: exposures

|   | - exposures  | - exposures  |
|---|--------------|--------------|
| Without recourse factoring                | 31.12.2016   | 31.12.2015   |
| - short-term                              | 2,214        | 4,555        |
| - up to 3 months                          | -            | -            |
| - more than three months up to six months | -            | -            |
| - from 6 months to one year               | -            | -            |
| - more than 1 year                        | -            | -            |
| - unlimited duration                      | -            | -            |
| <b>Total</b>                              | <b>2,214</b> | <b>4,555</b> |

## Section 1 – Specific references to activities

### Factored receivables

|                      | Total        | Total         |
|----------------------|--------------|---------------|
| Factored receivables | 31.12.2016   | 31.12.2015    |
| - without recourse   | 1,550        | 7,791         |
| - with recourse      | 3,556        | 21,409        |
| <b>Total</b>         | <b>5,106</b> | <b>29,200</b> |

### Nominal value of future receivables acquisition contracts

|   | Total        | Total        |
|---|--------------|--------------|
| Nominal value of future receivables acquisition contracts | 31.12.2016   | 31.12.2015   |
| - contracts to acquire future receivables                 | -            | -            |
| - value of contracts in place                             | 5,240        | 5,594        |
| <b>Total</b>  | <b>5,240</b> | <b>5,594</b> |

## D – GUARANTEES AND COMMITMENTS

### Guarantees and commitments

| Transactions   | 31.12.2016     | 31.12.2015       |
|--|----------------|------------------|
| Financial guarantees given                                     | 16,847         | 356,460          |
| - Banks  | -              | 339,418          |
| - Financial institutions                                       | -              | -                |
| - Customers  | 16,847         | 17,042           |
| Commercial guarantees given                                    | 4,657          | 11,224           |
| - Banks  | -              | -                |
| - Financial institutions                                       | -              | -                |
| - Customers  | 4,657          | 11,224           |
| Irrevocable commitments to lend funds                          | 816,113        | 778,337          |
| - Banks  | -              | -                |
| . of certain use   | -              | -                |
| . of uncertain use   | -              | -                |
| - Financial institutions                                       | -              | -                |
| . of certain use   | -              | -                |
| . of uncertain use   | -              | -                |
| - Customers  | 816,113        | 778,337          |
| . of certain use   | 815,763        | 777,987          |
| . of uncertain use   | 350            | 350              |
| Underlying commitments on credit derivatives: protection sales | -              | -                |
| Assets pledged as collateral of third party commitments        | -              | -                |
| Other irrevocable commitments                                  | 18,355         | 32,107           |
| <b>Total</b>   | <b>855,972</b> | <b>1,178,128</b> |

## COMMITMENTS

### Breakdown of "Irrevocable commitments to lend funds"

|  | 31.12.2016     | 31.12.2015     |
|--|----------------|----------------|
| <b>Of certain use</b>  |                |                |
| Funds managed under concession:  |                |                |
| - Single Fund - Art. 27, Para.11 of Law 488/1999   | 183,657        | 171,146        |
| - EU funds   | 4,156          | 4,156          |
| - Fertility Project QCS 89/94  | 3,061          | 3,343          |
| - Young ideas change Italy   | 2,808          | 4,964          |
| Interregional Operational Programme "Renewable energy and energy efficiency" ERDF 2007-2013: |                |                |
| Axis I – Production of renewable energy  |                |                |
| - Activity line 1.2  | -              | -              |
| - Rotating fund for subsidised loans   | 88,103         | 99,180         |
| - Capital (plant) account grant  | 4,879          | 2,853          |
| - Activity line 2.1  | -              | -              |
| - Rotating fund for subsidised loans   | 56,035         | 63,348         |
| - Capital (plant) account grant  | 1,038          | 2,136          |
| - Activity line 1.1 – Biomass  | -              | -              |
| - Rotating fund for subsidised loans   | 13,574         | 14,549         |
| - Capital (plant) account grant  | 1,129          | 2,301          |
| Interregional Operational Programme "Research and competitiveness" EDRF 2007 -2013:          |                |                |
| Axis I – Support for structural changes"   |                |                |
| - Rotating fund for development contracts  | 24,905         | 59,192         |
| - Capital (plant) account development contracts  | 22,720         | 15,628         |
| Axis II - "Support for innovation"   |                |                |
| - Rotating fund for subsidised loans   | 83,298         | 95,375         |
| - Capital (plant) account grant  | 10,563         | 4,402          |
| - Rotating fund for development contracts  | 35,848         | 44,808         |
| - Capital (plant) account development contracts  | 9,017          | 26,515         |
| Interregional Operational Programme " Cultural, Natural and Tourist Attractions " - Axis II  |                |                |
| - Rotating Fund for development contracts  | 3,277          | 20,360         |
| - Capital (plant) account development contracts  | 8,016          | -              |
| 2013 Stability Law – Basilicata  |                |                |
| - Rotating fund for development contracts  | 2,596          | 2,592          |
| - Capital (plant) account development contracts  | 5,274          | 1,728          |
| 2014 Stability Law   |                |                |
| - Rotating Fund for development contracts  | 94,030         | 25,026         |
| Smart & Start Titles II and III  |                |                |
| - Management expenses grant Tit. II (DM 06/03/2013)  | 3,807          | 6,581          |
| - Capital (plant) account grant Tit. III (DM 06/03/2013)                                     | 5,077          | 13,611         |
| - "Smart and Start Abruzzo" grant  | 1,171          | -              |
| Smart and Start Italia   |                |                |
| -Rotating fund/Capital account grant   | 13,946         | -              |
| "Fare Centro Nord"   |                |                |
| - Rotating fund for development contracts  | 50,677         | 54,751         |
| - Capital (plant) account grant Lazio  | 2,441          | -              |
| - Capital (plant) account grant Abruzzo  | 462            | -              |
| "Pon Sil"  |                |                |
| - Rotating fund for development contracts  | 5,021          | 5,017          |
| - Capital (plant) account grant  | 17,666         | 22,860         |
| "Pac Nazionale"  |                |                |
| - Rotating fund for development contracts  | 3,126          | 3,008          |
| - Capital (plant) account grant  | 19,706         | 8,557          |
| "Pac Campania"   |                |                |
| - Rotating fund for development contracts  | 1,659          | -              |
| - Capital (plant) account grant  | 370            | -              |
| "Cratere Sismico dell'Aquila"  |                |                |
| - Capital (plant) account grant  | 6,162          | -              |
| "Fondo Sviluppo e Coesione"  |                |                |
| - Rotating fund for development contracts  | 50             | -              |
| - Capital (plant) account grant  | 5,790          | -              |
| "ADP Termini Imerese"  |                |                |
| - Rotating fund for development contracts  | 33             | -              |
| - Capital (plant) account development contracts  | 803            | -              |
| "Selfiemployment"  |                |                |
| - Rotating Fund  | 15,723         | -              |
| Murgia   |                |                |
| - Capital (plant) account development contracts  | 5,066          | -              |
| <b>Total</b>   | <b>816,740</b> | <b>777,987</b> |
| <b>Of uncertain use</b>  |                |                |
| Other  | 350            | 350            |
| <b>Total</b>   | <b>817,090</b> | <b>778,337</b> |

## COMMITMENTS

### Single Fund - Art. 27, Para.11 of Law 488/1999

Commitments to third parties relating to management of concessions pursuant to Legislative Decree 185/2000 are described below. Title I relates to measures in support of entrepreneurship and Title II to those in support of self-employment.

|   | 2016      | 2015      |
|---|-----------|-----------|
| Interest bearing and non-interest bearing liquidity | 274,229   | 215,565   |
| Subsidies awaiting disbursement                     | (183,657) | (171,146) |
| Mortgages   | 2,159,157 | 2,062,293 |

As of 31 December 2016, receivables included Euro 2,159,157 thousand relating to mortgages disbursed (of which Euro 795,970 thousand relating to Title I and Euro 1,363,178 thousand relating to Title II). Such receivables will only truly become "available resources" when the amounts in question are reimbursed.

### EU funds

|   | 2016    | 2015    |
|---|---------|---------|
| Interest bearing and non-interest bearing liquidity | 425     | 425     |
| Payable - funds received                            | (4,156) | (4,156) |

There have been no movements in such funds since 2009.

### Fertility project

The following table shows commitments to third parties:

|   | 2016    | 2015    |
|---|---------|---------|
| Interest bearing and non-interest bearing liquidity | 6,724   | 7,329   |
| Subsidies awaiting disbursement                     | (3,061) | (3,343) |

### "Young ideas change Italy" project

The following table shows commitments to third parties:

|   | 2016    | 2015    |
|---|---------|---------|
| Interest bearing and non-interest bearing liquidity | 3,967   | 5,780   |
| Subsidies awaiting disbursement                     | (2,808) | (4,963) |



**Interregional Operational Programme "Renewable energy and energy efficiency"  
ERDF 2007-2013: Axis I – Production of energy from renewable sources**

The programme involves the financing of investment programmes relating to the production of capital assets to support the development of renewable energy sources and energy efficiency. In this regard, two separately managed Rotating Funds were established for activity lines 1.2 and 2.1. Resources dedicated to the two activity lines for capital (plant) account grants amount to Euro 35 million for line 1.2 and Euro 22.5 million for line 2.1, while resources allocated to loans were reduced in 2014 to Euro 105 million for line 1.2 and Euro 67 million for line 2.1. As of 31 December 2016, 21 grant applications had been accepted under Ministerial Decree (DM) of 6 August 2010 and 251 initiatives undertaken under the Ministerial Decree of 5 December 2013.

| <b>Activity line 1.2/2.1 – Operations in support of developing enterprise linked to the research and application of innovative technologies in the renewable energy sources sector</b> | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
| <b>Rotating fund for subsidised loans 1.2</b>  |               |               |
| Interest bearing liquidity   | 99,180        | 110,820       |
| <b>Subsidies disbursed:</b>  |               |               |
| IOP EE 1.2 DM 06/08/10   | (311)         | (162)         |
| IOP 1.2 DM 05/12/13 Energy efficiency  | (9,082)       | (12,236)      |
| IOP EE 1.2 DM 24/04/2015   | (4,747)       | -             |
| <b>Reimbursements:</b>   |               |               |
| IOP EE 1.2 DM 06/08/10   | 166           | 111           |
| IOP 1.2 DM 05/12/13 Energy efficiency  | 1,229         | 106           |
| Net charges  | 71            | 541           |
| <b>Other</b>   |               |               |
| Currency payments 2017   | 1,597         | -             |
| <b>Final interest bearing liquidity</b>  | <b>88,103</b> | <b>99,180</b> |
| <b>Rotating fund for subsidised loans 1.2</b>  |               |               |
| Interest bearing liquidity   | 63,348        | 69,389        |
| <b>Subsidies disbursed:</b>  |               |               |
| IOP EE 2.1 DM 06/08/10   | (1,477)       | (1,323)       |
| IOP 2.1 DM 05/12/13 Energy efficiency  | (3,965)       | (5,094)       |
| IOP EE 2.1 DM 24/04/2015   | (4,270)       | -             |
| <b>Reimbursements:</b>   |               |               |
| IOP EE 2.1 DM 06/08/10   | 364           | 30            |
| IOP 2.1 DM 05/12/13 Energy efficiency  | 439           | 6             |
| Net charges  | 46            | 340           |
| <b>Other</b>   |               |               |
| Currency payments 2017   | 1,561         | -             |
| Payables for overcollection  | (11)          | -             |
| <b>Final interest bearing liquidity</b>  | <b>56,035</b> | <b>63,348</b> |
| <b>Rotating fund for subsidised loans</b>  | <b>88,103</b> | <b>99,180</b> |
| <b>Capital (plant) account grant (DM 08/10)</b>  | <b>56,035</b> | <b>63,348</b> |

| <b>Activity line 1.2/2.1 – Operations in support of developing enterprise linked to the research and application of innovative technologies in the renewable energy sources sector</b> | <b>2016</b>  | <b>2015</b>  |
|--|--------------|--------------|
| <b>Capital (plant) account grant (DM 08/10) 1.2</b>  |              |              |
| Interest bearing liquidity   | 2,853        | 2,956        |
| Funds received   | 2,800        | -            |
| Subsidies disbursed  | (783)        | (114)        |
| Net charges  | 9            | 11           |
| <b>Final interest bearing liquidity</b>  | <b>4,879</b> | <b>2,853</b> |
| <b>Capital (plant) account grant (DM 08/10) 2.1</b>  |              |              |
| Interest bearing liquidity   | 2,136        | 2,713        |
| Funds received   | -            | 1,250        |
| Receipts due to withdrawals  | 98           | -            |
| Subsidies disbursed  | (1,198)      | (1,836)      |
| Net charges  | 2            | 9            |
| <b>Final interest bearing liquidity</b>  | <b>1,038</b> | <b>2,136</b> |
| Money transfers receivables  | (957)        | -            |
| <b>Capital (plant) account grant (DM 06/08/10)</b>   | <b>4,960</b> | <b>4,989</b> |

Figures showing the available liquidity on individual activity lines include interest earned and represent actual amounts available for the disbursement of subsidies. Funds assigned but not disbursed in 2016 amounted to Euro 43,250 thousand (Euro 46,050 thousand in 2015).

| <b>Activity line 1.1 – Operations to activate biomass production supply chains that integrate energy, environmental and development objectives</b> | <b>2016</b>   | <b>2015</b>   |
|--|---------------|---------------|
| <b>Rotating fund for subsidised loans (DM 13/12/11)</b>  |               |               |
| Interest bearing liquidity   | 14,549        | 72,571        |
| Funds returned   | -             | (56,815)      |
| Subsidies disbursed  | (1,491)       | (1,585)       |
| Reimbursement  | 500           | 143           |
| Net charges  | 16            | 235           |
| <b>Final interest bearing liquidity</b>  | <b>13,574</b> | <b>14,549</b> |
| <b>Capital (plant) account grant (DM 13/12/11)</b>   |               |               |
| Interest bearing liquidity   | 2,301         | 3,292         |
| Subsidies disbursed  | (1,178)       | (1,024)       |
| Net charges  | 6             | 33            |
| <b>Final interest bearing liquidity</b>  | <b>1,129</b>  | <b>2,301</b>  |
| <b>Rotating fund for subsidised loans (DM 13/12/11)</b>  | <b>13,574</b> | <b>14,549</b> |
| <b>Capital (plant) account grant (DM 13/12/11)</b>   | <b>1,129</b>  | <b>2,301</b>  |

The biomass supply chains involve the concession of resources to investment programmes for the start-up, reinforcement and support of such supply chains in the Campania, Calabria, Puglia and Sicilia regions.

**National Operational Programme "Research and competitiveness" EDRF 2007 -2013 R&C**

**Axis I – Support for structural changes**

**Development contracts**

Development contracts involve the granting of loans to investment and research and development programmes in the industrial, tourism and commercial sectors.

| <b>Operational objective 4.1.1.2 "Technology-production areas for system competitiveness"</b> | <b>2016</b>   | <b>2015</b>   |
|---|---------------|---------------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>                                  |               |               |
| Interest bearing liquidity  | 59,192        | 79,155        |
| Funds received  | -             | -             |
| Subsidies disbursed   | (41,772)      | (21,750)      |
| Reimbursements  | 7,145         | 1,115         |
| Net charges   | 340           | 672           |
| <b>Final interest bearing liquidity</b>   | <b>24,905</b> | <b>59,192</b> |
|   |               |               |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b>                            |               |               |
| Interest bearing liquidity  | 15,628        | 41,105        |
| Funds received  | 72,000        | -             |
| Subsidies disbursed   | (64,926)      | (25,513)      |
| Net charges   | 18            | 36            |
| <b>Final interest bearing liquidity</b>   | <b>22,720</b> | <b>15,628</b> |
|   |               |               |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>                                  | <b>24,905</b> | <b>59,192</b> |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b>                            | <b>22,720</b> | <b>15,628</b> |

## National Operational Programme "Research and competitiveness" ERDF 2007 - 2013 R&C

### Axis II- Support for innovation

The project has two investment programmes aimed at:

- industrialisation of the results of research programmes or experimental development;
- the pursuit of specific innovation, competitive improvement and environmental protection objectives.

A separately managed Rotating Fund with separate accounting was also established to disburse subsidies for this operational programme relating to operational objective 4.2.1.1. Total financial resources allocated to this objective amount to Euro 430 million.

| Operational objective 4.2.1.1 "Reinforcement of the production system"    | 2016           | 2015           |
|---|----------------|----------------|
| <b>RESOURCES AVAILABLE</b>  |                |                |
| <b><i>Rotating fund for subsidised loans (DM 06/08/10)</i></b>            |                |                |
| Interest bearing liquidity  | 95,375         | 120,784        |
| Subsidies disbursed   | (20,134)       | (27,410)       |
| Reimbursements  | 6,779          | 1,422          |
| Net charges   | 321            | 579            |
| <b><i>Final interest bearing liquidity</i></b>                            | <b>82,341</b>  | <b>95,375</b>  |
| Money transfers payables  | 957            | -              |
| <b>Total liquidity DM 06/08/2010</b>                                      | <b>83,298</b>  | <b>95,375</b>  |
| <b><i>Rotating fund for development contracts (DM 24/09/10)</i></b>       |                |                |
| Interest bearing liquidity  | 44,808         | 46,292         |
| Subsidies disbursed   | (9,998)        | (1,773)        |
| Reimbursements  | 900            | 16             |
| Net charges   | 138            | 273            |
| <b>Total liquidity DM 24/09/2010</b>                                      | <b>35,848</b>  | <b>44,808</b>  |
| <b>TOTAL FUNDS AVAILABLE</b>  | <b>119,146</b> | <b>140,183</b> |
| <b><i>Capital (plant) account development contracts (DM 06/08/10)</i></b> |                |                |
| Interest bearing liquidity  | 4,402          | 9,987          |
| Funds received  | 26,800         | 22,000         |
| Subsidies disbursed   | (20,738)       | (27,627)       |
| Net charges   | 99             | 42             |
| <b><i>Final interest bearing liquidity</i></b>                            | <b>10,563</b>  | <b>4,402</b>   |
| <b><i>Capital (plant) account development contracts (DM 24/09/10)</i></b> |                |                |
| Interest bearing liquidity  | 26,515         | 32,000         |
| Funds received  |                |                |
| Subsidies disbursed   | (17,504)       | (5,516)        |
| Net charges   | 6              | 31             |
| <b><i>Final interest bearing liquidity</i></b>                            | <b>9,017</b>   | <b>26,515</b>  |
| <b>NET RESOURCES AVAILABLE</b>  | <b>19,580</b>  | <b>30,917</b>  |

Figures showing available liquidity include interest earned and represent actual amounts available for the disbursement of subsidies. Funds assigned but not disbursed in 2016 amounted to Euro 136,000 thousand (Euro 162,800 thousand in 2015).

## Inter-regional operational programme – “Cultural, Natural and Tourist Attractions”

**Axis II – Competitiveness of companies in the tourism, culture and environmental sector and promotion of the regional offering (objective of the convergence programme)**

| <b>Operational objective II.a, Operation line II.a.1</b> | <b>2016</b>  | <b>2015</b>   |
|--|--------------|---------------|
| <b>Rotating fund for subsidised loans</b>                |              |               |
| Funds received   | 20,360       | 20,256        |
| Funds returned   | (16,229)     | -             |
| Subsidies disbursed                                      | (941)        | -             |
| Reimbursements   | 47           | -             |
| Net charges  | 40           | 104           |
| <b>Final interest bearing liquidity</b>                  | <b>3,277</b> | <b>20,360</b> |
|  |              |               |
| <b>Capital (plant) account grant</b>                     |              |               |
| Funds received   | 11,261       | -             |
| Subsidies disbursed                                      | (3,269)      | -             |
| Net charges  | 24           | -             |
| <b>Final interest bearing liquidity</b>                  | <b>8,016</b> | <b>-</b>      |
|  |              |               |
| <b>Rotating fund (DM 09/12/2014)</b>                     | <b>3,277</b> | <b>20,360</b> |
| <b>Capital (plant account grant (DM 09/12/2014)</b>      | <b>8,016</b> | <b>-</b>      |

These community programme funds support investments aimed at improving and innovating accommodation and hospitality services in the tourism and culture sector. By the end of 2016, only 1 initiative had been approved to receive subsidies.

### 2013 Stability Law Basilicata

|   | <b>2016</b>  | <b>2015</b>  |
|---|--------------|--------------|
| <b>Rotating fund for development contracts (Law 228/2012)</b>       |              |              |
| Interest bearing liquidity  | 2,592        | 2,583        |
| Net charges   | 4            | 9            |
| <b>Final interest bearing liquidity</b>                             | <b>2,596</b> | <b>2,592</b> |
|   |              |              |
| <b>Capital (plant) account development contracts (Law 228/2012)</b> |              |              |
| Interest bearing liquidity  | 1,728        | 1,722        |
| Funds received  | 3,542        | -            |
| Net charges   | 4            | 6            |
| <b>Final interest bearing liquidity</b>                             | <b>5,274</b> | <b>1,728</b> |
|   |              |              |
| <b>Rotating fund for subsidized loans (Law 228/2012)</b>            | <b>2,596</b> | <b>2,592</b> |
| <b>Capital (plant) account (Law 228/2012)</b>                       | <b>5,274</b> | <b>1,728</b> |

A development contract was approved to receive subsidies and absorbed the entire funding available.

## 2014 Stability Law

|   | 2016          | 2015          |
|---|---------------|---------------|
| <b>Rotating fund for development contracts (Law 147/2013)</b> |               |               |
| Interest bearing liquidity                                    | 25,026        | 25,000        |
| Funds received  | 68,994        | -             |
| Net charges   | 10            | 26            |
| <b>Final interest bearing liquidity</b>                       | <b>94,030</b> | <b>25,026</b> |

By the end of 2016, 3 industrial investment programmes had been approved and 8 rejected. Of the 8 applications made regarding tourist investment programmes, only 1 is in the evaluation phase.

## "Smart & Start" (Ministerial Decree 06/03/2013)

|  | 2016         | 2015          |
|--|--------------|---------------|
| <b>Smart – Management expenses grant - Tit. II (DM 06/03/2013)</b>   |              |               |
| Interest bearing liquidity   | 6,581        | 2,316         |
| Funds received   | -            | 5,100         |
| Subsidies disbursed  | (2,283)      | (854)         |
| Net charges  | 39           | 19            |
| Due to Start   | (551)        | -             |
| Settlements  | 21           | -             |
| <b>Final interest bearing liquidity</b>                              | <b>3,807</b> | <b>6,581</b>  |
| <b>Start- Capital (plant) account grant Tit. III (DM 06/03/2013)</b> |              |               |
| Interest bearing liquidity   | 13,611       | 6,643         |
| Funds received   | -            | 15,900        |
| Subsidies disbursed  | (9,156)      | (9,013)       |
| Net charges  | 71           | 36            |
| Other funds received   | -            | 45            |
| Interest on overdue amounts  | -            | -             |
| Receivables due from Smart   | 551          | -             |
| <b>Final interest bearing liquidity</b>                              | <b>5,077</b> | <b>13,611</b> |
| <b>Smart and Start Abruzzo (DM 06/03/2013)</b>                       |              |               |
| Funds received   | 1,170        | -             |
| Net charges  | 1            | -             |
| <b>Final interest bearing liquidity</b>                              | <b>1,171</b> | -             |
| <b>Smart - Contr. Spese Gestione - Tit II (DM 06/03/2013)</b>        | <b>3,807</b> | <b>6,581</b>  |
| <b>Start - Conto Impianti Tit. III (DM 06/03/2013)</b>               | <b>5,077</b> | <b>13,611</b> |
| <b>Smart &amp; Start Abruzzo (DM 06/03/2013)</b>                     | <b>1,171</b> | -             |

The programme includes 2 types of initiatives:

- assistance to newly established small enterprises (SMART);
- support for investment programmes undertaken by new digital and/or technology companies (START)

As of 31 December 2016, 442 companies out of 1,252 that applied had their applications for subsidies approved.

## Smart & Start Italia (Ministerial Decree 24/09/2014)

|  | 2016          | 2015 |
|--|---------------|------|
| <b>Rotating fund for development contracts (DM 24/09/2014)</b>           |               |      |
| <b>Capital (plant) account for development contracts (DM 24/09/2014)</b> |               |      |
| Funds received   | 21,430        | -    |
| Subsidies disbursed – financing  | (7,340)       | -    |
| Subsidies disbursed – contributions                                      | (189)         | -    |
| Net charges  | 44            | -    |
| Other  | 1             | -    |
| <b>Final interest bearing liquidity</b>                                  | <b>13,946</b> | -    |

As of 31 December 2016, 1,305 applications for subsidies had been received, of which 1,092 have entered the evaluation phase, including 278 which have been approved.

## “Fare Centro Nord” – Decree Law 69/2013

|  | 2016          | 2015          |
|--|---------------|---------------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>               |               |               |
| Interest bearing liquidity   | 54,751        | -             |
| Funds received   | -             | 100,000       |
| Subsidies disbursed  | (7,487)       | (48,565)      |
| Reimbursements   | 3,181         | 3,075         |
| Net charges  | 232           | 241           |
| <b>Final interest bearing liquidity</b>                                    | <b>50,677</b> | <b>54,751</b> |
| <b>Lazio Capital (plant) account development contracts (DM 24/09/10)</b>   |               |               |
| Funds received   | 3,500         | -             |
| Subsidies disbursed  | (1,064)       | -             |
| Net charges  | 5             | -             |
| <b>Final interest bearing liquidity</b>                                    | <b>2,441</b>  | -             |
| <b>Abruzzo Capital (plant) account development contracts (DM 24/09/10)</b> |               |               |
| Funds received   | 4,859         | -             |
| Subsidies disbursed  | (4,401)       | -             |
| Net charges  | 4             | -             |
| <b>Final interest bearing liquidity</b>                                    | <b>462</b>    | -             |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>               | <b>50,677</b> | <b>54,751</b> |
| <b>Lazio Capital (plant) account development contracts (DM 24/09/10)</b>   | <b>2,441</b>  | -             |
| <b>Abruzzo Capital (plant) account development contracts (DM 24/09/10)</b> | <b>462</b>    | -             |

As of 31 December 2016, 12 programmes had been approved to receive subsidies from this funding source, 11 contracts entered into and 7 programmes rejected.

## National Operational Programme – Local business development 2000-2006

|  | 2016          | 2015          |
|--|---------------|---------------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       |               |               |
| Interest bearing liquidity   | 5,017         | -             |
| Funds received   | -             | 5,000         |
| Subsidies disbursed  | -             | -             |
| Reimbursements   | -             | -             |
| Net charges  | 4             | 17            |
| <b>Final interest bearing liquidity</b>                            | <b>5,021</b>  | <b>5,017</b>  |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> |               |               |
| Interest bearing liquidity   | 22,860        | -             |
| Funds received   | -             | 30,000        |
| Subsidies disbursed  | (5,209)       | (7,228)       |
| Net charges  | 15            | 88            |
| <b>Final interest bearing liquidity</b>                            | <b>17,666</b> | <b>22,860</b> |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       | <b>5,021</b>  | <b>5,017</b>  |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> | <b>17,666</b> | <b>22,860</b> |

As of 31 December 2016, 8 development programmes had been approved to receive subsidies from this funding source.

### Action and cohesion plan

|  | 2016          | 2015         |
|--|---------------|--------------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       |               |              |
| Interest bearing liquidity   | 3,008         | -            |
| Funds received   | 1,200         | 3,000        |
| Subsidies disbursed  | (1,111)       | -            |
| Reimbursement  | 1             | -            |
| Net charges  | 28            | 8            |
| <b>Final interest bearing liquidity</b>                            | <b>3,126</b>  | <b>3,008</b> |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> |               |              |
| Interest bearing liquidity   | 8,557         | -            |
| Funds received   | 19,100        | 15,000       |
| Subsidies disbursed  | (8,063)       | (6,476)      |
| Net charges  | 112           | 33           |
| <b>Final interest bearing liquidity</b>                            | <b>19,706</b> | <b>8,557</b> |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       | <b>3,126</b>  | <b>3,008</b> |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> | <b>19,706</b> | <b>8,557</b> |

As of 31 December 2016, 5 development programmes had been approved to receive subsidies from this funding source and disbursements had been made in respect of 4 of these.



## Action and cohesion plan – Campania

|  | 2016         | 2015 |
|--|--------------|------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       |              |      |
| Funds received   | 1,656        | -    |
| Net charges  | 3            | -    |
| <b>Final interest bearing liquidity</b>                            | <b>1,659</b> | -    |
|  |              |      |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> |              |      |
| Funds received   | 10,536       | -    |
| Subsidies disbursed  | (10,173)     | -    |
| Net charges  | 7            | -    |
| <b>Final interest bearing liquidity</b>                            | <b>370</b>   | -    |
|  |              |      |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       | <b>1,659</b> | -    |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> | <b>370</b>   | -    |

As of 31 December 2016, 15 applications had been received in relation to this funding source, of which 5 had been rejected. Due to a lack of financial resources, only the highest ranking 4 of the remaining 10 had been approved to receive subsidies and these absorbed the entire funding available. During the year, all the relevant contracts were signed and the first subsidies disbursed.

## Sismic crater in Aquila - Development contract

|  | 2016         | 2015 |
|--|--------------|------|
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> |              |      |
| Funds received   | 10,965       | -    |
| Subsidies disbursed  | (4,842)      | -    |
| Net charges  | 39           | -    |
| <b>Final interest bearing liquidity</b>                            | <b>6,162</b> | -    |

As of 31 December 2016, 3 investment programmes had been approved to receive subsidies in relation to this concession and the related contracts had been signed.

## 2014-2020 Development and cohesion fund - Development contract

|  | 2016         | 2015 |
|--|--------------|------|
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       |              |      |
| Funds received   | 2,300        | -    |
| Subsidies disbursed  | (2,250)      | -    |
| Net charges  | -            | -    |
| <b>Final interest bearing liquidity</b>                            | <b>50</b>    | -    |
|  |              |      |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> |              |      |
| Funds received   | 7,700        | -    |
| Subsidies disbursed  | (1,913)      | -    |
| Net charges  | 3            | -    |
| <b>Final interest bearing liquidity</b>                            | <b>5,790</b> | -    |
|  |              |      |
| <b>Rotating fund for development contracts (DM 24/09/10)</b>       | <b>50</b>    | -    |
| <b>Capital (plant) account development contracts (DM 24/09/10)</b> | <b>5,790</b> | -    |

The CIPE (Inter-ministerial Committee on Economic Programming) has allocated Euro 250 million to this concession; 80% of such total amount will be dedicated to investments in the South of Italy and 20% to investments in the Centre-North. As of 31 December 2016, 12 development contracts had been approved.

### ADP Termini Imerese - Development contract

|  | 2016       | 2015 |
|--|------------|------|
| <b>Rotating fund for development contracts (DM 09/12/2014)</b>       |            |      |
| Funds received   | 20,123     | -    |
| Subsidies disbursed  | (20,123)   | -    |
| Net charges  | 33         | -    |
| <b>Final interest bearing liquidity</b>                              | <b>33</b>  | -    |
| <b>Capital (plant) account development contracts (DM 09/12/2014)</b> |            |      |
| Funds received   | 2,000      | -    |
| Subsidies disbursed  | (1,200)    | -    |
| Net charges  | 3          | -    |
| <b>Final interest bearing liquidity</b>                              | <b>803</b> | -    |
| <b>Rotating fund for development contracts (DM 09/12/2014)</b>       | <b>33</b>  | -    |
| <b>Capital (plant) account development contracts (DM 09/12/2014)</b> | <b>803</b> | -    |

This concession governs initiatives relating to the conversion and redevelopment of the Termini Imerese industrial area. During the year, 1 contract was signed and the related advance payment disbursed.

### SelfiEmployment

|  | 2016          | 2015 |
|--|---------------|------|
| <b>Rotating fund for development contracts</b> |               |      |
| Funds received                                 | 16,273        | -    |
| Subsidies disbursed                            | (551)         | -    |
| Net charges                                    | 1             | -    |
| <b>Final interest bearing liquidity</b>        | <b>15,723</b> | -    |

As of 31 December 2016, 634 applications had been received in relation to this concession, of which 119 had been evaluated and considered and 75 approved to receive subsidies, in respect of which initial disbursements were made during the final quarter of 2016.

### Murgia (Ministerial Decree 13/10/2013) - Development contract

|  | 2016         | 2015 |
|--|--------------|------|
| <b>Capital (plant) account development contracts (DM 18/10/2013)</b> |              |      |
| Funds received   | 5,058        | -    |
| Net charges  | 8            | -    |
| <b>Final interest bearing liquidity</b>                              | <b>5,066</b> | -    |

As of 31 December 2016, of the 47 applications received in relation to this concession, only 6 had been approved to receive subsidies at the end of the review process. During the year, 2 companies signed the related contracts and 3 forfeited their statutory benefits.

Breakdown of "Other irredeemable commitments"

|                  | 2016          | 2015          |
|------------------|---------------|---------------|
| Of certain use   |               |               |
| <b>Banks</b>     | 11,454        | 11,454        |
| <b>Customers</b> | 6,902         | 20,653        |
|                  | <b>18,356</b> | <b>32,107</b> |

"Other irredeemable commitments - Banks" relates to a Guarantee Fund of Euro 11 million established pursuant to Art. 25 of Law no. 196 of 24/06/1997, to support and develop companies benefitting from subsidies managed by the ex-Imprenditorialità Giovanile (Young Entrepreneurs).

"Other irredeemable commitments - Customers" relates to amounts to be disbursed in relation to loan contracts entered into with companies benefitting under Law 181/89. The change with respect to the prior year is almost wholly due to the reclassification to Assets Item 130 of the amounts relating to Italia Turismo SpA.

## Section 1 – Specific references to activities

### E – MERCHANT BANKING

#### Summary of merchant banking equity investments

|   | 2016           |                  |                 |               | 2015           |                  |                 |               |
|---|----------------|------------------|-----------------|---------------|----------------|------------------|-----------------|---------------|
|   | Original Value | Total impairment | Total reversals | Book value    | Original Value | Total impairment | Total reversals | Book value    |
| <b>Participations</b>                           |                |                  |                 |               |                |                  |                 |               |
| <b>Merchant banking</b>                         |                |                  |                 |               |                |                  |                 |               |
| ACS ADVANCED COMPUTER SYSTEMS SPA               | -              | -                | -               | -             | 360            | -                | -               | 360           |
| ALA BIRDI S.R.L.                                | 1,514          | -                | 1,304           | 2,818         | 1,514          | -                | -               | 1,514         |
| C.R.A.A. SRL (in liquidation)                   | 38             | -                | -               | 38            | 3              | (6)              | 40              | 38            |
| CONSORZIO EX CNOW                               | 3              | (1)              | -               | 2             | 3              | -                | -               | 3             |
| ELA SPA (in bankruptcy)                         | -              | -                | -               | -             | 304            | (304)            | -               | -             |
| ELETTRA SINCROTONE TRIESTE S.P.A.               | 1,818          | -                | 95              | 1,913         | 1,818          | -                | -               | 1,818         |
| FINMEK SOLUTIONS SPA IN PROC. CONC.             | -              | -                | -               | -             | -              | -                | -               | -             |
| FONDERIT ETURIA (in bankruptcy)                 | -              | -                | -               | -             | -              | -                | -               | -             |
| MECCANO SCPA                                    | 77             | -                | -               | 77            | 77             | -                | -               | 77            |
| SASSI ON LINE SERVICE S.C.P.A. (in liquidation) | -              | -                | -               | -             | -              | -                | -               | -             |
| SOCIETA' PER CORNIGLIANO SPA                    | 1,351          | -                | -               | 1,351         | 1,325          | -                | 26              | 1,351         |
| T.E.S.S.-COSTA DEL VESUVIO SPA                  | -              | -                | -               | -             | -              | -                | -               | -             |
| TINTORIA STAMPERIA DEL MOLISE (in bankruptcy)   | -              | -                | -               | -             | -              | -                | -               | -             |
| TRADIZIONI ITALIANE SPA (in bankruptcy)         | -              | -                | -               | -             | -              | -                | -               | -             |
| TRADIZIONI DI CALABRIA SPA (in bankruptcy)      | -              | -                | -               | -             | -              | -                | -               | -             |
| TURISMO E SVILUPPO SPA                          | 1,142          | (1,142)          | -               | -             | 1,142          | -                | -               | 1,142         |
| <b>- of which with funds 181/89</b>             |                |                  |                 |               |                |                  |                 |               |
| C.S.R.A. SRL (in bankruptcy)                    | 620            | -                | -               | 620           | 620            | -                | -               | 620           |
| CARTONLEGNO GROUP SRL                           | -              | -                | -               | -             | 200            | -                | -               | 200           |
| CATWOK SPA (in bankruptcy)                      | 564            | -                | -               | 564           | 564            | -                | -               | 564           |
| CMS SRL (in bankruptcy)                         | 1,370          | -                | -               | 1,370         | 1,370          | -                | -               | 1,370         |
| DESIGN MANUFACTURING SPA                        | 990            | -                | -               | 990           | 990            | -                | -               | 990           |
| ELMIRAD SERVICE SRL                             | 120            | -                | -               | 120           | 120            | -                | -               | 120           |
| FONDERIE SPA (in bankruptcy)                    | -              | -                | -               | -             | 155            | (155)            | -               | -             |
| GRIMALDI SPA                                    | 534            | (227)            | -               | 307           | 307            | -                | 227             | 534           |
| GUSTAVO DE NEGRI & ZA.MA. SRL                   | 202            | -                | -               | 202           | 202            | -                | -               | 202           |
| JONICA IMPIANTI SRL                             | 278            | -                | -               | 278           | 278            | -                | -               | 278           |
| LAMINAZIONE SOTTILE SPA                         | -              | -                | -               | -             | 100            | (16)             | -               | 84            |
| METALFER SUD SPA (in bankruptcy)                | 697            | -                | -               | 697           | 1,214          | (517)            | -               | 697           |
| MODOMECC BUILDING SRL                           | 168            | -                | -               | 168           | 168            | -                | -               | 168           |
| PERITAS SRL                                     | 326            | -                | -               | 326           | 326            | -                | -               | 326           |
| PRO.S.IT S.R.L.                                 | 499            | -                | -               | 499           | 499            | -                | -               | 499           |
| SALVER SPA                                      | 2,524          | -                | -               | 2,524         | 2,524          | -                | -               | 2,524         |
| SIAPRA SPA                                      | 1,570          | -                | -               | 1,570         | 1,570          | -                | 226             | 1,796         |
| SICALP SRL (in bankruptcy)                      | 1,033          | -                | -               | 1,033         | 1,033          | -                | -               | 1,033         |
| SKY TECNO SRL                                   | 1,107          | (352)            | -               | 755           | 692            | -                | 415             | 1,107         |
| SIE-SOC.ITTICA EUROPEA IN PROC. CONCORS.        | -              | -                | -               | -             | -              | -                | -               | -             |
| SIMPE SPA (in bankruptcy)                       | 3,600          | -                | -               | 3,600         | 3,600          | -                | -               | 3,600         |
| SURAL SPA                                       | 253            | -                | -               | 253           | 253            | -                | -               | 253           |
| TEKLA SRL                                       | 653            | -                | -               | 653           | 653            | -                | -               | 653           |
| TIRRENA MACCHINE SRL (in bankruptcy)            | 1,472          | -                | -               | 1,472         | 1,472          | -                | -               | 1,472         |
| <b>TOTAL</b>                                    | <b>24,523</b>  | <b>(1,722)</b>   | <b>1,399</b>    | <b>24,200</b> | <b>25,456</b>  | <b>(998)</b>     | <b>868</b>      | <b>25,393</b> |

## E.2 Information on equity interests

Information on equity interests is reported in the table in the note on Assets Item 90.

## E.3 Annual changes in merchant banking equity investments

| Items/amounts                   | 31.12.2016     |
|---------------------------------|----------------|
|                                 | Total          |
| <b>Previous closing balance</b> | <b>25,393</b>  |
| Changes to the opening balance  | -              |
| <b>Opening balance</b>          | <b>25,393</b>  |
| <b>Increases</b>                | <b>1,399</b>   |
| Purchases                       | -              |
| Write-backs                     | -              |
| Revaluations                    | -              |
| Other (positive) changes        | 1,399          |
| <b>Decreases</b>                | <b>(2,592)</b> |
| Sales                           | (644)          |
| Impairment losses               | -              |
| Other (negative) changes        | (1,948)        |
| <b>Closing balance</b>          | <b>24,200</b>  |

Attachment A.9 provides details of changes in merchant banking equity investments.

## E.4 Financial assets and liabilities with merchant banking investee companies

|   | Assets                |                       |                      |                      | Liabilities             |  |  |   |
|---|-----------------------|-----------------------|----------------------|----------------------|-------------------------|--|--|---|
|   | Loans                 |                       | Securities           |                      | Payables                |  | Guarantees and commitments                     |   |
|   | Of which: subordinate | Of which: subordinate | Of which: securities | Of which: securities | Subordinate liabilities | Of which, reported in the financial statements | Of which, reported in the financial statements |   |
| CATWOK SPA (in bankruptcy)                          | 420                   | -                     | -                    | -                    | -                       | -  | -  | - |
| GUSTAVO DE NEGRI E ZA.MA. SRL MANIF                 | 577                   | -                     | -                    | -                    | -                       | -  | -  | - |
| LAMEZIA EUROPA S.P.A                                | 6                     | -                     | -                    | -                    | -                       | -  | -  | - |
| MARINA DI MARGHERITA DI SAVOIA SRL (in liquidation) | 9                     | -                     | -                    | -                    | -                       | -  | -  | - |
| MARINA DI REGGIO CALABRIA SRL (in liquidation)      | 9                     | -                     | -                    | -                    | -                       | -  | -  | - |
| METALFER SUD S.P.A. (in bankruptcy)                 | 3,103                 | -                     | -                    | -                    | -                       | -  | -  | - |
| PRO.S.IT. SRL (in bankruptcy)                       | 1,498                 | -                     | -                    | -                    | -                       | -  | -  | - |
| SICULIANA NAVIGANDO SRL                             | 236                   | -                     | -                    | -                    | -                       | -  | -  | - |
| TEKLA SRL EX MEXALL SISTEMI                         | 1,374                 | -                     | -                    | -                    | -                       | -  | -  | - |
| TRAPANI NAVIGANDO SRL                               | 36                    | -                     | -                    | -                    | -                       | -  | -  | - |
| VIVENDA SRL   | 377                   | -                     | -                    | -                    | -                       | -  | -  | - |
| <b>Total</b>  | <b>7,645</b>          | -                     | -                    | -                    | -                       | -  | -  | - |

There were no loans and receivables, securities or subordinate liabilities with equity investment companies relating to merchant banking transactions.

The following table provides a breakdown of third party funds managed.

## H. Operations with third party funds

### H.1. Nature of funds and uses

|  | 2016           |                       | 2015           |                       |
|--|----------------|-----------------------|----------------|-----------------------|
|  | Public funds   |                       | Public funds   |                       |
|  |                | of which: at own risk |                | of which: at own risk |
| <b>Performing assets</b>   |                |                       |                |                       |
| . Finance leases   | -              | -                     | -              | -                     |
| . Factoring  | -              | -                     | -              | -                     |
| . Other loans  | 418,132        | 18,205                | 470,937        | 19,275                |
| . of which: enforcement of guarantees and commitments            | -              | -                     | -              | -                     |
| . Equity investments   | 7,994          | -                     | 17,319         | -                     |
| . of which: merchant banking                                     | 7,710          | -                     | 16,508         | -                     |
| . Guarantees and commitments                                     | -              | -                     | -              | -                     |
| <b>Non-performing assets</b>                                     |                |                       |                |                       |
| <b>Doubtful loans and receivables</b>                            |                |                       |                |                       |
| . Finance leases   | -              | -                     | -              | -                     |
| . Factoring  | -              | -                     | -              | -                     |
| . Other loans  | 100,599        | -                     | 89,439         | -                     |
| . of which: enforcement of guarantees and commitments            | -              | -                     | -              | -                     |
| . Equity investments   | 10,228         | -                     | 7,115          | -                     |
| . of which: merchant banking                                     | 10,228         | -                     | 7,115          | -                     |
| . Guarantees and commitments                                     | -              | -                     | -              | -                     |
| <b>Unlikely to be repaid - substandard loans and receivables</b> |                |                       |                |                       |
| . Finance leases   | -              | -                     | -              | -                     |
| . Factoring  | -              | -                     | -              | -                     |
| . Other loans  | -              | -                     | -              | -                     |
| . of which: enforcement of guarantees and commitments            | -              | -                     | -              | -                     |
| . Guarantees and commitments                                     | -              | -                     | -              | -                     |
| <b>Unlikely to be repaid - restructured exposures</b>            |                |                       |                |                       |
| . Finance leases   | -              | -                     | -              | -                     |
| . Factoring  | -              | -                     | -              | -                     |
| . Other loans  | -              | -                     | -              | -                     |
| . of which: enforcement of guarantees and commitments            | -              | -                     | -              | -                     |
| . Guarantees and commitments                                     | -              | -                     | -              | -                     |
| <b>Past due exposures</b>  |                |                       |                |                       |
| . Finance leases   | -              | -                     | -              | -                     |
| . Factoring  | -              | -                     | -              | -                     |
| . Other loans  | 1,579          | 1,579                 | -              | -                     |
| . of which: enforcement of guarantees and commitments            | -              | -                     | -              | -                     |
| . Guarantees and commitments                                     | -              | -                     | -              | -                     |
| <b>Total</b>   | <b>538,532</b> | <b>19,784</b>         | <b>584,810</b> | <b>19,275</b>         |

Uses, net of receipts, are accounted for in the corresponding balance sheet asset items (Item 60 Loans and receivables and Item 90 Equity investments).

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

Management has identified the following risks relating to Invitalia's specific operations and reference markets:

- credit risk
- market risk
- operational risk
- concentration risk
- counterparty risk
- interest rate risk
- liquidity risk
- strategic risk

- reputational risk
- property risk.

The risks in question are classified as follows:

- Quantifiable risks (in relation to which prudent capital requirements and/or internal capital can be quantified);
- Risks that can only be estimated (in relation to which such quantification is not possible).

Other than in the case of liquidity risk and property risk, which are not considered to be material in relation to the current asset allocation and regulatory capital, the significance of the individual risks listed above has been analysed.

Quantifiable risks include: credit risk, counterparty risk, market risk, operational risk, concentration risk and interest rate risk on asset portfolios. Risks that can only be estimated include reputational risk and strategic risk.

Such analysis has enabled Invitalia to identify its potential exposure to the risks in question.

Overall, management has concluded that, given organisational controls and safeguards in place, the level of risk faced by Invitalia is limited and should be monitored and mitigated through minor corrective actions.

### **3.1. CREDIT RISK**

#### **QUALITATIVE INFORMATION**

##### **1. General**

Credit risk is defined by the Parent Company as the risk of suffering losses due to the unexpected worsening of the creditworthiness of customers in receipt of loans or to breach of contract.

Credit risk is also linked to the risk of incurring losses (due to counterparty default or non-fulfilment of obligations) in relation to services and/or consultancy provided and the acquisition of trading portfolio equity investments that are not considered for regulatory purposes.

Loans are granted in the context of merchant banking activities and the management of concession laws or under concession. The former involves equity investment activities where repayment capacity and the magnitude of loans granted are considered as part of reviews performed prior to the operation.

Other than in relation to certain minor items, operations involving funds provided under laws and operations in the context of the management of concession laws do not, by their very nature, impact on the financial position or economic results of the Company.

##### **2. Credit risk management policies**

###### *2.1 Organisation*

The Company's structure of delegated authorities is aimed at containing the level of concentration of risk, from both a quantitative and a sectoral-economic viewpoint. Loans are granted in accordance with the delegated authorities approved by the Board of Directors and attributed to the business units involved in the evaluation process that precedes the disbursement of loans.

###### *2.2 Management, measurement and control systems*

The Parent quantifies the capital requirement associated with a given risk (i.e. the internal capital required to cover credit risk) using the standardised approach for determining prudent capital requirements (see Bank of Italy Circular 216/96, First Part, Chapter V, Section III).

Given the magnitude of the regulatory capital requirement, management does not believe it necessary to forecast internal capital requirements or carry out stress tests in relation to such risk.

Risk management and control activities involve systematic monitoring (on at least a six-monthly basis) of the results of investee companies.

###### *2.3 Credit risk mitigation techniques*

When considered necessary, corporate agreements include "exit strategy" clauses (that define disinvestment timing and price details in advance) and appropriate guarantees are requested.



## 2.4 Non-performing financial assets

Credit risk management is regulated by procedures that identify actions to be taken. Specifically, during the pre-litigation phase, the administrative function works together with the credit monitoring function to review outstanding exposures; subsequently, the legal function is responsible for credit recovery. Specific loss forecasts are formulated by the administrative function based on information regarding likely recoverability, provided by the operations function and/or the legal function.

## QUANTITATIVE INFORMATION

### 1 Breakdown of financial assets by portfolio classification and credit quality

Breakdown of credit exposures by portfolio classification and credit quality:

|  | Doubtful loans and receivables | Unlikely to be repaid - substandard loans and receivables | Unlikely to be repaid - restructured exposures | Past due exposures | Other assets   | Total            |
|--|--------------------------------|---|--|--------------------|----------------|------------------|
| Financial assets held for trading                      | -                              | -   | -  | -                  | 55,864         | 55,864           |
| Financial assets at fair value through profit and loss | -                              | -   | -  | -                  | 27,119         | 27,119           |
| Available-for-sale financial assets                    | -                              | -   | -  | -                  | 12,549         | 12,549           |
| Financial assets held to maturity                      | -                              | -   | -  | -                  | -              | -                |
| Due from banks   | -                              | -   | -  | -                  | 609,356        | 609,356          |
| Due from financial institutions                        | -                              | -   | -  | 525                | (4)            | 521              |
| Due from customers                                     | 71,494                         | -   | -  | 410,295            | 76,062         | 557,851          |
| Hedging derivatives                                    | -                              | -   | -  | -                  | -              | -                |
| <b>Total</b>   | <b>71,494</b>                  | <b>-</b>  | <b>-</b>                                       | <b>410,820</b>     | <b>780,946</b> | <b>1,263,260</b> |

### 2.1 Credit exposures to banks and financial institutions: gross and net amounts

|   | Gross exposure | Individual adjustments | Collective adjustments | Net exposure |
|---|----------------|------------------------|------------------------|--------------|
| <b>NON-PERFORMING ASSETS</b>                                |                |                        |                        |              |
| <b>ON-BALANCE SHEET EXPOSURES:</b>                          |                |                        |                        |              |
| . Doubtful loans and receivables                            | -              | -                      | -                      | -            |
| . Unlikely to be repaid - substandard loans and receivables | -              | -                      | -                      | -            |
| . Unlikely to be repaid - restructured exposures            | -              | -                      | -                      | -            |
| . Non-performing past due exposures                         | -              | -                      | -                      | -            |
|   |                |                        |                        |              |
| <b>OFF-BALANCE SHEET EXPOSURES:</b>                         |                |                        |                        |              |
| . Doubtful loans and receivables                            | -              | -                      | -                      | -            |
| . Unlikely to be repaid - substandard loans and receivables | -              | -                      | -                      | -            |
| . Unlikely to be repaid - restructured exposures            | -              | -                      | -                      | -            |
| . Non-performing past due exposures                         | -              | -                      | -                      | -            |
| <b>Total</b>  | <b>-</b>       | <b>-</b>               | <b>-</b>               | <b>-</b>     |
| <b>PERFORMING EXPOSURES:</b>                                |                |                        |                        |              |
| . Performing past due exposures                             | 525            | -                      | -                      | 525          |
| . Other exposures   | -              | -                      | (4)                    | (4)          |
| <b>Total</b>  | <b>525</b>     | <b>-</b>               | <b>(4)</b>             | <b>521</b>   |
| <b>Total</b>  | <b>525</b>     | <b>-</b>               | <b>(4)</b>             | <b>521</b>   |

## 2.2 Credit exposures to customers: gross and net amounts

|   | Gross exposure | Individual adjustments | Collective adjustments | Net exposure   |
|---|----------------|------------------------|------------------------|----------------|
| <b>NON-PERFORMING ASSETS</b>                                |                |                        |                        |                |
| <b>ON-BALANCE SHEET EXPOSURES:</b>                          |                |                        |                        |                |
| . Doubtful loans and receivables                            | 175,595        | (104,101)              | -                      | 71,494         |
| . Unlikely to be repaid - substandard loans and receivables | -              | -                      | -                      | -              |
| . Unlikely to be repaid - restructured exposures            | -              | -                      | -                      | -              |
| . Non-performing past due exposures                         | -              | -                      | -                      | -              |
|   |                |                        |                        |                |
| <b>OFF-BALANCE SHEET EXPOSURES:</b>                         |                |                        |                        |                |
| . Doubtful loans and receivables                            | -              | -                      | -                      | -              |
| . Unlikely to be repaid - substandard loans and receivables | -              | -                      | -                      | -              |
| . Unlikely to be repaid - restructured exposures            | -              | -                      | -                      | -              |
| . Non-performing past due exposures                         | -              | -                      | -                      | -              |
| <b>Total</b>  | <b>175,595</b> | <b>(104,101)</b>       | <b>-</b>               | <b>71,494</b>  |
| <b>PERFORMING EXPOSURES:</b>                                |                |                        |                        |                |
| . Performing past due exposures                             | 410,295        | -                      | -                      | 410,295        |
| . Other exposures   | 77,490         | (928)                  | (500)                  | 76,062         |
| <b>Total</b>  | <b>487,785</b> | <b>(928)</b>           | <b>(500)</b>           | <b>486,357</b> |
| <b>Total</b>  | <b>663,380</b> | <b>(105,029)</b>       | <b>(500)</b>           | <b>557,851</b> |

## 3.1. MARKET RISK

Market risk is defined as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

For the Parent Company, such risk is represented by the risk of unfavourable changes in the value of a financial instrument included in the trading portfolio for regulatory purposes, due to adverse movements in interest rates, exchange rates, inflation rates, volatility, equity prices, credit spreads, the prices of goods (generic risk) or the creditworthiness of the issuer (specific risk).

The Parent quantifies the internal capital required to cover market risk using the standardised approach for determining prudent capital requirements (see Bank of Italy Circular 263/2006, Second Part, Chapter IV, Section I). Given the magnitude of the regulatory capital requirement, management does not believe it necessary to forecast internal capital requirements or carry out stress tests in relation to such risk.

Market risk comprises three types of risk: interest rate risk, other price risk and currency risk.

### **3.1.1 INTEREST RATE RISK**

#### **QUALITATIVE INFORMATION**

##### **1 General**

Interest rate risk is the current and future risk of volatility in values or future cash flows due to changes in market interest rates.

Asset allocation policies and portfolio risk limits are set by the Board of Directors. As of 31 December 2016, approximately 50% of liquidity was readily available as it was held in current accounts.

In terms of the Parent's financial assets, given it has a leverage of 1, interest rate risk relates solely to existing positions. Interest rate risk is therefore limited to real monetary rates as the Agency does not hold positions indexed to other parameters.

The asset allocation is biased towards highly liquid assets: as of 31 December 2016, 50% of liquidity was held in current accounts with the remaining liquidity being invested in trading securities (net of repo positions) and capital redemption policies which accounted for 18% and 28% respectively. The trading securities had short residual duration and had a Standard & Poor's average rating of BB+. The capital redemption policies had prudent underlying debt profiles. Both of the aforementioned asset classes meet the requirement to improve and stabilise financial returns.

Market risk is monitored on a quarterly basis during the year through liquidity performance reviews and through stress tests and sensitivity analyses performed on the securities portfolios.

##### **2 Models and methods used to measure and manage interest rate risk**

The Parent quantifies the internal capital required to cover interest rate risk using the simplified approach described in Bank of Italy Circular 263/2006 Attachment C, Title III, Chapter I). Given the magnitude of the regulatory capital requirement, management does not believe it necessary to forecast internal capital requirements.

Use of the simplified approach described in Bank of Italy Circular 263/2006 involves performance of a stress test based on a +/-200 basis points change in interest rates.

### **3.2.2 PRICE RISK**

"Other price risk", as defined in Appendix A of IFRS 7, is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

In the Parent's case, such risk is limited to its equity investment operations. The selection of investee companies to acquire involves prior analysis by a specialised unit, including consideration of: the consistency of the industrial project in question; the adequacy of the expected internal rate of return on the investment with respect to the related risk; and the identification of appropriate and reasonably feasible exit strategies. Price risk is mitigated through the definition of corporate exit strategy agreements, supported by guarantees or penalties for breach of agreed conditions.

### **3.2.3 EXCHANGE RATE RISK**

There are no assets or liabilities denominated in foreign currencies.

## **3.3 OPERATIONAL RISKS**

### **QUALITATIVE INFORMATION**

#### ***1. General information, management processes and methods used to measure operational risk***

Operational risk is the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. These include losses resulting from fraud, human error, interruptions in operations, non-availability of systems, breaches of contract and natural catastrophes. Operational risk includes legal risks but excludes strategic and reputational risk.

The parent quantifies the actual internal capital covering operational risk using the basic approach for determining prudent capital requirements (see Bank of Italy Circular 216/96). Given the magnitude of the regulatory capital requirement, management does not believe it necessary to forecast internal capital requirements or carry out stress tests in relation to such risk.

The Company's main processes are governed by dedicated internal documents. Together with IT procedures, such documents support the mitigation of operational risks linked to the occurrence of technical or human errors, during all phases of operations, that could give rise to damaging consequences from an economic and/or reputational viewpoint.

From an organisational viewpoint, the Internal Audit function is responsible for reviewing overall operations and evaluating the adequacy of the internal control system; this involves ensuring that all processes, actions and procedures put in place by the various corporate functions comply and are consistent with relevant norms, regulations, directives, delegations of authority and procedures as well as the requirements of Legislative Decree 231/2001.

In accordance with the requirements of Legislative Decree 231/01, the Company's Organisational, Management and Control Model, is based on:

1. adherence to the code of ethics, in particular regarding relations with the Public Authorities;
2. definition of written agreed operating procedures;
3. segregation of duties and responsibilities;
4. establishment of an autonomous and independent Supervisory Board; and
5. systematic review by the Supervisory Board and Internal Audit function of compliance with internal control procedures.

## Section 4. Information on Group consolidated capital

### 4.1. Group consolidated capital

#### QUANTITATIVE INFORMATION

Breakdown of Group consolidated capital

| Items/amounts                         | 31.12.2016      | 31.12.2015      |
|---------------------------------------|-----------------|-----------------|
| <b>Share capital</b>                  | <b>836,384</b>  | <b>836,384</b>  |
| <b>Reserves</b>                       | <b>(71,912)</b> | <b>(56,093)</b> |
| - from profits                        | (28,229)        | (23,457)        |
| a) legal                              | 873             | 873             |
| d) other                              | (33,511)        | (33,732)        |
| e) retained earnings                  | 4,409           | 9,402           |
| <b>Valuation reserves</b>             | <b>(2,286)</b>  | <b>(10,594)</b> |
| - Available-for-sale financial assets | (2,286)         | (10,594)        |
| <b>Profit/(loss) for the year</b>     | <b>(42,223)</b> | <b>(9,864)</b>  |
| <b>Total</b>                          | <b>719,963</b>  | <b>759,833</b>  |

Valuation reserves of Available-for-sale financial assets: annual changes

| Items/amounts  | 31.12.2016     |
|--|----------------|
|  | CUI stock      |
| <b>Opening balance</b>   | (10,594)       |
| <b>Positive fair value differences</b>                             | 11,557         |
| Fair value increases   | 648            |
| Reversal to the income statement of negative reserves - impairment | 10,909         |
| Reversal to the income statement of negative reserves realized     | -              |
| Other changes  | -              |
| <b>Negative fair value difference</b>                              | (3,249)        |
| Fair value decreases   | (3,074)        |
| Impairment losses  | -              |
| Reversal to the income statement of positive reserves realized     | (176)          |
| Other changes  | 1              |
| <b>Closing balance</b>   | <b>(2,286)</b> |

Detailed statement of consolidated comprehensive income

| Items  |   | Gross amount    | Income tax   | Net amount      |
|--|---|-----------------|--------------|-----------------|
| <b>10</b>  | <b>Profit/(loss) for the year</b>                             | <b>(41,613)</b> | <b>(620)</b> | <b>(42,233)</b> |
| <b>Other comprehensive income that may not be reclassified to the income statement</b> |   |                 |              |                 |
| <b>40</b>  | Actuarial gains/(losses) on defined benefit plans             | <b>(688)</b>    | -            | <b>(688)</b>    |
| <b>100</b>   | <b>Available-for-sale financial assets</b>                    | -               | -            | -               |
|  | a) fair value adjustments                                     | (2,425)         | -            | (2,425)         |
|  | b) reclassification to the income statement                   | -               | -            | -               |
|  | - impairment losses   | 10,909          | -            | 10,909          |
|  | - gains/(losses) on disposal                                  | (176)           | -            | (176)           |
| <b>130</b>   | <b>Total other comprehensive income</b>                       | <b>7,620</b>    | -            | <b>7,620</b>    |
| <b>140</b>   | <b>Total comprehensive income (10+130)</b>                    | <b>(33,993)</b> | <b>(620)</b> | <b>(34,613)</b> |
| 150  | Total comprehensive income attributable to minority interests | (10)            | -            | (10)            |
| <b>140</b>   | <b>Total comprehensive income attributable to the Parent</b>  | <b>(33,983)</b> | <b>(620)</b> | <b>(34,603)</b> |

## **Section 6 – Related party transactions**

### **Related party transactions**

The persons and legal entities that constitute related parties in the context of these financial statements have been identified in accordance with the guidance provided in IAS 24, as applied in relation to the Agency's particular organisational structure and governance arrangements.

Specifically, related parties include:

#### *Entities exercising significant influence over the Company*

The Company has a single shareholder, the Ministry of the Economy and Finance. In this regard, in accordance with current legislation, the shareholder's rights with respect to the Agency are exercised by the Ministry of the Economy and Finance in conjunction with the Ministry of Economic Development.

It follows that, from an operational viewpoint, the Ministry of the Economy and Finance, the Ministry of Economic Development, companies controlled by the Ministry of the Economy and Finance and companies controlled by the Ministry of Economic Development are all considered to be related parties.

#### *Subsidiaries*

These include the companies over which the Agency directly or indirectly exercises control as defined in IFRS 10.

#### *Associates*

These include the companies over which the Agency directly or indirectly exercises significant influence as defined in IAS 28.

#### *Key management personnel with strategic responsibilities and corporate control bodies*

Key management personnel with strategic responsibilities are those persons who, directly or indirectly, have authority and responsibility for planning, managing and controlling the Agency's operations; they include the Agency's executive and non-executive directors. In addition to members of the Board of Directors, the Agency considers first organisational-level directors as having "strategic responsibilities".

Information on compensation of key management personnel with strategic responsibilities

As required by IAS 24 and in accordance with the provisions of Bank of Italy Circular no. 262 of 22 December 2005 (2nd update, dated 21 January 2014), the following table shows the amounts of compensation paid in 2016 to key management personnel with strategic responsibilities, including Directors and Statutory Auditors.

| <b>Compensation paid in 2016 to key management personnel with strategic responsibilities, including Directors and Statutory Auditors (in thousands of Euro)</b> |                  |
|---|------------------|
| a) short-term benefits  | 2,268,580        |
| b) post-employment benefits   | 69,586           |
| <i>of which, relating to defined benefit plans</i>  | -                |
| <i>of which, relating to defined contribution plans</i>   | 69,586           |
| c) other long-term benefits   | -                |
| d) termination benefits   | 45,588           |
| e) share based payments   | -                |
| <b>Total</b>  | <b>2,383,753</b> |

Transactions between group companies

As noted elsewhere in these Notes to the consolidated financial statements, notwithstanding the fact that the restructuring plan is still ongoing, transactions between group companies continued seamlessly throughout the year. In this regard, it is noted that transactions between group companies reflect group level centralisation of management and control activities, as well as centralised direction and assistance in the form of legal, economic, organisational and HR consultancy support. Individual group companies, on the other hand, are responsible for managing their own products and services.

Transactions with related parties, including those between group companies, are neither atypical nor unusual; indeed, they fall within the scope of the Group's ordinary business activities and are usually entered into at arm's length. Services provided centrally to group companies by the Parent are charged on a (specific and general) cost recovery basis. When not charged at standard cost or as required by particular normative conditions, such services are charged at market prices. As described in the section on "Accounting Policies", loans granted by the Parent Company to subsidiaries and associates at more favourable (or indeed under non-interest bearing) conditions are recognised in accordance with IAS 39.

**Information on transactions with related parties**

All transactions with related parties are reported, even though they are conducted at arm's length and may involve insignificant amounts, as the relevance of the transactions relates to the motivation for entering into such transactions with related parties.

The following tables provide details of related party transactions, by nature and by counterparty:

## Related party transactions: balance sheet items

|   | Loans | Doubtful loans and receivables | Equity investments | Other assets | Financial liabilities | Other liabilities | Guarantees given |
|---|-------|--------------------------------|--------------------|--------------|-----------------------|-------------------|------------------|
| <b>A. Subsidiaries (directly and indirectly controlled)</b> |       |                                |                    |              |                       |                   |                  |
| AQUILA SVILUPPO SPA   | -     | -                              | -                  | 1            | -                     | -                 | -                |
| MARINA DI MARGHERITA DI SAVOIA SRL (in liquidation)         | -     | -                              | -                  | 9            | -                     | -                 | -                |
| MARINA DI REGGIO CALABRIA SRL (in liquidation)              | -     | -                              | 25                 | 9            | -                     | -                 | -                |
| MARINA DI TRANI   | -     | -                              | -                  | 9            | -                     | -                 | -                |
| SICULIANA NAVIGANDO SRL                                     | -     | -                              | 17                 | 236          | -                     | -                 | -                |
| TRAPANI NAVIGANDO SRL                                       | -     | -                              | 209                | 36           | -                     | -                 | -                |
| TRIESTE NAVIGANDO SRL                                       | -     | -                              | 145                | 1,616        | -                     | -                 | 112              |
|   | -     | -                              | <b>396</b>         | <b>1,916</b> | -                     | -                 | <b>112</b>       |

|  | Loans         | Doubtful loans and receivables | Equity investments | Other assets | Financial liabilities | Other liabilities | Guarantees given |
|--|---------------|--------------------------------|--------------------|--------------|-----------------------|-------------------|------------------|
| <b>B. Companies subject to significant influence</b> |               |                                |                    |              |                       |                   |                  |
| GUSTAVO DE NEGRI E ZA.MA. SRL MANIF                  | 576           | -                              | -                  | -            | -                     | -                 | -                |
| IP PORTO ROMANO SRL                                  | -             | -                              | 6,180              | 102          | -                     | -                 | -                |
| ISOLA DI PROCIDA NAVIGANDO SPA                       | -             | -                              | -                  | 31           | -                     | -                 | -                |
| LAMEZIA EUROPA SCPA                                  | -             | -                              | 708                | 16           | -                     | -                 | -                |
| MARINA D'ARECHI S.P.A.                               | 15,280        | -                              | 8,000              | 88           | -                     | -                 | -                |
| MARINA DI ARENELLA SRL                               | -             | -                              | 282                | -            | -                     | -                 | -                |
| SISTEMA SRL (in liquidation)                         | -             | -                              | -                  | -            | -                     | -                 | -                |
| TEKLA SRL EX MEXALL SISTEMI                          | 1,374         | -                              | -                  | -            | -                     | -                 | -                |
| TRAPANI NAVIGANDO SRL                                | -             | -                              | 209                | 36           | -                     | -                 | -                |
| VIVENDA SRL  | -             | -                              | 13,600             | 377          | -                     | -                 | -                |
|  | <b>17,230</b> | -                              | <b>28,979</b>      | <b>650</b>   | -                     | -                 | -                |

## Related party transactions: profit and loss items

|   | Net interest and similar income | Net fees and commissions | Dividends | Administrative expenses | Sundry income |
|---|---------------------------------|--------------------------|-----------|-------------------------|---------------|
| <b>A. Subsidiaries (directly and indirectly controlled)</b> |                                 |                          |           |                         |               |
| AQUILA SVILUPPO SPA (in liquidation)                        | -                               | -                        | -         | (1)                     | -             |
|   | -                               | -                        | -         | <b>(1)</b>              | -             |

|  | Net interest and similar income | Net fees and commissions | Dividends | Administrative expenses | Sundry income |
|--|---------------------------------|--------------------------|-----------|-------------------------|---------------|
| <b>B. Companies subject to significant influence</b> |                                 |                          |           |                         |               |
| GUSTAVO DE NEGRI E ZA.MA. SRL MANIF                  | (7)                             | -                        | -         | -                       | -             |
| IP PORTO ROMANO SRL                                  | -                               | -                        | -         | (15)                    | -             |
| MARINA D'ARECHI S.P.A.                               | (427)                           | -                        | -         | -                       | -             |
| TEKLA SRL EX MEXALL SISTEMI                          | (29)                            | -                        | -         | -                       | -             |
|  | <b>(463)</b>                    | -                        | -         | <b>(15)</b>             | -             |



## **Section 7 – Other information**

### **THE AGENCY'S CORPORATE GOVERNANCE ARRANGEMENTS**

#### **CORPORATE BODIES**

##### **The Shareholders' Meeting**

In accordance with the law and the Articles of Association, the Ordinary Shareholders' Meeting is convened at least once per year to decide on the following:

- approval of the financial statements;
- appointment, removal and remuneration of members of the Board of Directors; appointment and remuneration of the Statutory Auditors and appointment of the President of the Board of Statutory Auditors;
- appointment and remuneration of the independent auditors;
- responsibilities of members of the Board of Directors and Statutory Auditors;
- all other matters attributed by law to the Shareholders' Meeting.

The Shareholders' Meeting decides on changes to the Articles of Association, the issue of convertible bonds and all other matters attributed by law to the Shareholders' Meeting.

##### **Administrative bodies and related delegations of authority**

###### **Board of Directors**

The Board of Directors has sole responsibility for managing the company. The Board of Directors is also responsible for updating the Articles of Association (giving due notice to shareholders) to reflect legally binding regulations where no discretion is permitted in how these are adopted.

The Board of Directors is also responsible for the review and approval of the most significant economic and financial transactions entered into with third parties or related parties.

The Board of Directors comprises the following 5 members who were appointed by the Shareholders' Meeting on 4 August 2016:

Chairman - Claudio Tesauro;

Chief Executive Officer (CEO) - Domenico Arcuri;

Board members - Angela Donvito, Alessandra Lanza and Mauro Romano

###### **Chairman of the Board of Directors**

Without prejudice to matters otherwise reserved by law or the Articles of Association, the Chairman of the Board of Directors is the Company's institutional representative (both in Italy and overseas) in all relations with institutions and political authorities and specifically with Parliaments, Governments, Ministries and Authorities and with the EU Commission and Commissioners. Together with the CEO, the Chairman is responsible for preparing reports for Government and Parliament (provided for in relevant legislation in force) and reports for Institutions and political and administrative authorities, as well as ensuring that company strategy is consistent with relevant Italian and EU legislation and the directives that regulate its objectives.

## **Chief Executive Officer**

The Board of Directors has delegated certain of its powers to the CEO, who is responsible for managing the company's operations; the CEO has been delegated authority for all ordinary and extraordinary administrative matters, without prejudice to limits imposed by law or statute and those matters reserved for the Shareholders' Meeting, the Chairman and the Board of Directors.

## **The Board of Statutory Auditors**

As provided in the Articles of Association, the Board of Statutory Auditors has three members and two alternates.

The Board of Statutory Auditors is responsible for reviewing and ensuring:

- compliance with laws and the Articles of Association;
- compliance with proper administrative principles;
- the adequacy of the Company's organisational structure, with regard to competencies, internal control and accounting and administrative policies, procedures and systems; and
- the reliability of management reporting.

The Board of Statutory Auditors also performs the functions attributed to it by law and regulatory and oversight legislation in force.

## **INDEPENDENT AUDITORS**

The independent audit of the company's financial statements is carried out by PricewaterhouseCoopers SpA. The total remuneration paid for such independent audit in 2016 amounted to Euro 60 thousand.

## **SELF-REGULATORY CORPORATE GOVERNANCE CODE**

On 30 June 2004, the Parent Company adopted an Organisational, Management and Control Model to comply with the requirements of Legislative Decree no. 231 of 8 June 2001, which set forth the direct responsibility of companies in the case of offences committed by company directors or employees in carrying out their duties.

Compliance is achieved through adoption of the aforementioned Model, which includes the following documents:

### **Code of Ethics**

The Code of Ethics outlines the behaviours expected of all Parent Company and Group company managers and employees and the standards and values underlying the Group's activities, in order that such activities be performed in accordance with the law and in line with clear and transparent rules.

### **Organisational, Management and Control Model**

The document describes: the basic principles and objectives of the Model; the role and responsibilities of the Supervisory Board; the means of distributing and applying the Model to both the Parent Company and group companies; the types of offence and related disciplinary sanctions. The Model also includes organisational procedures – based

on a mapping of risk areas – aimed at ensuring the existence of adequate preventative controls. The Organisational, Management and Control Model was adopted to protect the Company’s image as well as the interests and expectations of employees, shareholders, commissioning parties and the general public and also to make all partners and those who operate in the name of and on behalf of Invitalia aware of the importance of adopting appropriate behaviours and avoiding unlawful actions. The Agency has implemented the Organisational, Management and Control Model in line with the requirements of the Legislative decree and in accordance with the guidelines issued by Confindustria.

In accordance with Art. 6.1 of Legislative Decree no. 231 of 8 June 2001, which requires that the Model be adopted by Company management, the Model was approved and adopted by the Board of Directors. At the same time as adopting the Model and as required by Art. 6.1b of the same Legislative Decree, the Board of Directors established the Supervisory Board, a collective body comprising an external member of recognised professional standing, the Head of the Internal Audit function and the Head of the Parent Company’s Corporate Legal Affairs function; the Supervisory Board is responsible for ensuring the Model’s effectiveness as well as verifying compliance with the Model and updating it as required.

**Attachments to the Notes to the Consolidated Financial Statements**

Attachment A.1

Changes in “Financial assets held for trading”

In thousands of Euro

| Debt securities                     | Opening balance | Purchases     | Positive changes in fair value | Other increases | Reimbursement   | Sales          | Negative changes in fair value | Other decreases | Closing balance | Bond Rating |      |       |
|-------------------------------------|-----------------|---------------|--------------------------------|-----------------|-----------------|----------------|--------------------------------|-----------------|-----------------|-------------|------|-------|
|                                     |                 |               |                                |                 |                 |                |                                |                 |                 | MOODY'S     | S&P  | FITCH |
| <b>Government and Central Banks</b> |                 |               |                                |                 |                 |                |                                |                 |                 |             |      |       |
| BTP 12/11/17                        | 6,238           | -             | -                              | 17              | -               | -              | (85)                           | (17)            | 6,153           | Baa2        | -    | BBB+  |
| BTP 01/02/21 STRIP (ZC)             | 2,874           | -             | 30                             | -               | -               | (958)          | -                              | -               | 1,946           | -           | -    | BBB+  |
| BTP 01/08/2021 STRIP (ZC)           | 2,156           | -             | 30                             | -               | -               | (950)          | -                              | -               | 1,236           | -           | -    | -     |
| BTP 22/04/17                        | 7,217           | -             | -                              | 30              | -               | -              | (138)                          | (30)            | 7,079           | -           | -    | BBB+  |
|                                     | <b>18,485</b>   | <b>-</b>      | <b>60</b>                      | <b>47</b>       | <b>-</b>        | <b>(1,908)</b> | <b>(223)</b>                   | <b>(47)</b>     | <b>16,414</b>   |             |      |       |
| <b>Other public entities</b>        |                 |               |                                |                 |                 |                |                                |                 |                 |             |      |       |
| REGIONE UMBRIA 31/12/18             | 3,481           | -             | -                              | -               | (1,122)         | -              | (36)                           | -               | 2,323           | -           | BBB- | -     |
|                                     | <b>3,481</b>    | <b>-</b>      | <b>-</b>                       | <b>-</b>        | <b>(1,122)</b>  | <b>-</b>       | <b>(36)</b>                    | <b>-</b>        | <b>2,323</b>    |             |      |       |
| <b>Banks</b>                        |                 |               |                                |                 |                 |                |                                |                 |                 |             |      |       |
| BANCA POP, VICENZA 25/10/2018       | 1,928           | -             | -                              | 20              | -               | -              | (27)                           | (18)            | 1,903           | -           | -    | CCC   |
| BANCO POPOLARE 14/03/19             | 3,690           | -             | 2                              | 100             | -               | -              | -                              | (98)            | 3,694           | Ba2         | -    | WD    |
| BANCO POPOLARE 22/01/18             | 3,494           | 1,016         | -                              | 71              | -               | (1,307)        | (9)                            | (76)            | 3,189           | Ba2         | -    | WD    |
| BANCO POPOLARE 06/12/17             | -               | 2,695         | -                              | 7               | -               | -              | (44)                           | -               | 2,658           | -           | -    | -     |
| BPIM 3,75 28/01/16                  | 5,600           | -             | -                              | -               | (5,412)         | -              | -                              | (188)           | -               | -           | -    | -     |
| BPM 31/03/18                        | -               | 1,036         | -                              | 31              | -               | -              | (13)                           | -               | 1,054           | -           | -    | -     |
| CR VALTELLINESE 17/10/17            | -               | 104           | -                              | 1               | -               | -              | (1)                            | -               | 104             | -           | -    | -     |
| CR VALTELLINESE 30/04/16            | -               | 1,502         | -                              | -               | (1,502)         | -              | -                              | -               | -               | -           | -    | -     |
| ICCREA 20/03/18 VAR                 | 3,858           | 914           | -                              | 5               | -               | -              | (94)                           | (4)             | 4,679           | -           | -    | -     |
| ICCREA 25/11/19                     | -               | 2,061         | -                              | 4               | -               | -              | (23)                           | -               | 2,042           | -           | BB   | BBB-  |
| POP, VICENZA 20/01/17               | 2,897           | -             | 76                             | 102             | -               | -              | -                              | (96)            | 2,979           | -           | -    | -     |
| UNICREDIT 21/09/18 VAR              | 1,043           | -             | -                              | -               | -               | -              | (11)                           | (1)             | 1,031           | Baa1        | -    | -     |
| UNICREDIT 10/09/16                  | 1,227           | -             | -                              | -               | (1,218)         | -              | -                              | (9)             | -               | -           | -    | -     |
| UNICREDIT 31/10/17                  | -               | 1,013         | -                              | 7               | -               | -              | (8)                            | -               | 1,012           | -           | -    | -     |
| UNICREDIT 16/11/2017                | -               | 2,976         | -                              | 95              | -               | -              | (83)                           | -               | 2,988           | -           | -    | -     |
| UNICREDIT 19/06/19                  | -               | 2,337         | 12                             | 21              | -               | -              | -                              | -               | 2,370           | Baa1        | BBB- | BBB+  |
| VENETO BANCA 18/01/16               | 6,119           | -             | -                              | -               | (5,881)         | -              | -                              | (238)           | -               | -           | -    | -     |
| VENETO BANCA 20/01/17               | 4,868           | -             | 80                             | 187             | -               | -              | -                              | (181)           | 4,954           | -           | -    | -     |
|                                     | <b>34,724</b>   | <b>15,654</b> | <b>170</b>                     | <b>651</b>      | <b>(14,013)</b> | <b>(1,307)</b> | <b>(313)</b>                   | <b>(909)</b>    | <b>34,657</b>   |             |      |       |
| <b>Other issuers</b>                |                 |               |                                |                 |                 |                |                                |                 |                 |             |      |       |
| CDP RETI 29/05/22                   | -               | 1,463         | -                              | 16              | -               | -              | (23)                           | -               | 1,456           | Baa3        | -    | BBB   |
| CDP 30/09/20 VAR                    | -               | 1,048         | -                              | 5               | -               | -              | (39)                           | -               | 1,014           | Baa2        | BBB- | BBB+  |
|                                     | <b>-</b>        | <b>2,511</b>  | <b>-</b>                       | <b>21</b>       | <b>-</b>        | <b>-</b>       | <b>(62)</b>                    | <b>-</b>        | <b>2,470</b>    |             |      |       |
| <b>Total</b>                        | <b>56,690</b>   | <b>18,165</b> | <b>230</b>                     | <b>719</b>      | <b>(15,135)</b> | <b>(3,215)</b> | <b>(634)</b>                   | <b>(956)</b>    | <b>55,864</b>   |             |      |       |

**Attachment A.2**

**Changes in "Financial assets at fair value through profit or loss"**

**In thousands of Euro**

| <b>Financial assets at fair value</b> | <b>Opening balance</b> | <b>Increases</b> | <b>Positive changes in fair value</b> | <b>Other increases/(decreases)</b> | <b>Reimbursement</b> | <b>Closing balance</b> |
|---------------------------------------|------------------------|------------------|---------------------------------------|------------------------------------|----------------------|------------------------|
| CATTOLICA ASSICURAZIONI 25/3/2015     | 1,022                  | -                | 28                                    | -                                  | -                    | 1,050                  |
| CATTOLICA ASSICURAZIONI 25/3/2015     | 1,022                  | -                | 28                                    | -                                  | -                    | 1,050                  |
| PRAMERICA LIFE SpA                    | 8,242                  | -                | 275                                   | -                                  | -                    | 8,517                  |
| ITAS VITA                             | 5,753                  | -                | 125                                   | -                                  | -                    | 5,878                  |
| UNIPOL ASSICURAZIONI SPA              | 5,310                  | -                | 139                                   | -                                  | -                    | 5,449                  |
| UNIPOL ASSICURAZIONI SPA              | 1,023                  | -                | 24                                    | -                                  | -                    | 1,047                  |
| UNIPOL ASSICURAZIONI SPA              | 1,023                  | -                | 24                                    | -                                  | -                    | 1,047                  |
| UNIPOL ASSICURAZIONI SPA              | 1,023                  | -                | 24                                    | -                                  | -                    | 1,047                  |
| UNIPOL ASSICURAZIONI SPA              | -                      | 500              | 8                                     | -                                  | -                    | 508                    |
| UNIPOL ASSICURAZIONI SPA              | -                      | 500              | 8                                     | -                                  | -                    | 508                    |
| UNIPOL ASSICURAZIONI SPA              | -                      | 500              | 9                                     | -                                  | -                    | 509                    |
| UNIPOL ASSICURAZIONI SPA              | -                      | 500              | 9                                     | -                                  | -                    | 509                    |
| <b>Total</b>                          | <b>24,418</b>          | <b>2,000</b>     | <b>701</b>                            | <b>0</b>                           | <b>0</b>             | <b>27,119</b>          |

**Attachment A.3**

**Changes in "Available-for-sale financial assets"**

**In thousands of Euro**

| <b>Available-for-sale financial assets</b> | <b>Opening balance</b> | <b>Increases</b> | <b>Write-backs</b> | <b>Other increases/ (decreases)</b> | <b>Positive changes in fair value</b> | <b>Reimbursement</b> | <b>Other decreases</b> | <b>Negative changes in fair value</b> | <b>Closing balance</b> |
|--|------------------------|------------------|--------------------|-------------------------------------|---------------------------------------|----------------------|------------------------|---------------------------------------|------------------------|
| <b>Units of CUI Stock</b>                  |                        |                  |                    |                                     |                                       |                      |                        |                                       |                        |
| QUADRIVIO FUND                             | 290                    | -                | -                  | -                                   | -                                     | (216)                | -                      | (10)                                  | 64                     |
| NEXT FUND                                  | 1,620                  | -                | -                  | -                                   | -                                     | -                    | -                      | (315)                                 | 1,305                  |
| NORDOVEST FUND                             | 6,084                  | -                | -                  | 296                                 | -                                     | -                    | -                      | (2,749)                               | 3,631                  |
| ITALIA VENTURE I FUND                      | 502                    | 6,398            | -                  | -                                   | 648                                   | -                    | -                      | -                                     | 7,548                  |
| <b>Total</b>                               | <b>8,496</b>           | <b>6,398</b>     | <b>-</b>           | <b>296</b>                          | <b>648</b>                            | <b>(216)</b>         | <b>-</b>               | <b>(3,074)</b>                        | <b>12,548</b>          |

**Attachment A.4****Changes in "Loans and receivables classified as debt securities"**In thousands of *Euro*

| <b>Receivables: debt securities</b> | <b>Opening balance</b> | <b>Positive changes</b> | <b>Reimbursements</b> | <b>Negative changes</b> | <b>Closing balance</b> |
|-------------------------------------|------------------------|-------------------------|-----------------------|-------------------------|------------------------|
| <b>Banks</b>                        |                        |                         |                       |                         |                        |
| SANPAOLO IMI FRN 20/02/18           | 2,990                  | 16                      | -                     | (3)                     | 3,003                  |
| <b>Total</b>                        | <b>2,990</b>           | <b>16</b>               | <b>-</b>              | <b>(3)</b>              | <b>3,003</b>           |



## Attachment A.5

## Investments

In thousands of Euro

| Equity investments                                | Opening balance | Increases |             |              |               | Decreases    |                   |                 | Closing balance as of 31/12/2016 |
|---|-----------------|-----------|-------------|--------------|---------------|--------------|-------------------|-----------------|----------------------------------|
|   |                 | Increases | Write-backs | Revaluations | Other changes | Sales        | Impairment losses | Other variances |                                  |
| <b>Companies subject to significant influence</b> |                 |           |             |              |               |              |                   |                 |                                  |
| ACS ADVANCED COMPUTER SYSTEMS SPA                 | 360             | -         | -           | -            | -             | (360)        | -                 | -               | -                                |
| ALA BIRDI S.R.L.                                  | 1,514           | -         | -           | -            | 1,304         | -            | -                 | -               | 2,818                            |
| CARTONLEGNO GROUP SRL                             | 200             | -         | -           | -            | -             | (200)        | -                 | -               | -                                |
| CATWOK SPA  | 564             | -         | -           | -            | -             | -            | -                 | -               | 564                              |
| CFI - COOPERAZIONE FINANZA                        | 624             | -         | -           | -            | 19            | -            | -                 | -               | 643                              |
| CONSORZIO SPINNER                                 | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| CONSORZIO EX CNOW                                 | 2               | -         | -           | -            | -             | -            | -                 | (1)             | 1                                |
| ELETTRA SINCROTONE TRIESTE S.P.A.                 | 1,818           | -         | -           | -            | 95            | -            | -                 | -               | 1,913                            |
| GUSTAVO DE NEGRI & ZA.MA. SRL                     | 202             | -         | -           | -            | -             | -            | -                 | -               | 202                              |
| ITALIANA SERVIZI SRL                              | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| LAMEZIA EUROPA SCPA                               | 700             | -         | 8           | -            | -             | -            | -                 | -               | 708                              |
| MARINA ARENELLA SRL                               | 282             | -         | -           | -            | -             | -            | -                 | -               | 282                              |
| MARINA DI MARGHERITA DI SAVOIA SRL                | 7               | -         | -           | -            | -             | -            | (7)               | -               | -                                |
| MARINA DI REGGIO CALABRIA SRL                     | 29              | -         | -           | -            | -             | -            | -                 | (4)             | 25                               |
| MARINA DI TRANI SRL SRL                           | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| MARINA DI VILLA IGIEA SPA                         | 632             | -         | -           | -            | 70            | -            | -                 | -               | 702                              |
| NEW CEFALU'                                       | 1               | -         | -           | -            | -             | -            | -                 | (1)             | -                                |
| SICULIANA NAVIGANDO SRL                           | 18              | -         | -           | -            | 1             | -            | (2)               | -               | 17                               |
| SKY TECNO SRL                                     | 1,107           | -         | -           | -            | -             | -            | -                 | (352)           | 755                              |
| SISTEMA SRL                                       | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| TEKLA SRL   | 653             | -         | -           | -            | -             | -            | -                 | -               | 653                              |
| TRAPANI NAVIGANDO SRL                             | 234             | -         | -           | -            | -             | -            | -                 | (25)            | 209                              |
| TURISMO E SVILUPPO SPA                            | 1,142           | -         | -           | -            | -             | -            | -                 | (1,142)         | -                                |
| VIVENDA SPA                                       | 13,600          | -         | -           | -            | -             | -            | -                 | -               | 13,600                           |
|   | <b>23,688</b>   | -         | <b>8</b>    | -            | <b>1,489</b>  | <b>(560)</b> | <b>(9)</b>        | <b>(1,525)</b>  | <b>23,092</b>                    |
| <b>Non-significant companies</b>                  |                 |           |             |              |               |              |                   |                 |                                  |
| C.R.A.A. SRL IN LIQUIDATION                       | 38              | -         | -           | -            | -             | -            | -                 | -               | 38                               |
| C.S.R.A. SRL IN CONCORD. PREV.                    | 620             | -         | -           | -            | -             | -            | -                 | -               | 620                              |
| CMS SRL IN BANKRUPTCY                             | 1,370           | -         | -           | -            | -             | -            | -                 | -               | 1,370                            |
| DESIGN MANUFACTURING SPA                          | 990             | -         | -           | -            | -             | -            | -                 | -               | 990                              |
| ELA SPA IN BANKRUPTCY                             | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| ELMIRAD SERVICE SRL                               | 120             | -         | -           | -            | -             | -            | -                 | -               | 120                              |
| FINMEK SOLUTIONS SPA IN PROC. CONC.               | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| FONDERIE SPA IN BANKRUPTCY                        | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| GRIMALDI SPA                                      | 534             | -         | -           | -            | -             | -            | -                 | (227)           | 307                              |
| FONDERIT ETRURIA in bankruptcy (*)                | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| ISTITUTO DELLA ENCICLOPEDIA TRECANI               | 3,474           | -         | -           | -            | -             | -            | -                 | (34)            | 3,440                            |
| IDC - ITALIAN DISTRIBUTION                        | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| ITALIACAMP SRL                                    | 1               | -         | -           | -            | -             | -            | -                 | -               | 1                                |
| JONICA IMPIANTI SRL                               | 278             | -         | -           | -            | -             | -            | -                 | -               | 278                              |
| LAMINAZIONE SOTTILE SPA                           | 84              | -         | -           | -            | -             | (84)         | -                 | -               | -                                |
| MECCANO SCPA                                      | 77              | -         | -           | -            | -             | -            | -                 | -               | 77                               |
| METALFER SUD SPA IN BANKRUPTCY                    | 697             | -         | -           | -            | -             | -            | -                 | -               | 697                              |
| MODOMEK BUILDING SRL                              | 168             | -         | -           | -            | -             | -            | -                 | -               | 168                              |
| PERITAS SRL                                       | 326             | -         | -           | -            | -             | -            | -                 | -               | 326                              |
| PRO.S.IT IN FALL.TO S.R.L.                        | 499             | -         | -           | -            | -             | -            | -                 | -               | 499                              |
| SALVER SPA  | 2,524           | -         | -           | -            | -             | -            | -                 | -               | 2,524                            |
| SASSI ON LINE SERVICE S.C.P.A. IN LIQUIDATION     | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| STAPRA SPA  | 1,796           | -         | -           | -            | -             | -            | -                 | (226)           | 1,570                            |
| SICALP SRL IN BANKRUPTCY                          | 1,033           | -         | -           | -            | -             | -            | -                 | -               | 1,033                            |
| SIE-SOC.ITTICA EUROPEA IN PROC. CONCORS.          | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| SIMPE SPA   | 3,600           | -         | -           | -            | -             | -            | -                 | -               | 3,600                            |
| SOCIETA' PER CORNIGLIANO SPA                      | 1,351           | -         | -           | -            | -             | -            | -                 | -               | 1,351                            |
| SURAL SPA   | 253             | -         | -           | -            | -             | -            | -                 | -               | 253                              |
| T.E.S.S.-COSTA DEL VESUVIO SPA                    | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| TINTORIA STAMPERIA DEL MOLISE IN BANKRUPTCY       | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| TIRRENA MACCHINE SRL IN BANKRUPTCY                | 1,472           | -         | -           | -            | -             | -            | -                 | -               | 1,472                            |
| TRADIZIONI ITALIANE SPA IN BANKRUPTCY             | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| TRADIZIONI DI CALABRIA SPA IN BANKRUPTCY          | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
| WAHOO   | -               | -         | -           | -            | -             | -            | -                 | -               | -                                |
|   | <b>21,305</b>   | -         | -           | -            | -             | <b>(84)</b>  | -                 | <b>(487)</b>    | <b>20,733</b>                    |

**Attachment A.6****Non current assets and disposal groups: information on investment relationships**

In thousands of Euro

| <b>Name</b>                               | <b>Shareholding %</b> | <b>Book value</b> |
|---|-----------------------|-------------------|
| CONSORZIO MARINA DI PORTISCO              | 50.00%                | 10                |
| I.T.S INFORMATION TECHNOLOGY SERVICES SPA | 17.33%                | 300               |
| IP PORTO ROMANO SRL                       | 30.04%                | 3,603             |
| MARINA DI ARECHI                          | 16.00%                | 11,049            |
| NATURAGEL SRL                             | 29.85%                | 188               |
| NEW CEFALU'                               | 55.00%                | 3                 |
| SALERNO SVILUPPO                          | 20.00%                | 120               |
| TRIESTE NAVIGANDO SRL                     | 100.00%               | 68                |
| <b>Total</b>                              |                       | <b>15,341</b>     |

**Attachment A.7**

**Non current assets and disposal groups: changes for the year**

In thousands of Euro

| <b>Name</b>                  | <b>Opening balance</b> | <b>Positive changes</b> | <b>Negative changes</b> | <b>Revaluations</b> | <b>Write-downs</b> | <b>Closing balance<br/>31/12/2016</b> |
|------------------------------|------------------------|-------------------------|-------------------------|---------------------|--------------------|---------------------------------------|
| CONSORZIO MARINA DI PORTISCO | 10                     | -                       | -                       | -                   | -                  | 10                                    |
| I.T.S INFORMATION TECHNOLOGY | 300                    | -                       | -                       | -                   | -                  | 300                                   |
| IP PORTO ROMANO SRL          | 3,603                  | -                       | -                       | -                   | -                  | 3,603                                 |
| MARINA D'ARECHI              | 11,049                 | -                       | -                       | -                   | -                  | 11,049                                |
| MEC FOND SPA                 | -                      | -                       | -                       | -                   | -                  | -                                     |
| NATURAGEL SRL                | 188                    | -                       | -                       | -                   | -                  | 188                                   |
| NEW CEFALU'                  | 1                      | 4                       | -                       | -                   | (2)                | 3                                     |
| PORTO DELLE GRAZIE           | 25                     | -                       | (25)                    | -                   | -                  | -                                     |
| SALERNO SVILUPPO             | 53                     | 67                      | -                       | -                   | -                  | 120                                   |
| TRIESTE NAVIGANDO SRL        | 61                     | 15                      | -                       | -                   | (8)                | 68                                    |
| <b>Total</b>                 | <b>15,290</b>          | <b>86</b>               | <b>(25)</b>             | <b>-</b>            | <b>(10)</b>        | <b>15,341</b>                         |

**Attachment A.8**

**Non current assets and disposal groups:  
Changes for the year in available-for-sale financial assets**

*In thousands of Euro*

| <b>Name</b>            | <b>Opening balance</b> | <b>Positive changes</b> | <b>Negative changes</b> | <b>Closing balance</b> |
|------------------------|------------------------|-------------------------|-------------------------|------------------------|
| CALPARK                | 26                     | -                       | (1)                     | 25                     |
| CALU                   | 75                     | -                       | -                       | 75                     |
| CALZATURIFICIO DI LUZI | 77                     | -                       | -                       | 77                     |
| CROTONE SVILUPPO       | 14                     | -                       | (10)                    | 4                      |
| PATTO TERR. A T.C.     | -                      | -                       | -                       | -                      |
| POLLINO SVILUPPO       | 1                      | -                       | (1)                     | -                      |
| PROTEKOS               | 10                     | -                       | -                       | 10                     |
| <b>Total</b>           | <b>203</b>             | <b>-</b>                | <b>(12)</b>             | <b>191</b>             |

## Attachment A.9

## Merchant banking equity investments

In thousands of Euro

| Equity investments  | Opening balance | Increases |             |              |               | Decreases    |                   |                | Closing balance<br>31/12/2016 |
|---|-----------------|-----------|-------------|--------------|---------------|--------------|-------------------|----------------|-------------------------------|
|   |                 | Purchases | Write-backs | Revaluations | Other changes | Sales        | Impairment losses | Other changes  |                               |
| <b>Companies subject to significant influence</b>   |                 |           |             |              |               |              |                   |                |                               |
| ACS ADVANCED COMPUTER SYSTEMS SPA   | 360             | -         | -           | -            | -             | (360)        | -                 | -              | -                             |
| ALA BIRDI S.R.L.  | 1,514           | -         | -           | -            | 1,304         | -            | -                 | -              | 2,818                         |
| CONSORZIO EX CNOW   | 3               | -         | -           | -            | -             | -            | -                 | (1)            | 1                             |
| ELETTRA SINCROTONE TRIESTE S.P.A.   | 1,818           | -         | -           | -            | 95            | -            | -                 | -              | 1,913                         |
| TURISMO E SVILUPPO SPA  | 1,142           | -         | -           | -            | -             | -            | -                 | (1,142)        | -                             |
|   | <b>4,836</b>    | -         | -           | -            | <b>1,399</b>  | <b>(360)</b> | -                 | <b>(1,143)</b> | <b>4,732</b>                  |
| <b>of which companies acquired in accordance with Law 181/189 and subsequent amendments</b> |                 |           |             |              |               |              |                   |                |                               |
| CARTONLEGNO GROUP SRL   | 200             | -         | -           | -            | -             | (200)        | -                 | -              | -                             |
| CATWOK SPA  | 564             | -         | -           | -            | -             | -            | -                 | -              | 564                           |
| GUSTAVO DE NEGRI & ZA.MA. SRL   | 202             | -         | -           | -            | -             | -            | -                 | -              | 202                           |
| SKY TECNO SRL   | 1,107           | -         | -           | -            | -             | -            | -                 | (352)          | 755                           |
| TEKLA SRL   | 653             | -         | -           | -            | -             | -            | -                 | -              | 653                           |
|   | <b>2,726</b>    | -         | -           | -            | -             | <b>(200)</b> | -                 | <b>(352)</b>   | <b>2,174</b>                  |
| <b>Total companies subject to significant influence</b>                                     | <b>7,563</b>    | -         | -           | -            | <b>1,399</b>  | <b>(560)</b> | -                 | <b>(1,495)</b> | <b>6,907</b>                  |
| <b>Companies subject to non-significant influence</b>                                       |                 |           |             |              |               |              |                   |                |                               |
| C.R.A.A. SRL (in liquidation)   | 38              | -         | -           | -            | -             | -            | -                 | -              | 38                            |
| ELA SPA (in bankruptcy)   | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| FINMEK SOLUTIONS SPA IN PROC. CONC.   | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| FONDERIE SPA (in bankruptcy)  | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| FONDERIT ETRURIA (in bankruptcy)  | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| MECCANO SCPA  | 77              | -         | -           | -            | -             | -            | -                 | -              | 77                            |
| SASSI ON LINE SERVICE S.C.P.A. (in liquidation)   | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| SIF-SOC.ITTICA EUROPEA IN PROC. CONCORS.  | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| SOCIETA' PER CORNIGLIANO SPA  | 1,351           | -         | -           | -            | -             | -            | -                 | -              | 1,351                         |
| T.E.S.S.-COSTA DEL VESUVIO SPA  | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| TINTORIA STAMPERIA DEL MOLISE (in bankruptcy)   | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| TRADIZIONI ITALIANE SPA (in bankruptcy)   | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
| TRADIZIONI DI CALABRIA SPA (in bankruptcy)  | -               | -         | -           | -            | -             | -            | -                 | -              | -                             |
|   | <b>1,466</b>    | -         | -           | -            | -             | -            | -                 | -              | <b>1,466</b>                  |
| <b>of which companies acquired in accordance with Law 181/189 and subsequent amendments</b> |                 |           |             |              |               |              |                   |                |                               |
| C.S.R.A. SRL IN CONCORD. PREV.  | 620             | -         | -           | -            | -             | -            | -                 | -              | 620                           |
| CMS SRL (in bankruptcy)   | 1,370           | -         | -           | -            | -             | -            | -                 | -              | 1,370                         |
| DESIGN MANUFACTURING SPA  | 990             | -         | -           | -            | -             | -            | -                 | -              | 990                           |
| ELMIRAD SERVICE SRL   | 120             | -         | -           | -            | -             | -            | -                 | -              | 120                           |
| GRIMALDI SPA  | 534             | -         | -           | -            | -             | -            | -                 | (227)          | 307                           |
| JONICA IMPIANTI SRL   | 278             | -         | -           | -            | -             | -            | -                 | -              | 278                           |
| LAMINAZIONE SOTTILE SPA   | 84              | -         | -           | -            | -             | (84)         | -                 | -              | -                             |
| METALFER SUD SPA (in bankruptcy)  | 697             | -         | -           | -            | -             | -            | -                 | -              | 697                           |
| MODOMEK BUILDING SRL  | 168             | -         | -           | -            | -             | -            | -                 | -              | 168                           |
| PERITAS SRL   | 326             | -         | -           | -            | -             | -            | -                 | -              | 326                           |
| PRO.S.IT IN FALL.TO S.R.L.  | 499             | -         | -           | -            | -             | -            | -                 | -              | 499                           |
| SALVER SPA  | 2,524           | -         | -           | -            | -             | -            | -                 | -              | 2,524                         |
| SIAPRA SPA  | 1,796           | -         | -           | -            | -             | -            | -                 | (226)          | 1,570                         |
| SICALP SRL (in bankruptcy)  | 1,033           | -         | -           | -            | -             | -            | -                 | -              | 1,033                         |
| SIMPE SPA   | 3,600           | -         | -           | -            | -             | -            | -                 | -              | 3,600                         |
| SURAL SPA   | 253             | -         | -           | -            | -             | -            | -                 | -              | 253                           |
| TIRRENA MACCHINE SRL (in bankruptcy)  | 1,472           | -         | -           | -            | -             | -            | -                 | -              | 1,472                         |
|   | <b>16,364</b>   | -         | -           | -            | -             | <b>(84)</b>  | -                 | <b>(453)</b>   | <b>15,827</b>                 |
| <b>Total companies subject to non-significant influence</b>                                 | <b>17,830</b>   | -         | -           | -            | -             | <b>(84)</b>  | -                 | <b>(453)</b>   | <b>17,293</b>                 |
| <b>Total</b>  | <b>25,393</b>   | -         | -           | -            | <b>1,399</b>  | <b>(644)</b> | -                 | <b>(1,948)</b> | <b>24,200</b>                 |

## INDEPENDENT AUDITORS' REPORT

To the shareholder of  
Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa S.p.A.

### *Report on the consolidated financial statements*

We have audited the accompanying consolidated financial statements of Agenzia Nazionale per l'Attrazione degli Investimenti e lo Sviluppo d'Impresa SpA (the “**Company**” and together with its subsidiaries the “**Group**”) as of and for the year ended 31 December 2016, which comprise the consolidated balance sheet as of 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes (hereinafter the “Consolidated Financial Statements”).

### *Directors' responsibility for the consolidated financial statements*

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as of 31 December 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Rome, 10 May 2017

PricewaterhouseCoopers SpA

/s/ Leda Ciavarella

Leda Ciavarella  
(Partner)