2015
ANNUAL REPORT

GRUPPO CARIPARMA
CRÉDIT AGRICOLE

CARISPEZIA | FRIULADRIA | CARIPARMA

Cariparma Crédit Agricole Group Annual Report and Consolidated Financial Statements as at 31 December 2015

Table of contents

Letter from the Chairman

For the Cariparma Crédit Agricole Group, 2015 was a year of increased profitability and digital innovation. The excellent performance that the Bank achieved and the many opportunities it did seize have confirmed and enhanced its mission to provide support to enterprises and households and have renewed its way of doing banking business.

Made stronger also by its belonging to the French Parent Company, the ranked at the top of the Italian market and received a number of acknowledgements and awards. To mention one, in June 2015, it was the only Italian Bank that was assigned an A3 rating by Moody's, acknowledging its soundness, which is all the more significant considering that it was achieved despite a scenario still featuring instability factors.

In the Euro Area, while households' consumption performed well, investments were still stagnant. Italy confirmed the recovery that had started in the first quarter of 2015, with the GDP growing on an annual basis by +0.7% Y/Y, despite the weaknesses in the international economic scenario.

In an economic situation, which has showed the first signs of the long-hoped-for recovery, not only did the Cariparma Crédit Agricole Group confirm its good performances, but it succeeded in improving them also in 2015, maintaining adequate capital and liquidity levels, increasing total funding, further improving its profitability and increasing investments aimed at the evolution of the business model and of the infrastructures. The Group Consolidated Financial Statements for 2015 report a net profit of Euro 221 million (up by +38% Y/Y), despite the impact of contributions (both recurring and non-recurring) to the Single Resolution Fund (SRF), to the al Deposit Guarantee Schemes (DGS) and to the Italian Savings Protection Scheme (SPS).

Also at EXPO, one of the main symbols of Italy's new start, we played a leading role. The Group took active part in the event tying its name to the CibusèItalia pavilion, the only exhibition area that displayed all Italian food supply chains. Thanks to its partnership with Fiere di Parma, the Italian Foreign Trade Commission (ICE) and the Italian Federation of the Food and Drink Industry (Federalimentare), the Cariparma Crédit Agricole Group contributed to carry out workshops, meetings and press conferences, thus contributing also to promote international networking that can be a driver for the growth of our economy and of Italian agri-food players.

Not only did the Group provide support to businesses, but also to households and to local centres of excellence. The Cariparma Crédit Agricole Group confirmed its leadership in the mortgage loan segment, thanks to highly innovative products, such as *Gran Mutuo Green*, which combined easy terms with a special focus on the environment. In 2015, the Bank continued to provide support to some of the most important Italian theatres, museums and cultural events, substantiating its strong commitment to the promotion of Italian culture.

The Group's constant focus on Customers also drove the continuation of the *AgenziaPerTe* project, for a branch marking the shift from a Bank-centric to a Customer-centric vision. This model has already been implemented in over 200 branches, combines technological tools with the staff's professional skills and it is scheduled for implementation in other branches, for a total of 340, i.e. approximately 40% of Network. This is true innovation in business and relations with Customers, which includes a wider digital revolution that puts the Bank within reach from any place and at any time.

In addition to this new and more effective way of doing banking business, closer and stronger cooperation was achieved with all the other entities of the Crédit Agricole Group in Italy, which is increasingly consolidated within the French Group and one of the leading players in the Italian economic fabric. The Cariparma Crédit Agricole Group has worked and will continue to work in order to remain one of the most reliable and competitive players in the sector. The performance achieved, the investments made and those scheduled for the future are a sound basis to continue as one of the main points of reference in the economy of our Country.

The Chairman
ARIBERTO FASSATI

Corporate Officers and Independent Auditors

Board of Directors

CHAIRMAN

Ariberto Fassati(*)

DEPUTY CHAIRPERSONS

Xavier Musca

Fabrizio Pezzani(*)

CHIEF EXECUTIVE OFFICER

Giampiero Maioli(*)

DIRECTORS

Pomaret Thierry

Daniel Epron

Marco Granelli(°)

Nicolas Langevin

Michel Mathieu (§*)

Germano Montanari(°)

Marc Oppenheim(*)

Lorenzo Ornaghi(°)

Jean-Louis Roveyaz

Annalisa Sassi(°)

Alberto Figna(**°)

(*) Members of the Executive Committee.
(§) Member of the Executive Committee since 27 October 2015 replacing Xavier Musca.
(°) Independent Directors.
(**) In office since 9 February 2015.
(***) Co-General Manager until 10 February 2015 and, since that date, Deputy General Manager. Until 1 September 2015, there was the office of Vice-General Manager (Massimo Basso Ricci).

Board of Auditors

CHAIRMAN

Paolo Alinovi

STANDING AUDITORS

Luigi Capitani

Angelo Gilardi

Stefano Lottici

Marco Ziliotti

ALTERNATE AUDITORS

Alberto Cacciani

Isotta Parenti

Senior Management

CO-GENERAL MANAGER

Hughes Brasseur(***)

MANAGER IN CHARGE OF THE PREPARATION OF CORPORATE ACCOUNTING DOCUMENTS

Pierre Débourdeaux

Independent Auditors

Reconta Ernst & Young S.p.A.

Key figures of the Cariparma Crédit Agricole Group

Income Statement data (thousands of Euro)	2015	2014	2013
Net operating revenues	1,772,894	1,728,570	1,736,960
Operating margin	765,106	770,956	753,669
Profit (loss)	220,636	160,155	150,444

Balance Sheet data (thousands of Euro)	2015	2014	2013
Loans to Customers	36,462,501	37,275,835	36,391,853
Funding from Customers	38,999,585	37,146,030	36,593,702
Indirect funding from Customers	60,198,338	56,976,170	50,892,431

Operating structure	2015	2014	2013
Number of employees	8,197	8,424	8,652
Number of branches	834	842	863

Profitability, efficiency and credit quality ratios	2015	2014	2013
Cost(°)/income ratio	54.5%	55.4%	56.9%
Net income/Average equity (ROE)	4.6%	3.4%	3.3%
Net income/Average Tangible Equity (ROTE)	7.5%	5.8%	5.9%
Net non-performing loans/ Net loans to Customers	8.4%	8.0%	6.3%
Total value adjustments of non-performing loans/Gross non-performing loans	40.5%	39.0%	40.1%

Capital ratios	2015	2014	2013 (*)
Common Equity Tier 1 ratio	11.4%	11.2%	10.4%
Tier 1 ratio	11.4%	11.2%	10.9%
Total capital ratio	13.5%	13.5%	13.4%

(*) Basel II-compliant data as at 31 December 2013.

(°) Net of contributions to SRF/DGS/SPS.

Significant events

FEB.

For the seventh year in a row, the Cariparma CA Group was awarded the 2015 Top Employers Italia official certification for its excellent work conditions and for optimization of the Best Practices in the field of Human Resources.

At the 11th *Cerchio d'Oro dell'Innovazione Finanziaria* (Innovation Golden Circle) contest, organized by AIFIn, the Italian Association for Financial Innovation, the Group was given 4 awards, namely Special Mentions, in the Communication, Non-Life Insurance Products and Services, Credit Products and Services and Assistance Services categories.

MAY

During the anti-Expo protests, the Branch on Via Carducci in Milan was severely damaged by a group of thugs. The Branch employees worked during the weekend to reinstate the Branch premises and to ensure full operation of all the services in record time.

JUNE

Cariparma became the only Italian Bank with the A3 rating (the best rating in the Italian banking system).

AUG.

The Individuals Nowbanking and Corporate Nowbanking services were completed with the Nowpay new App, which makes micro-payments very easy.

SEPT.

Crédit Agricole Group Solutions was incorporated as the consortium company of the Cariparma CA Group in charge of all activities relating to Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, as well as Human Resources Administration.

The Cariparma CA Group offered a new issue of Covered Bonds for Euro 1 billion.

OCT.

For the second year in a row, the Cariparma CA Group was conferred the Green Globe Banking Award. The Group also obtained the "Italian Green Bank" award for the "Agri-Food Horizon" project and the "Award of Distinction" for the *Gran Mutuo* Green project.

NOV.

Italian Legislative Decrees No. 180 and 181 of 16 November 2015 implemented Directive 2014/59/EU (the so-called Banking Resolution and Recovery Directive, "BRRD") in the Italian legislation; the EU Directive established a harmonized framework for the recovery and resolution of credit institutions and investment firms.

With Italian Decree Law No. 183 of 22 November 2015 (the so-called "Bank Rescue" decree), four Italian banks were bailed-out: CariFerrara, Banca Marche, Banca Etruria and CariChieti.

The Cariparma Crédit Agricole Group started the environmental regeneration project associated to Gran *Mutuo Green*, the promotion of home mortgage loans which provides for a tree to be planted in areas affected by major environmental deterioration and at risk of hydrogeological instability for every home loan taken out. The first action was implemented in the Po River Park and in the Orba River Park, with the reclamation of 5 hectares and the planting of 5,000 trees.

DEC.

The Cariparma CA Group made the top of the Banca Finanza classifications, ranking second in the overall super classification of Banking Groups in Italy, in the "Leading Groups" segment. In specific classifications, it ranked 1st by soundness, 2nd by profitability and 3rd by productivity.

CRÉDIT AGRICOLE S.A. A UNIVERSAL BANKING GROUP

The Crédit Agricole Group is the leading partner to the French economy and one of the largest banking groups in Europe. It is the leading retail bank in Europe, as well as the first European asset manager, the first bancassurer in Europe and the third European player in project finance.

Built on its strong cooperative and mutual roots, its 140,000 employees and the 31,500 directors of its Local and Regional Banks, the Crédit Agricole Group is a responsible and responsive bank serving 52 million customers, 8.8 million mutual shareholders and 1 million individual shareholders.

Thanks to its universal customer-focused retail banking model – based on the cooperation between its retail banks and their related business lines, the Crédit Agricole Group supports its customers' projects in France and around the world providing specialized services: retail banking, insurance, real estate, payments, asset management, leasing and factoring, consumer finance, corporate and investment banking.

Crédit Agricole also stands out for its dynamic, innovative corporate social responsibility policy, for the benefit of the economy. This policy is based on a pragmatic approach which permeates across the Group and engages each employee.

52
The Countries it operates in

52
Mln Customers worldwide

140 000
Staff

€ 6.0 Bln
Net income
Group share

€ 92.9 Bln
Equity
Group share

13.7 %
Core Tier 1 ratio
fully loaded

The Group's organization

8.8 million mutual shareholders are the base of Crédit Agricole cooperative structure. They hold shares in the capital of the **2,476 Local Banks** and, every year, appoint their representatives: **31,150 Directors**, who bring their interests to the Group's attention.

The Local Banks hold the majority of the share capital of the **39 Regional Banks.**

The Regional Banks are cooperative regional banks providing their Customers with a full range of products and services. The Regional Banks' steering body is the Fédération nationale du crédit agricole (the National Federation of Agricultural Credit- FNCA), which defines and sets the main strategies of the Group.

Through the **SAS Rue La Boétie,** the Regional Banks are the controlling shareholder of Crédit Agricole S.A, with a 56.7% shareholding. Together with the specialist companies, Crédit Agricole S.A. coordinates the strategies for the various business lines in France and abroad.

CUSTOMER-FOCUSED BANK

Universal Customer-focused Bank

SPECIALIZED BUSINESS LINES

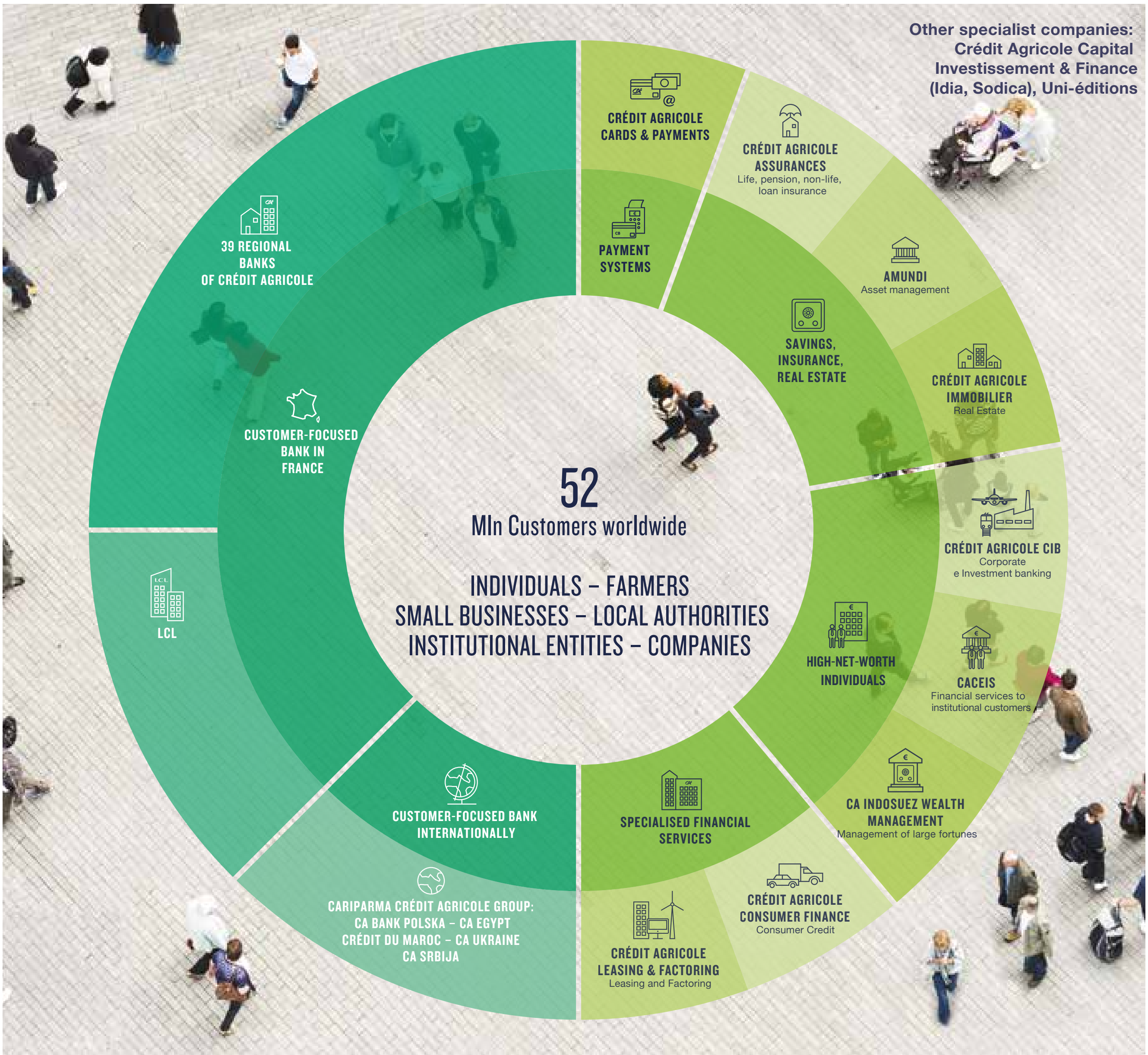


Photo : Getty Images/George Clerk

1° Financial partner of the French economy

1° Bancassurer in Europe

1° European Asset Manager

UNIVERSAL CUSTOMER-FOCUSED BANK IN ITALY

The Crédit Agricole Group has been operating in Italy for over 40 years, since the ‘70s, when it acquired Banque Indosuez. Its operations later developed covering the commercial banking, consumer credit, corporate and investment banking, asset management, and insurance segments, up to completing the range of provided services with private banking ones.

That of a **Universal Customer-focused Bank** is the organizational model that Crédit Agricole has designed to offer a range of banking products and specialized services, able to meet the requirements of all Customer segments. This model is up and running also in Italy.

Close cooperation between the Banks' distribution network and the business lines ensures that Crédit Agricole can operate in Italy providing a wide and integrated range of products and services, fit to meet the requirements of all economic players.

THE ORGANIZATIONAL MODEL INCLUDES:

CORPORATE AND INVESTMENT BANKING
for financial institutions and large companies

COMMERCIAL BANK
for individuals and businesses

FINANCIAL SERVICES
consumer credit, vehicle financing, leasing and factoring for businesses and individuals

INSURANCE AND ASSET MANAGEMENT SERVICES
for the Customers of the Group Banks and of independent networks

PRIVATE BANKING AND ASSET SERVICES
specialised services for private and institutional Customers

THE IMPORTANCE OF ITALY TO CRÉDIT AGRICOLE

KEY FIGURES IN 2015

61 Bln €
Loans to the economy

3.3 Bln €
Revenues

123 Bln €
Deposits and Customers' funds under management(*)

in Italia

12,000
Staff

3.5 Mln
Customers

(*) including "out-of-Group" AuM Amundi and Assets CACEIS (Depositary and Custody Bank).

COMMERCIAL BANK

GRUPPO CARIPARMA CRÉDIT AGRICOLE
CARISPEZIA | FRIULADRIA | CARIPARMA

CORPORATE AND INVESTMENT BANKING

CRÉDIT AGRICOLE CORPORATE & INVESTMENT BANK

CAPITAL FOR DEVELOPMENT

IDIA CAPITAL INVESTISSEMENT

FINANCIAL SERVICES

AGOS
FCA BANK
CRÉDIT AGRICOLE LEASING
CRÉDIT AGRICOLE EUROFACTOR

SERVICES

CRÉDIT AGRICOLE GROUP SOLUTIONS

INSURANCE

CRÉDIT AGRICOLE VITA
CRÉDIT AGRICOLE ASSICURAZIONI
CRÉDIT AGRICOLE CREDITOR INSURANCE

ASSET MANAGEMENT

Amundi ASSET MANAGEMENT

WEALTH MANAGEMENT

INDOSUEZ WEALTH MANAGEMENT
INDOSUEZ FIDUCIARIA

ASSET SERVICES

caceis INVESTOR SERVICES

PROFILE OF THE CARIPARMA CRÉDIT AGRICOLE GROUP

7th player in the Italian banking sector by assets under management

889 points of sale

8,200 Employees

Over **1,700,000** Customers

CAPITAL SOUNDNESS AS AT 31 December 2015: CET 1 11.4% (TOTAL CAPITAL RATIO 13.5%)

The **Cariparma Crédit Agricole Group** is part of the French Group Crédit Agricole and consists of: Cassa di Risparmio di Parma e Piacenza S.p.A. (Cariparma), Banca Popolare FriulAdria S.p.A. (FriulAdria), Cassa di Risparmio della Spezia S.p.A. (Carispezia), Crédit Agricole Leasing S.r.l. (Calit), Crédit Agricole Group Solutions.

The **Cariparma Crédit Agricole Group,** through the commercial Banks **Cariparma, FriulAdria and Carispezia,** operates in the 10 Italian Regions that account for 71% of the national population and generate 79% of the Italian GDP, with mid-corporate, large-corporate and private banking centers in the main cities. Its strong bonds with the communities it operates in, its focus on Customers and its widely acknowledged soundness are the Group's main strengths.

The Group's range of products and services covers all market segments:

RETAIL with 834 branches and 13 Small Business centers
PRIVATE with 21 Private Banking markets
CORPORATE BANKING with 20 mid-corporate markets and 1 large-corporate area

CARIPARMA CRÉDIT AGRICOLE

Parent Company of the Cariparma Crédit Agricole Group, it is strongly rooted in the communities it operates in and originated from local banks. In addition to its provinces of origin, Parma and Piacenza, it **operates in Italy's most productive cities**: Turin, Milan, Florence, Bologna, Rome and Naples.

595 points of sale in total | **27.4 Bln €** worth of loans | **81.2 Bln €** worth of total funding

FRIULADRIA CRÉDIT AGRICOLE

In 2007, FriulAdria became part of the new Cariparma Crédit Agricole Group, with the objective of **expanding its operations to cover the entire Triveneto Region**. It has **15,000 mutual shareholders** that give evidence of its strong bond with the local fabric; today, it is a reference point for households and businesses in North-eastern Italy and is implementing a significant **plan to expand operations to the Veneto Region.**

200 points of sale in total | **6.6 Bln €** worth of loans | **12.6 Bln €** worth of total funding

CARISPEZIA CRÉDIT AGRICOLE

Carispezia, one of the oldest savings banks in Italy, joined the Cariparma Crédit Agricole Group in 2011. It is the market leader in its provinces of origin, La Spezia and Massa Carrara; in 2014, it launched a **project to expand operations to Western Liguria**, branching out to the markets of Genoa, Savona and Imperia. Today, it is the **5th banking player** in the Liguria Region.

94 points of sale in total | **2.5 Bln €** worth of loans | **6,0 Bln €** worth of total funding

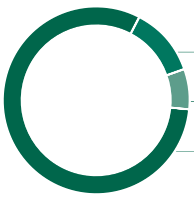
CRÉDIT AGRICOLE LEASING

Crédit Agricole Leasing ranks15th in the Italian lease sector, with a 2.45% market share, and in operates in the property, equipment, vehicle and energy leasing segments. At the end of 2015, the loan portfolio amounted to Euro 2Bln.

CRÉDIT AGRICOLE GROUP SOLUTIONS

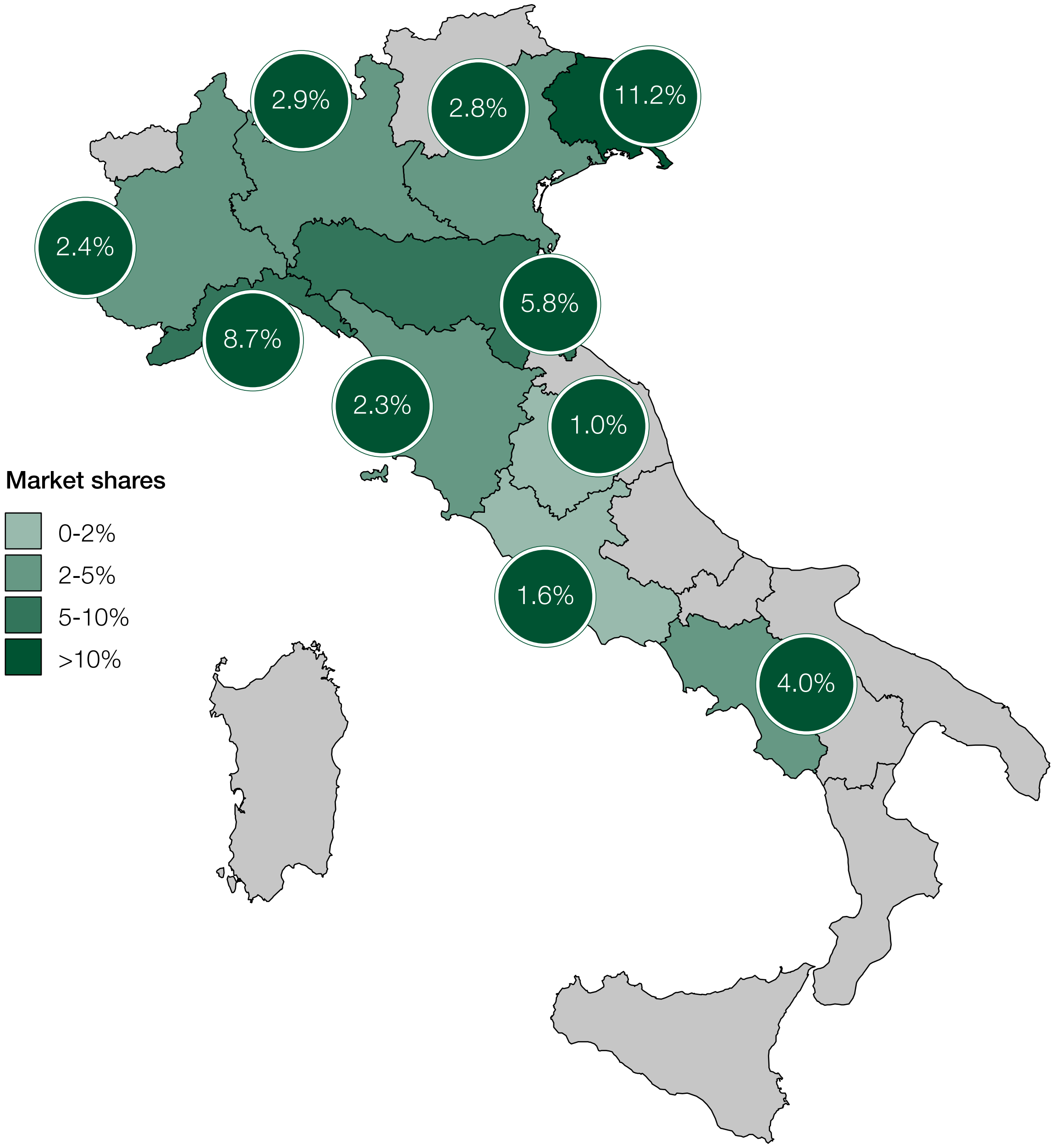
CAGS is the consortium company of the Cariparma Crédit Agricole Group in charge of all activities relating to Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, as well as Human Resources Administration.

GEOGRAPHICAL DISTRIBUTION



Central Italy 108 points of sale
12%
Southern Italy 63 points of sale
7%
Northern Italy 744 points of sale
81%

GEOGRAPHICAL DISTRIBUTION OF MARKET SHARES BY BRANCHES



NOTES
- System data – source: Bank of Italy, 30 September 2015
- Cariparma Crédit Agricole Group data as at 31 December 2015

Annual Report and Consolidated Financial Statements of the Cariparma Crédit Agricole Group

Consolidated financial highlights and ratios

Income Statement highlights(°) (thousands of Euro)	31.12.2015	31.12.2014	Changes %
Net interest income	1,010,971	1,005,946	0.5
Net commission income	709,986	696,448	1.9
Dividends	7,570	8,400	-9.9
Gain (loss) on banking activities	44,425	23,784	86.8
Other operating revenues (expenses)	-58	-6,008	-99.0
Net operating revenues	1,772,894	1,728,570	2.6
Operating expenses	-1,007,788	-957,614	5.2
Operating margin	765,106	770,956	-0.8
Net provisions for risks and charges	-12,716	-19,518	-34.8
Net value adjustments of loans	-402,161	-459,026	-12.4
Profit for the period	220,636	160,155	37.8

Balance Sheet highlights(°) (thousands of Euro)	31.12.2015	31.12.2014	Changes %
Loans to Customers	36,462,501	37,275,835	-2.2
Net financial assets/liabilities held for trading	-9,538	-8,628	10.6
Financial assets available for sale	5,808,849	6,207,042	-6.4
Equity investments	2,583	18,909	-86.3
Property, plant and equipment and intangible assets	2,381,582	2,366,847	0.6
Total net assets	48,396,134	48,714,770	-0.7
Net due to banks	1,420,518	3,503,635	-59.5
Funding from Customers	38,999,585	37,146,030	5.0
Indirect funding from Customers	60,198,338	56,976,170	5.7
of which: asset management	25,454,905	22,883,332	11.2
Equity	4,923,547	4,768,894	3.2

Operating structure	31.12.2015	31.12.2014	Changes %
Number of employees	8,194	8,424	-2.7
Average number of employees(§)	7,798	7,988	-2.4
Number of branches	834	842	-1.0

(°) Income statement and balance sheet data are those restated in the reclassified financial statements shown on pages 24 and 32.

(§) The average number has been calculated as the weighted average of employees and atypical workers, where the weight is the number of months worked in the year; part-time staff is conventionally weighted at 50%.

Structure ratios(°)	31.12.2015	31.12.2014
Loans to customers/Total net assets	75.3%	76.5%
Direct funding from Customers/Total net assets	80.6%	76.3%
Asset management/Total indirect funding from Customers	42.3%	40.2%
Loans to Customers/Direct funding from Customers	93.5%	100.3%
Total assets/Equity	10.4	10.9

Profitability ratios(°)	31.12.2015	31.12.2014
Net interest income/Net operating revenues	57.0%	58.2%
Net commissions income/Net operating revenues	40.0%	40.3%
Cost(*) / income ratio	54.5%	55.4%
Net income/Average equity (ROE)(a)	4.6%	3.4%
Net income/Average Tangible Equity (ROTE) (a)	7.5%	5.8%
Net income/Total assets (ROA)	0.4%	0.3%
Net income/Risk-weighted assets	0.9%	0.7%

Risk ratios(°)	31.12.2015	31.12.2014
Gross bad debts/Gross loans to Customers	7.1%	6.5%
Net bad loans/Net loans to Customers	3.2%	2.9%
Net value adjustments of loans/Net loans to Customers	1.1%	1.2%
Cost of risk(b)/Operating margin	54.2%	62.1%
Net bad debts/ Total Capital(c)	36.8%	34.3%
Net non-performing loans/ Net loans to Customers	8.4%	8.0%
Total value adjustments of non-performing loans/ Gross non-performing loans	40.5%	39.0%

Productivity ratios(°) (in income terms)	31.12.2015	31.12.2014
Operating expenses/No. of Employees (average)	129.2	119.9
Operating revenues/No. of Employees (average)	227.4	216.4

Productivity ratios (in financial terms)	31.12.2015	31.12.2014
Loans to Customers/No. of employees (average)	4,676	4,666
Direct funding from Customers/No. of Employees (average)	5,001	4,650
Gross banking income(f)/No. of employees (average)	17,397	16,449

Capital ratios	31.12.2015	31.12.2014
Common Equity Tier 1(d) /Risk-weighted assets (CET 1 ratio)	11.4%	11.2%
Tier 1(e) /Risk-weighted assets (Tier 1 ratio)	11.4%	11.2%
Total Capital(c) /Risk-weighted assets (Total capital ratio)	13.5%	13.5%
Risk-weighted assets (Euro thousands)	23,387,753	23,588,581

(°) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 24 and 32.
(°) Net of contributions to SRF/DGS/SPS.
(a) Ratio of net earnings to equity weighted average (for ROTE net of intangibles).
(b) Total risk cost includes the provision for risks and charges as well as net value adjustments of loans.
(c) Total Capital: total regulatory own funds.
(d) Common Equity Tier 1: Common Equity Tier 1.
(e) Tier 1: Tier 1 Capital.
(f) Loans to Customers + Direct Funding + Indirect Funding.

Management Report to the Consolidated Financial Statements

THE MACROECONOMIC SCENARIO AND THE BANKING SYSTEM IN 2015

The macroeconomic scenario in 2015

In 2015, the world economy continued to grow (2015 GWP: up by +2.9% Y/Y[1]), even though at a rate below expectations, in a situation still featuring instability factors and high volatility of the financial markets.

The world economic cycle continues to perform unevenly in the various geographical areas, specifically with a slowdown in the economies of emerging Countries, which was offset by the growth in advanced economies:

- The United States economy posted the GDP increasing by +2.4% Y/Y[1] in 2015, with better employment figures and consumptions on the increase, driven by low inflation and by still low interest rates; moreover, in December 2015, the Fed announced the first increase in the policy rate after seven years of interest rates at zero;
- the main emerging economies continue to perform unevenly: the weakness of the Chinese economy, stagnation in South Africa and the deep recession in Brazil and Russia are impacting global trade, while the economy of India is performing well;
- In the Euro Area, the economy continued to grow at a modest rate, up by +1.5% Y/Y[1], with a good performance of household consumption throughout all European Countries, while investments are still stagnating and imports are growing at a higher rate than exports. Within the Euro Area, Germany GDP held steady (up by +1.7% Y/Y[1]) despite the Volkswagen scandal and concerns about possible repercussions of the Chinese economy slowdown; higher increases in GDP were recorded in France (up by +1.1% Y/Y) and in Spain (up by +3.1% Y/Y). The Euro to Dollar exchange rate came to 1.089 on average in December 2015, down by -11.6% vs. the previous year[6]. In December 2015, the oil price came to USD 39.1 per barrel, decreasing by -39% Y/Y[6], with a concomitant decrease in the prices of commodities. Such low prices of commodities reflected downstream entailing lower prices of goods and this caused inflation in Europe to remain at very low levels, close to zero[1]. In this scenario featuring slow growth and consumer prices still well below the set target of 2%[8], the European Central Bank continued to implement expansive monetary policy measures.

As regards Italy, the recovery, which started in the first quarter of 2015, continued with the GDP increasing by +0.8% Y/Y, driven by the good performance of domestic demand; on the other hand, the contribution of foreign demand was negative, being impacted by the decrease in international trade.

Consumption started to grow at a faster rate in the third quarter of 2015, driven by improvements in consumers' confidence, purchasing power and employment rate. All components of households' spending posted an increase, especially those relating to semi-durable goods. Consumption of durable goods continued t benefit from low interest rates, from the need to renew existing stocks and from tax incentives.

Positive signals have come from progressive improvement in the confidence of consumers and businesses[2] : in December, the Consumer Confidence Index came to 117.6 vs. 97.4 in December 2014, and the Business Confidence Index came to 105.8 vs. 93.3 in December 2014.

1 Source: Prometeia Update to the Forecast Report February 2016.
2 Source: ISTAT (the Italian National Institute of Statistics) consumer and business confidence (December 2015).

As regards the labour market, unemployment decreased vs. 2014 across all age classes, at a higher rate for young people (15-24 years of age). This decreasing trend started in July and, in December, resulted in an employment rate[3] of 11.4%, down by -8.1% Y/Y, i.e. 254 thousand fewer people looking for a job.

The weight of young Italian unemployed between 15 and 24 years of age over the total number of individuals in the same age class was 9.8% (that is to say, close to one out of ten is unemployed). Good signs arrived also in terms of employment rate[3]: the number of employed increase by +0.5% vs. December 2014 (+109 thousand people), coming to 56.4% in December 2015. Compared to December 2014, the number of employees increased by 1.5% (up by +247 thousand people), fully accounting for the increase in the employment rate over the year.

In accordance with the final data published by ISTAT (the Italian National Institute of Statistics), in 2015, the Consumer Price Index decreased for the third year in a row, coming to an annual average of +0.1% vs. +0.2% for 2014[4], in a scenario featuring deflationary pressures on energy products and restraint in most of the main spending items.

The expansionary phase of economic activity is continuing, with industrial production that, in 2015[5] , increased on average by +1.0% Y/Y. While, on the one hand, investments in machinery and means of transport overall performed well, investments in buildings continued to decrease, even though slightly improving vs. the previous year.

Finally, as regards public finance, also thanks to the acceleration in the reform process set by the Italian Government, total general government expenditure came to Euro 60 billion in December 2015[6], decreasing vs. 2014 (by approximately Euro 15 billion), especially thanks to lower interest expenses.

The Banking System in 2015

The gradual improvement in the economy reflected on the accounts of Italian Banks, which reported profits for the year, after having reported significant losses from 2011 on. However, the Italian banking scenario continues to be complex and heavily affected by the developments in the regulatory framework, with intermediated assets growing at a modest pace in 2015 and credit risk being still high.

In December 2015, bank loans to the private sector posted a modest increase (up by +0.1% Y/Y[6]). Loans to households showed an increasing trend (up by +0.8% Y/Y in December 2015), driven by the significant performance of home mortgage loans, which was partly due to the renegotiation of existing loans (subrogation/moving accounts for 31.6% of new loans paid out in the January-December period). Lending to businesses still posted a decrease, down by 0.7% Y/Y in December 2015. Positive signals came from new loans to businesses in 2015, which increased by approximately +11.6% vs. the same period in the previous year.

Credit supply by the banking sector continues to be penalized by high credit risk: according to the latest data, gross bad debts in the Italian banking system were over Euro 200 billion in December 2015, increasing vs. the previous year by +9% (i.e. Up by Euro +17 billion in absolute value)[7]. Bad debts net of write-downs amounted to Euro 89 billion in December 2015[6], increasing by about +4.5 billion vs. the previous year (€84.5 billion). The ratio of net bad debts to total loans came to 4.94% in December 2015[6], increasing both vs. the previous month (4.89%) and vs. December 2014 (4.64%).

In December 2015, bank funding from resident Customers came to Euro 1,697.4 billion[6] (up by +184.7 billion from the end of 2007 to this date), of which Euro 1,000.5 billion worth of Customers' deposit and Euro 512.2 billion worth of bonds. The difference in the performance of the various components continues to show the marked gap between short-term sources and medium-/long-term ones[6]: in December 2015, deposits from resident Customers posted an annual increase of +3.7%, i.e. of Euro +47.3 billion in absolute value, whereas bonds decreased by -13% Y/Y, i.e. down by Euro 57.5 billion in absolute value.

3 Source: ISTAT (the Italian National Institute of Statistics) Employed and unemployed (provisional data December 2015).
4 Source: ISTAT (the Italian National Institute of Statistics) Consumer prices (final data December 2015).
5 Source: ISTAT (the Italian National Institute of Statistics) Industrial production (data of December 2015).
6 Source: ABI Monthly Outlook.
7 Source: Money and Banking – Bank of Italy.

As regards interest rates, in December 2015, the average interest rate on bank funding[6] came to 1.19%: a slight decrease was recorded both in the interest rate applied to deposits from households and non-financial corporations (0.52% in December 2015 and 0.73% in December 2014), and in the interest rate on bonds (2.94% in December 2015 and 3.16% in December 2014).

Interest rates on loans have continued to be low. The average rate on total loans to households and businesses came to 3.26%[6]. The interest rate on loans to households for home purchase came to 2.51%, the lowest value since July 2010.

The spread between the average rate on loans to and the average rate on deposits from households and non-financial corporations has remained, in Italy, at very low levels; in December 2015 it came to 207 basis points, well below the figure of 329 basis points at the end of 2007, before the beginning of the crisis. In 2015, the process continued for the recomposition of funding from Customers both towards short-term deposits, especially current accounts, and towards asset management and insurance products, responding to the modest yields of bonds.

In terms of income, in 2015, the net interest income of the Italian Banking System decreased by -3.6% Y/Y[8]; this decrease was offset by the good performance of net income from services (up by +7.3% Y/Y), specifically commission income from intermediation and asset management, driven by the Italian banks' offer focusing on asset management products. In December 2015, the asset management industry reported over +140 billion Euro worth of total net funding from the beginning of the year.

In 2015, operating expenses increased (up by +3.8% Y/Y), since the positive effect of cost management actions that were implemented to improve operational efficiency was more than offset by the non-recurring impact of the contribution to the Resolution Fund, which was recognized in 2015.

Effective from 2015, all banks shall contribute to the Deposit Guarantee Scheme and to the National Resolution Fund (which will gradually be transferred to the Single Resolution Fund), as provided for by the EU Bank Recovery and Resolution Directive (BRRD). In addition to the ordinary contributions made in the year, in the last quarter Italian banks were asked for extraordinary contributions to rescue four banks in distress: CariFerrara, Banca Marche, Banca Etruria and CariChieti. At the end of November 2015, the Italian Government approved he program for the resolution of the 4 Banks, which provides for their losses to be absorbed by shareholders, holders of subordinated bonds and, then, by the Resolution Fund; it also provides for the incorporation of four "Bridge Banks", to which all assets have been transferred, net of all bad debts that have been transferred to a single "Bad Bank". The Resolution Fund has the purpose of covering the losses of the original banks, of recapitalizing the "Bridge Banks" and to provide the "Bad Bank" with the capital it requires to operate.

In 2015, as ordinary and extraordinary contributions, the Italian Banking system had to pay a total of Euro 2.35 billion to the National Resolution Fund and Euro 206 million to the Deposit Guarantee Scheme[9].

On top of this, a "Solidarity Fund" is to be added, amounting to Euro 100 million and fully funded by the Italian Banking System to compensate the holders of subordinated loans issued by the four banks under resolution or recovery procedures.

As regards the cost of credit, after the extraordinary provisioning in the last few years, for the Italian Banking System, in 2015 adjustments started to progressively decrease (down by -25.3% Y/Y[8]), even though provisions remained considerable in order to maintain the required high coverage ratios.

Despite the above non-recurring items, in 2015 the Italian Banking System made profits, thus going back to profitability after the losses made for four years in a row.

Moreover, the leading Italian Banks have shown improving capitalization levels, thanks to the profits made and to the capital increases carried out in the year. The annual Supervisory Review and Evaluation Process, SREP, which was carried out in November 2015 by the Supervisory Authority covered by the European Single Supervisory Mechanism, further confirmed the soundness of the system.

In the year, the tax legislation had important developments applying to the banking sector. Specifically, Italian Decree Law 83/2015 implemented new provisions on taxation of value adjustments of loans to customers, setting down their full deductibility in the year of accrual, for purposes both of the Italian corporate income tax (IRES) and the Italian Regional Tax on Productive Activities (IRAP). The same Decree Law provides for changes in the timeframe for the

8 Source: Prometeia Bank Financial Statement Forecast (January 2016).
9 Source: Mediobanca Securities.

deduction of adjustments that have not yet been deduced and of part of 2015 ones. The Italian "Stability Law" for 2016 has provided for a decrease in the IRES rate from 27.5% to 24% effective from 2017, while concomitantly setting down, effective from the same year, an additional corporate income tax (IRES) rate for financial intermediaries of 3.5%. Moreover, the so-called "internationalization decree" extended the right to opt for the tax consolidation regime, in terms of IRES, to international groups.

Company performance

In a still quite complex economic and regulatory scenario, in 2015, the Cariparma Crédit Agricole Group succeeded in seizing the opportunities of the starting recovery and was able: to achieve significant business performances, to further improve its profitability profile and, most of all, to strengthen its capital soundness.

Total intermediated assets came to Euro 136 billion, increasing by 3.2% vs. the previous year. Specifically, total funding posted a considerable increase (up by +5.4% vs. 2014), also driven by the issue of a second Covered Bond worth Euro 1 billion, while total loans came to approximately Euro 36.4 billion.

In profitability terms, the Group made a net profit of Euro 220.6 million, increasing by Euro 60.4 million (up by +37.8%) vs. the same figure for the previous year. The above figure reports net profit after the recognition of Euro 42 million before taxes worth of ordinary and extraordinary contributions to the Single Resolution Fund (SRF), to the Deposit Guarantee Scheme (DGS) and to the Bank and Small Investors Rescue scheme (Italian acronym SBPR). Net of these effects, the annual increase in net profits would come to Euro +86.9 million (up by +54.3%).

ECONOMIC RESULTS

The Group perimeter, which the performance for 2015 refers to, consists of Cariparma S.p.A. (Parent Company), Banca Popolare FriulAdria S.p.A., Cassa di Risparmio della Spezia S.p.A., Crédit Agricole Leasing Italia S.r.l., Crédit Agricole Group Solutions S.c.p.a., the special-purpose entities Cariparma O.B.G. S.r.l., Mondo Mutui Cariparma S.r.l. and Sliders S.r.l., which have been consolidated on a line-item basis.

2015 was an important year for the Cariparma Crédit Agricole Group that, to enhance the efficiency of operating expenses, incorporated Crédit Agricole Group Solutions S.c.p.a. in August.

Indeed, Crédit Agricole Group Solutions S.c.p.a. operates mainly, even though not exclusively, providing services to the companies of the Cariparma Crédit Agricole Group, mainly in the scopes of IT, operational processes, logic and physical security, real estate management and having the enhancement of operational efficiency as its purpose, by centralizing activities.

Income Statement classification

In order to present performance more effectively, a summary income statement has been prepared with appropriate reclassifications so as to report the various items on the basis of consistent operational standards.

The reclassifications concerned the following:

- The recovery of the time value component on loans has been reported under "Net Interest Income" rather than under "Net Value Adjustments of Loans", since it results directly from applying the amortized cost method when there are no changes in expected future cash flows;
- Net Gain (Loss) on trading operations, Net Gain (Loss) on hedging activities and Net Gain (Loss) on financial assets and liabilities designated at fair value have been reported under Profit (Loss) from Banking Activities;
- Gains and Losses on the sale or repurchase of financial assets available for sale and financial liabilities have been reallocated to Profit (Loss) from Banking Activities;
- Gains (Losses) on the disposal of debt securities classified as loans have been reported under Profit (Loss) from Banking Activities, rather than being allocated to net value adjustments of loans;

- Expenses, taxes and levies recovered have been reported as a direct decrease in Administrative Expenses, rather than being recognized under Other operating income/expenses;
- The expenses for the management of non-performing loans and the relevant recoveries have been reclassified as Net Value Adjustments of Loans;
- Commission income for fast loan application processing has been taken to Commission Income rather than being recognized under Other operating income/expenses;
- Net adjustments/writebacks for impairment of financial assets available for sale have been reclassified under Other Operating Income/Expenses;
- Net value adjustments of other financial transactions for impairment, mainly relating to guarantees and commitments, have been reclassified under Net value adjustments of loans;
- The price adjustment subsequent to the disposal of equity investments has been reclassified under "Other operating income/expenses" rather than being allocated to Gains (Losses) on Investments held to maturity and on other investments.

The figures reported below are expressed in thousands of Euros.

Reclassified Consolidated Income Statement

	31.12.2015	31.12.2014	Changes	
			Absolute	%
Net interest income	1,010,971	1,005,946	5,025	0.5
Net commission income	709,986	696,448	13,538	1.9
Dividends	7,570	8,400	-830	-9.9
Gains (losses) from financial activities	44,425	23,784	20,641	86.8
Other operating revenues (expenses)	-58	-6,008	-5,950	-99.0
Net operating revenues	**1,772,894**	**1,728,570**	**44,324**	**2.6**
Personnel expenses	-585,610	-580,934	4,676	0.8
Administrative expenses	-330,978	-287,150	43,828	15.3
Depreciation of Property, plant and equipment and amortization of intangible assets	-91,200	-89,530	1,670	1.9
Operating expenses	**-1,007,788**	**-957,614**	**50,174**	**5.2**
Operating margin	**765,106**	**770,956**	**-5,850**	**-0.8**
Impairment on goodwill	-	-	-	-
Net provisions for risks and charges	-12,716	-19,518	-6,802	-34.8
Net value adjustments of loans	-402,161	-459,026	-56,865	-12.4
Net value adjustments of other assets	-	-	-	-
Gains (losses) from financial assets held to maturity and other investments	-700	206	-906	
Profit (loss) before taxes on continuing operations	**349,529**	**292,618**	**56,911**	**19.4**
Income taxes for the period on continuing operations	-118,645	-123,536	-4,891	-4.0
Profit (loss) after taxes from discontinuing operations	-	-	-	-
Profit (loss) for the period	**230,884**	**169,082**	**61,802**	**36.6**
Profit (loss) for the period attributable to minority shareholders	-10,248	-8,927	1,320	14.8
Parent company's net profit (loss) for the period	**220,636**	**160,155**	**60,482**	**0.4**

Reconciliation between the Official and Reclassified Income Statement

	31.12.2015	31.12.2014
Net interest income	**1,010,971**	**1,005,946**
30. Net interest income	941,284	941,571
130. Net losses/recoveries on impairment of: a) loans of which time value on non-performing loans	68,537	63,146
220. Net gains (IAS) pertaining to Calit	1,150	1,229
Net commission income	**709,986**	**696,448**
60. Net commission income	672,120	649,344
220. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	37,866	47,104
Dividends and similar revenues = item 70	**7,570**	**8,400**
Gains (losses) from financial activities	**44,425**	**23,784**
80. Net gains (losses) on trading activities	10,420	2,154
90. Net gains (losses)on hedging activities debt securities classified as loans	-14,456	-4,756
100. Gains (losses) on disposal or repurchase of: a) loans of which debt securities classified as loans	85	3,161
100. Gains (losses) on disposal or repurchase of: b) financial assets available for sale	51,011	29,372
100. Gains (losses) on disposal or repurchase of: d) financial liabilities	-2,214	-4,214
110. Net profit (loss) of financial assets and liabilities designated at fair value	-421	-1,933
Other operating income (expenses)	**-58**	**-6,007**
220. Other operating expenses/income	286,873	281,604
to deduct: recovery of expenses	-251,895	-233,394
to deduct: recovery of expenses for the management of non-performing loans	-6,768	-5,583
to deduct: Commission income from Fast Loan Application Processing	-37,866	-47,104
to deduct: Net gains (IAS) pertaining to Calit	-1,150	-1,229
240. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	11,626	-
130. Net losses/recoveries on impairment of: b) financial assets available for sale	-878	-301
Net operating revenues	**1,772,894**	**1,728,571**
Personnel expenses = item 180 a)	**-585,610**	**-580,934**
Administrative expenses	**-330,978**	**-287,151**
180. Administrative expenses: b) other administrative expenses	-596,297	-531,845
220. Other operating expenses/income: of which recovered of expenses	251,895	233,394
180. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	13,424	11,300
Depreciation of Property, plant and equipment and amortization of intangible assets	**-91,200**	**-89,530**
200. Net adjustments to/recoveries on property, plant and equipment	-29,564	-28,631
210. Net adjustments to/recoveries on intangible assets	-61,636	-60,899
Operating expenses	**-1,007,788**	**-957,615**
Operating margin	**765,106**	**770,956**
Impairment on goodwill = item 260	**-**	**-**
Net provisions for risks and charges = Item 190	**-12,716**	**-19,518**
Net value adjustments of loans	**-402,161**	**-459,026**
100. Gains (losses) on disposal or repurchase of: a) loans	-14,031	3,157
100. Gain (loss) on the sale or repurchase of debt securities classified as loans	-85	-3,161
130. Net losses/recoveries on impairment of: a) loans	-311,748	-391,010
130. Net losses/recoveries on impairment of: a) loans of which time value on non-performing loans	-68,537	-63,146
180. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	-13,424	-11,300
220. Other operating expenses/income: of which recovered expenses for the management of non-performing loans	6,768	5,583
130. Net losses/recoveries on impairment of: d) other financial transactions	-1,104	851
Gains (losses) on financial assets held to maturity and other investments	**-700**	**206**
240. Gains (losses) on equity investments	10,790	210
to deduct Gains (Losses) on equity investments: of which Price Adjustment on sale of equity investments	-11,626	-
270. Gains (losses) on disposal of investments	136	-4
Profit (loss) before taxes on continuing operations	**349,529**	**292,618**
Income taxes for the period on continuing operations	**-118,645**	**-123,536**
Profit (loss) for the period	**230,884**	**169,082**
Profit (loss) for the period attributable to minority shareholders	-10,248	-8,927
Parent company's net profit (loss) for the period	**220,636**	**160,155**

Net operating revenues

The net operating revenues of the Cariparma Crédit Agricole Group, which summarize the total revenues from lending and service provision, came to Euro 1,773 million, increasing by + 2.6% vs. the same figure for 2014. This increase was due to the good performance of all aggregates and also reports the recognition of Euro 12 million worth of adjustment price referring to the sale of the Crédit Agricole Vita Company (made in 2012).

Net interest income

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Business with Customers	899,224	1,007,967	-108,743	-10.8
Business with banks	10,972	-7,446	18,418	
Debt securities issued	-205,552	-311,233	-105,681	-34.0
Spreads on hedging derivatives	184,961	168,170	16,791	10.0
Financial assets held for trading	40	40	-	-
Investments held to maturity	-	-	-	
Financial assets available for sale	118,986	146,469	-27,483	-18.8
Financial assets and liabilities designated at fair value	2,382	2,129	253	11.9
Other net interest income	-42	-150	-108	-72.0
Net interest income	**1,010,971**	**1,005,946**	**5,025**	**0.5**

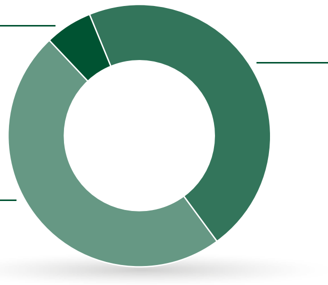
Net interest income came to approximately Euro 1,011 million, increasing vs. the previous year by Euro +5.0 million, thanks to a decrease in interest expenses on debt securities issued (down by Euro -105 million, i.e. -34%) and to the positive contribution of spreads on hedging derivatives (up by Euro +17 million, i.e. +10%). In contrast, the interest income flow on the Customer component decreased (down by Euro -109 million, i.e. -11%), being affected also by the decrease in the reference market interest rates.

The balance of interest income on financial assets available for sale came to Euro 119 million, vs. Euro 146 million in 2014, being affected essentially by the decrease in the yield of Government securities held in the Banking Book.

Net commission income

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- guarantees issued	8,975	7,925	1,050	13.2
- collection and payment services	41,367	42,452	-1,085	-2.6
- current accounts	222,850	235,099	-12,249	-5.2
- debit and credit card services	36,376	36,395	-19	-0.1
Commercial banking business	**309,568**	**321,871**	**-12,303**	**-3.8**
- securities intermediation and placement	150,273	143,302	6,971	4.9
- intermediation in foreign currencies	4,016	3,750	266	7.1
- asset management	6,165	5,305	860	16.2
- distribution of insurance products	184,292	179,022	5,270	2.9
- other intermediation/management commission income	14,929	4,682	10,248	
Management, intermediation and advisory services	**359,675**	**336,061**	**23,615**	**7.0**
Tax collection services	**-**	**-**	**-**	
Other net commission income	**40,743**	**38,516**	**2,227**	**5.8**
Total net commission income	**709,986**	**696,448**	**13,539**	**1.9**

Net commission income came to Euro 710 million, posting an annual increase of Euro 13.6 million (up by +1.9%), driven by the significant growth in commission income from management, intermediation and advisory services (up by Euro +23.6 million, i.e. +7.0%). On the other hand, the commission income component from traditional banking business decreased (down by Euro -12.3 million, i.e. -3.8%).



Specifically, the performance of commission income from management, intermediation and advisory services was due to higher revenues from intermediation and placement of securities (up by Euro +6.9 million, i.e. + 4.9%) and higher revenues from insurance products (up by Euro 5.3 million, +2.9%). Both items benefited from both the placement of products having higher profitability vs. 2014, and from a higher flow of recurring maintenance commission income.

On the other hand, commission income from traditional banking business decreased by Euro -12.3 million on an annual basis (i.e. -3.8%), being affected by the negative trend of commission income from current accounts (down by Euro -12.3 million, i.e. -5.21%) which reflected the Customers' demand for products with low management costs.

Profit (loss) from banking activities

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Interest rates	674	-6,699	7,373	
Stocks	-1	-21	-20	-95.2
Foreign exchange	7,553	4,645	2,908	62.6
Commodities	61	13	48	
Total gains (losses) on financial assets held for trading	**8,287**	**-2,062**	**10,349**	
Total gains (losses) on assets held for hedging	**-14,456**	**-4,755**	**9,701**	
Gains (losses) on disposal of financial assets available for sale	**51,011**	**29,373**	**21,638**	**73.7**
Net gain (loss) on financial assets and liabilities designated at fair value	**-421**	**-1,933**	**-1,512**	**-78.2**
Gains (losses) on disposal of debt securities classified as loans	**4**	**3,161**	**-3,157**	**-99.9**
Profit (loss) on banking activities	**44,425**	**23,784**	**20,641**	**86.8**

Profits from banking activities came to over Euro 44 million, nearly twice the profit recognized in 2014 (up by Euro +20.6 million). The elements that contributed to this performance were higher income from the disposal of AFS securities, as well as an increase in operations with Customers (foreign exchange and interest rates).

Specifically, as regards gains from the disposal of financial assets available for sale, which increased from Euro 29 million in the previous year to Euro 51 million in the reporting year, arbitrage transactions in Government securities were carried out, i.e. their sale and replacement with other securities, as well as sales aimed at reducing the portfolio size, in order to shorten the average duration and, therefore, the portfolio sensitivity.

Other operating income (expenses)

Other operating income/expenses posted a balance close to zero and also report the recognition of the adjustment price, amounting to Euro 12 million, referring to the sale of Crédit Agricole Vita (made in 2012).

Operating expenses

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- wages and salaries	-417,722	-414,274	3,448	0.8
- social security contributions	-111,015	-107,675	3,340	3.1
- other staff expenses	-56,873	-58,985	-2,112	-3.6
Personnel expenses	**-585,610**	**-580,934**	**4,676**	**0.8**
- general operating expenses	-103,140	-102,187	953	0.9
- IT services	-56,870	-52,170	4,700	9.0
- direct and indirect taxes	-107,289	-111,253	-3,964	-3.6
- property management	-51,152	-55,423	-4,271	-7.7
- legal and other professional services	-22,783	-17,534	5,249	29.9
- advertising and promotion expenses	-8,474	-8,665	-191	-2.2
- indirect staff expenses	-6,967	-7,498	-531	-7.1
- contributions to SRF/DGS/SPS	-41,676	-	41,676	-
- other expenses	-184,242	-165,812	18,430	11.1
- expenses and charges recovered	251,615	233,392	18,223	7.8
Administrative expenses	**-330,978**	**-287,150**	**43,828**	**15.3**
- intangible assets	-61,636	-60,899	737	1.2
- property, plant and equipment	-29,564	-28,631	933	3.3
Depreciation and amortization	**-91,200**	**-89,530**	**1,670**	**1.9**
Operating expenses	**-1,007,788**	**-957,614**	**50,174**	**5.2**

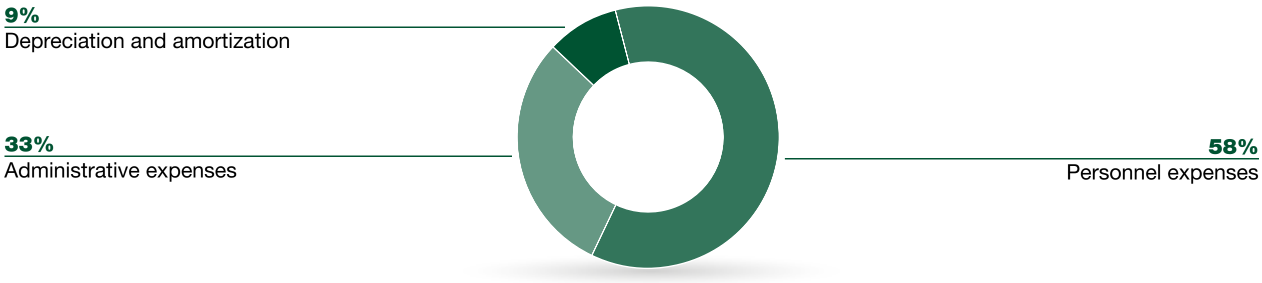
Operating expenses for 2015 came close to Euro 1,008 million, including the recognition of Euro 41.7 million worth of extraordinary and ordinary contributions to the Single Resolution Fund (which has been set up pursuant to the new EU regulation on banking crises, in order to ensure financial support in order for any bank restructuring to be carried out without the need for injections of taxpayer money), to the Bank and Small Investors Rescue scheme and to the Deposit Guarantee Scheme.

Net of the above contributions, the increase vs. the previous year would be of Euro +8.5 million (i.e. +0.8%).

This item is broken down below:

- **Personnel expenses** came to about Euro 586 million, accounting for 58% of total operating expenses and showing an increasing trend vs. 2014 (up by Euro +4.7 million), which was essentially due to the effects of the renewal of the applicable Italian National Collective Bargaining Agreement.
- **Administrative expenses** came close to Euro 331 million and report the recognition of the above-mentioned contributions to the funds for the resolution and recovery of credit institutions, to the Bank and Small Investors Rescue scheme and to the Deposit Guarantee Scheme (about Euro 42 million); net of such effects, administrative expenses for 2015 would be only slightly higher than the same figure for 2014 (up by Euro +2.2 Mln, i.e. +0.8%). Specifically, the structural rationalization carried out and effective control of property management expenses (down by Euro -4.2 million), together with a decrease in revenue stamp duties on financial services (down by Euro -3.9 million), allowed higher legal expenses (up by Euro +5.2 million) and additional expenses for IT services (up by Euro +4.7 million) to be almost totally absorbed.
- **Depreciation and amortization** amounted to Euro 91.2 million, decreasing by Euro 1.7 million vs. the same figure for the previous year, despite the considerable investment plan implemented (approx. Euro 110 million).

The cost/income ratio, which was calculated without taking account of the above-mentioned contributions to the funds for the resolution and recovery of credit institutions, to the Bank and Small Investors Rescue scheme and to the Deposit Guarantee Scheme (approximately Euro 42 million), decreased to 54.5% vs. 55.4% in the previous year.



Operating margin

The operating margin came to Euro 765 million, after the above contributions, net of which the operating margin would post an increase of Euro +35.8 million (up by +4.6%) vs. the previous year.

Provisions and other components

Net Provisions for risks and charges

Net provisions for risks and charges posted a significant decrease coming close to Euro 13 million vs. Euro 19.5 million in 2014. This decrease resulted from: lower provisioning for non-lending-related legal and other disputes (down by Euro -5.4 million, i.e. -30.8%) and from the recognition of approximately Euro 1 million worth of release of provisions accrued in previous years for risks of repayment to Customers of defaulted securities.

Net value adjustments of loans

	31.12.2015	31.12.2014	Changes	
			Absolute	%
- bad debts	-203,886	-249,168	-45,282	-18.2
- unlikely to Pay	-191,502	-218,110	-26,608	-12.2
- past-due loans	-5,340	-5,009	331	6.6
- performing loans	6,327	18,127	-11,800	-
Net impairment adjustments of loans	**-394,401**	**-454,160**	**-59,759**	**-13.2**
Expenses/recovered expenses for loan management	-6,656	-5,717	939	16.4
Net adjustments for guarantees and commitments	**-1,104**	**851**	**-1,955**	
Net value adjustments of loans	**-402,161**	**-459,026**	**-56,865**	**-12.4**

Net value adjustments of loans came to Euro 402 million, significantly decreasing vs. 2014 (down by Euro -56.8 million, -12.4%), with the concomitant decrease in the ratio that expresses the cost of credit risk, i.e. the ratio of the relevant adjustments taken to the Income Statement to net loans to Customers, came to Euro 1.10%, vs. 1.23% in 2014.

Value adjustments of bad loans, net of writebacks, decreased to Euro 204 million, down by Euro -45 million (-18.2%) vs. 2014; in comparison with the previous year, adjustments of positions defined as “unlikely to pay” also decreased, coming to Euro 192 million (down by Euro -26.6 million, i.e. -12.2%).

On the other hand, write-downs of past-due positions were essentially in line with the previous year, whereas, also in 2015, performing loans increased by Euro 6 million from Euro 18 million reported in 2014.

Net of recovered ones, expenses for loan management came close to Euro 7 million, increasing on an annual basis by approximately Euro 1 million; finally, net adjustments of guarantees and commitments amounted to little over Euro 1 million compared to Euro 1 million worth of value adjustments in the previous year.

■ Gains (losses) on Investments held to maturity and other investments

This aggregate reports a negative balance amounting to Euro 0.7 million, vs. a positive figure in 2014 (Euro 0.2 million).

■ Impairment on goodwill

In 2015, all goodwill resulting from the various business combinations that have been carried out by the Group since 2007 was tested for impairment.

For the Retail/Private/Corporate Banking Cash Generating Units, the test did not detect any need to recognize impairment.

■ Profit before taxes on continuing operations

The profit before taxes on continuing operations came close to Euro 350 million, increasing by Euro 56.9 million vs. the previous year; net of the above-mentioned extraordinary and ordinary contributions to the funds for the resolution and recovery of credit institutions, to the Bank and Small Investors Rescue scheme and to the Deposit Guarantee Scheme, this item would post a higher increase of Euro +98.6 million (+33.7%).

■ Income taxes for the period on continuing operations

Current taxes and deferred tax liabilities came to Euro 118.6 million, decreasing by Euro 4.9 million vs. the previous period, despite the significant increase in gross profit.

In this regard, it is to be stressed that, in 2014, non-recurring components were recognized for higher taxes due on the higher value of Bank of Italy shares, with an additional amount of Euro 22.2 million subsequently allocated to provisions, but with the release of excess provisions for taxes allocated in previous years for approximately Euro 17.3 million.

In 2015, the non-recurring tax component recognized was the use of excess provisions for taxes allocated in previous years amounting to Euro 2.0 million.

It is also to be pointed out that, in 2015, gains amounting to Euro 12 Mln were recognized resulting from the price adjustment relating to the sale, made in 2012, of the equity investment in CA Vita, subject to taxation at a lower rate; on the other hand, in 2014, non-deductible write-downs of equity investments were recognized amounting to over Euro 22 Mln.

Another significant factor for the decrease in the total tax burden was the new deduction from the Italian Regional Tax on Productive Activities (IRAP) on labour cost, which entered into force in 2015.

Net of the non-recurring tax components, in percentage terms, the tax burden for 2015 came close to 34.5%, of which the Italian Regional Tax on Productive Activities (IRAP) accounts for 6.3%.

Net profit (loss) and comprehensive income

Net profit (loss)

The net profit for the year came close to Euro 221 million, increasing by Euro 60.4 million (up by +38%) vs. the same figure for 2014. This increase would be of Euro +86.9 million (i.e. +54.3%) net of the above-mentioned non-recurring impacts recognized in the year.

Comprehensive Income

Items		31.12.2015	31.12.2014
10.	**Profit (loss) for the period**	**230,884**	**169,082**
	Other income components after taxes with no reversal to Income Statement		
20.	Property, plant and equipment	-	-
30.	Intangible Assets	-	-
40.	Actuarial gains (losses) on defined-benefit plans	5,778	-10,836
50.	Disposal groups	-	-
60.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
	Other income components after taxes with reversal to Income Statement		
70.	Hedging of foreign investments	-	-
80.	Exchange rate differences	-	-
90.	Cash flow hedges	-	-
100.	Financial assets available for sale	30,402	100,069
110.	Disposal groups	-	-
120.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
130.	**Total other income components after taxes**	**36,180**	**89,233**
140.	**Comprehensive income (Item 10+130)**	**267,064**	**258,315**
150.	**Consolidated comprehensive income attributable to minority Shareholders**	**13,066**	**11,434**
160.	**Total comprehensive income attributable to the Parent Company**	**253,998**	**246,881**

Comprehensive income consists of the profit for the period and of the changes in assets directly recognized in equity reserves. Comprehensive income for 2015 performed well coming close to Euro 254 million, thanks to the contribution of the net profit (including the portion attributable to minority shareholders). On the other hand, the contribution of the reserve for measurement of financial assets available for sale decreased from Euro 100 million in 2014 to Euro 30 million in the reporting year.

The inclusion in comprehensive income of the item reporting financial assets available for sale entails strong volatility that must be taken into account when analysing the table.

BALANCE SHEET AGGREGATES

Reclassification of the Balance Sheet

In order to provide a more direct representation of the Company's balance sheet and financial position, a summary balance sheet was prepared by suitably grouping balance-sheet items. Such grouping concerned:

- Presentation of Financial Assets/Liabilities held for trading on a net basis;
- Presentation of Loans to banks/Due to banks on a net basis;

- Inclusion of the value of hedging Derivatives and of the Value Adjustment of financial assets/liabilities subject to macro-hedging in the Other Assets/Other Liabilities items;
- Grouping of Intangible Assets and Property, Plant and Equipment into a single aggregate;
- Inclusion of the item “Cash and cash equivalents” in the “Other Assets” residual item;
- Grouping in the “Funding from customers” item of the “Due to customers” and “Debt securities issued” items;
- Grouping of specific-purpose provisions (i.e. employee severance benefits and provisions for risks and charges) into a single aggregate.

Reclassified Consolidated Balance Sheet

Assets	31.12.2015	31.12.2014	Changes	
			Absolute	%
Financial assets designated at fair value	-	15,972	-15,972	-100.0
Financial assets available for sale	5,808,849	6,207,042	-398,193	-6.4
Loans to Customers	36,462,501	37,275,835	-813,334	-2.2
Equity investments	2,583	18,909	-16,326	-86.3
Property, plant and equipment and intangible assets	2,381,582	2,366,847	14,735	0.6
Tax assets	1,177,577	1,168,780	8,797	0.8
Other assets	2,563,042	1,661,384	901,658	54.3
Total net assets	**48,396,134**	**48,714,770**	**-318,636**	**-0.7**

Liabilities	31.12.2015	31.12.2014	Changes	
			Absolute	%
Net due to banks	1,420,518	3,503,635	-2,083,117	-59.5
Funding from Customers	38,999,585	37,146,030	1,853,555	5.0
Net Financial Assets/Liabilities held for trading	9,538	8,628	910	10.5
Tax liabilities	335,429	373,426	-37,997	-10.2
Other liabilities	2,197,055	2,371,406	-174,351	-7.4
Specific-purpose provisions	295,860	332,063	-36,203	-10.9
Capital	876,762	876,762	-	-
Reserves (net of treasury shares)	3,749,534	3,688,722	60,812	1.6
Valuation reserves	76,615	43,254	33,361	77.1
Equity attributable to minority shareholders	214,602	210,689	3,913	1.9
Profit (Loss) for the period	220,636	160,155	60,481	37.8
Total net liabilities and equity	**48,396,134**	**48,714,770**	**-318,636**	**-0.7**

Reconciliation of the official and reclassified balance sheet

Assets	31.12.2015	31.12.2014
Financial assets designated at fair value	**-**	**15,972**
30. Financial assets designated at fair value	-	15,972
Financial assets available for sale	**5,808,849**	**6,207,042**
40. Financial assets available for sale	5,808,849	6,207,042
Loans to Customers	**36,462,501**	**37,275,835**
70. Loans to Customers	36,462,501	37,275,835
Equity investments	**2,583**	**18,909**
100. Equity investments	2,583	18,909
Property, plant and equipment and intangible assets	**2,381,582**	**2,366,847**
120. Property, plant and equipment	487,556	460,169
130. Intangible Assets	1,894,026	1,906,679
Tax assets	**1,177,577**	**1,168,780**
140. Tax assets	1,177,577	1,168,780
Other assets	**2,563,042**	**1,661,384**
10. Cash and cash equivalents	1,390,189	285,002
160. Other assets	469,207	441,032
80. Hedging derivatives	692,455	924,205
90. Fair value change of financial assets in macro hedge portfolios	11,191	11,144
Total assets	**48,396,134**	**48,714,770**

Liabilities	31.12.2015	31.12.2014
Net due to banks	**1,420,518**	**3,503,635**
10. Due to banks	4,289,627	6,781,410
60. Loans to banks	-2,869,109	-3,277,775
Funding from Customers	**38,999,585**	**37,146,030**
20. Due to Customers	28,402,451	25,314,421
30. Debt securities issued	10,597,134	11,831,609
Net financial Liabilities/Assets held for trading	**9,538**	**8,628**
40. Financial liabilities held for trading	117,472	219,593
20. Financial assets held for trading	-107,934	-210,965
Tax liabilities	**335,429**	**373,426**
80. Tax liabilities	335,429	373,426
Non-current liabilities held for sale and discontinued operations	**-**	**-**
Other liabilities	**2,197,055**	**2,371,406**
100. Other liabilities	990,561	1,013,357
60. Hedging derivatives (Liabilities)	670,155	702,955
70. Fair value change of financial liabilities in macro hedge portfolios	536,339	655,095
Specific-purpose provisions	**295,860**	**332,063**
110. Employee severance benefits	144,318	156,011
120. Provisions for risks and charges	151,542	176,052
Capital	**876,762**	**876,762**
180. Capital	876,762	876,762
Reserves (net of treasury shares)	**3,749,534**	**3,688,722**
160. Reserves	1,014,072	953,260
170. Share premium reserve	2,735,462	2,735,462
Valuation reserves	**76,615**	**43,254**
140. Valuation reserves	76,615	43,254
Equity attributable to minority shareholders	**214,602**	**210,689**
210. Equity attributable to minority shareholders	214,602	210,689
Profit (Loss) for the period	**220,636**	**160,155**
200. Profit (loss) for the period	220,636	160,155
Total liabilities and equity	**48,396,134**	**48,714,770**

Operations with Customers

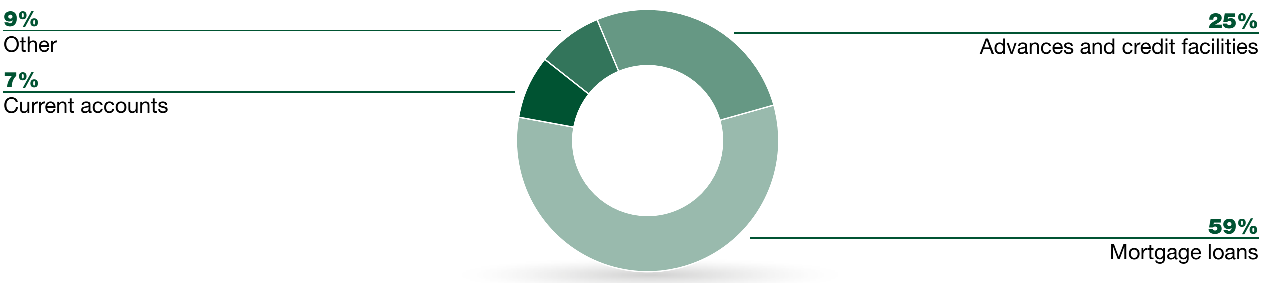
Again in 2015, the Cariparma Crédit Agricole Group confirmed its support to the real economy, keeping loans to Customers, in terms of volumes, at levels close to those of 2014 and significantly increasing total funding.

Total intermediated assets, which are the sum of loans, direct and indirect funding, came to approximately Euro 136 billion, increasing by over Euro 4 billion (up by +3.2%) vs. 2014.

Loans to Customers

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Current accounts	2,600,310	2,936,115	-335,805	-11.4
- Mortgage loans	21,664,592	21,173,065	491,527	2.3
- Advances and credit facilities	8,972,494	10,042,812	-1,070,318	-10.7
- Repurchase agreements	-	-	-	-
- Non-performing loans	3,064,743	2,992,092	72,651	2.4
Loans	**36,302,139**	**37,144,084**	**-841,945**	**-2.3**
Loans represented by securities	**160,362**	**131,751**	**28,611**	**21.7**
Loans to Customers	**36,462,501**	**37,275,835**	**-813,334**	**-2.2**

Loans to Customers came close to Euro 37 billion, decreasing vs. 2014 by approximately Euro 800 million (down by -2.2%); this decrease referred to the "Advances and credit facilities" item (Euro 813 million, down by -2.2% vs. 31 December 2014). However, the performance of this item was impacted essentially by outgoing assets relating to an important Customer that went into an Interbanking lending scheme, subsequent to the change in its legal form. On the other hand, mortgage loans came close to Euro 22 billion, with Euro 4,600 million worth of authorized mortgage loans and other loans, increasing by +20% on an annual basis.



Credit quality

Items	31.12.2015			31.12.2014(*)		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
- Bad debts	2,735,457	1,576,129	1,159,328	2,574,063	1,482,966	1,091,097
- Unlikely to Pay	2,321,933	507,330	1,814,603	2,104,696	417,966	1,686,730
- Past-due/overlimit loans	97,087	6,275	90,812	222,294	8,029	214,265
Non-performing loans	**5,154,477**	**2,089,734**	**3,064,743**	**4,901,053**	**1,908,961**	**2,992,092**
Performing loans	**33,605,068**	**207,310**	**33,397,758**	**34,501,525**	**217,782**	**34,283,743**
Total	**38,759,545**	**2,297,044**	**36,462,501**	**39,402,578**	**2,126,743**	**37,275,835**

Items	31.12.2015			31.12.2014(*)		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debts	7.1%	3.2%	57.6%	6.5%	2.9%	57.6%
- Unlikely to Pay	6.0%	5.0%	21.8%	5.3%	4.5%	19.9%
- Past-due/overlimit loans	0.3%	0.2%	6.5%	0.6%	0.6%	3.6%
Non-performing loans	**13.3%**	**8.4%**	**40.5%**	**12.4%**	**8.0%**	**39.0%**
Performing loans	**86.7%**	**91.6%**	**0.6%**	**87.6%**	**92.0%**	**0.6%**
Total	**100.0%**	**100.0%**	**5.9%**	**100.0%**	**100.0%**	**5.4%**

(*) The “Unlikely to Pay” item reports “former Substandard loans” and “former Restructured loans”.

Net of total value adjustments, non-performing loans increased to Euro 3,065 million vs. Euro 2,992 million for the previous year and accounted for approximately 8.4% of total net loans recognized as at the reporting date (vs. 8.0% as at 31 Dec. 2014), with a coverage ratio of 40.5%,

Net bad debts came to Euro 1,159 million vs. Euro 1,091 million as at 31 December 2014, with a coverage ratio in line with the previous year and with a slightly higher weight on total net loans of 3.2% (up by +0.3%).

The “Unlikely to Pay” item (which reports the “former substandard loans” and the “former restructured loans” categories) also posted a slight increase coming to Euro 1,814 million with a weight on total net loans of 5% and with a markedly improved coverage ratio of 21.8%.

Past-due/overlimit loans performed against the trend, with the net exposure decreasing by one half vs. the same figure for 2014, down to Euro 90.8 million (i.e. down by Euro -123.4 million, -57.6%), with a weight of only 0.2% of total net loans but with a coverage ratio of 6.5% (vs. 3.6% in 2014).

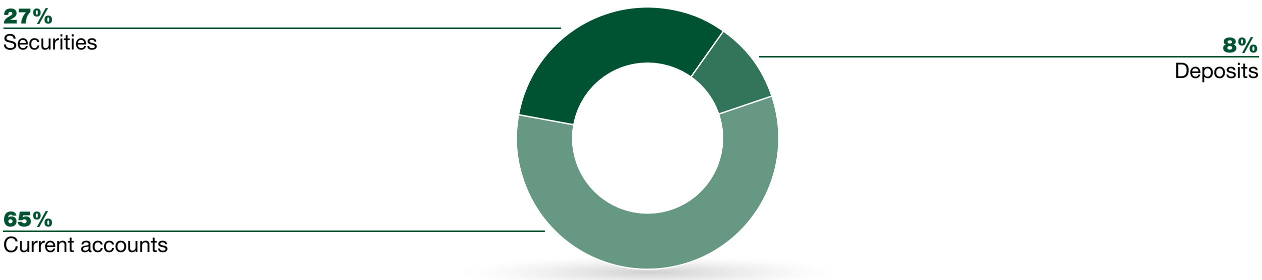
Funding from Customers

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Deposits	2,968,018	3,392,771	-424,753	-12.5
- Current and other accounts	25,235,642	21,685,541	3,550,101	16.4
- Other items	197,791	176,529	21,262	12.0
- Repurchase agreements	1,000	59,580	-58,580	-98.3
Due to Customers	**28,402,451**	**25,314,421**	**3,088,030**	**12.2**
Debt securities issued	10,597,134	11,831,609	-1,234,475	-10.4
Total direct funding	**38,999,585**	**37,146,030**	**1,853,555**	**5.0**
Indirect funding	**60,198,338**	**56,976,170**	**3,222,168**	**5.7**
Total funding	**99,197,923**	**94,122,200**	**5,075,723**	**5.4**

Total funding from Customers came to over Euro 99 billion, increasing vs. the previous year by Euro 5 billion (up by +5.4%), thanks to the growth in both components: direct funding coming to Euro 39 billion (up by +5.0% vs. 2014) and indirect funding to Euro 60 billion (up by +5.7% vs. 2014).

However, in 2015, the significant uncertainty in the security markets and the decrease in yields, linked to low market rates, caused Customers to shift towards more liquid technical forms or asset management products, with subsequent recomposition within this aggregate.

Indeed, if compared with the same figure as at 31 December 2014, the “Direct Funding” item reports a significant increase of funds on current accounts (up by Euro +3,550 million, i.e. +16.4%), which accounted for 65% of total direct funding; on the other hand, the figure of debt securities issued decreased by approximately 10%, coming to Euro 10,597 million.



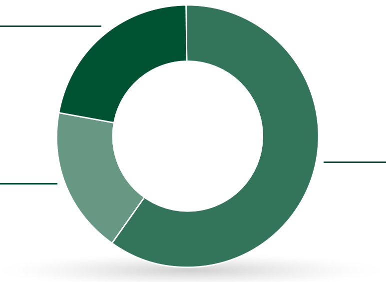
All considered, the developments that led to the performance of direct funding and loans for 2015 have however allowed the Cariparma Crédit Agricole Group to confirm its high liquidity level (the Liquidity Coverage Ratio -LCR- as at 31 December 2015 was 114.42).

Indirect Funding

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Asset management products	11,820,172	10,330,858	1,489,314	14.4
- Insurance products	13,634,733	12,552,474	1,082,259	8.6
Total assets under management	**25,454,905**	**22,883,332**	**2,571,573**	**11.2**
Assets under administration	**34,743,433**	**34,092,838**	**650,595**	**1.9**
Indirect funding	**60,198,338**	**56,976,170**	**3,222,168**	**5.7**

At market values, in 2015 indirect funding performed very well, coming to over Euro 60 billion as at the reporting date (up by Euro +3,222 million, +5.7% vs the previous period) and accounting for 61% of total funding.

The growth of this aggregate was driven by assets under management, which exceeded a value of Euro 25 billion increasing by Euro +2,572 million (up by +11.2%), whereas the performance of assets under administration, even though positive, posted a much lower increase (up by Euro +651 million, i.e. +1.9%).



Net Interbank Position

The net interbank debt position of the Cariparma Crédit Agricole Group reports a total debt position amounting to Euro 1,420 million, decreasing by Euro 2,083 million vs. the previous year. This performance was mainly due to the development of funding from Customers, which was driven also by the issue, in September 2015, of a second Covered Bond having a value of Euro 1,000 million.

Financial assets available for sale

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Bonds and other debt securities	5,579,644	5,995,627	-415,983	-6.9
- Equity securities and units of collective investment undertakings	918	3,003	-2,085	-69.4
Securities available for sale	**5,580,562**	**5,998,630**	**-418,068**	**-7.0**
- Equity investments	228,287	208,412	19,875	9.5
Shareholdings available for sale	**228,287**	**208,412**	**19,875**	**9.5**
Financial assets available for sale	**5,808,849**	**6,207,042**	**-398,193**	**-6.4**

Financial assets available for sale, almost totally consisting of Government securities and of corporate securities for modest amounts, came to Euro 5,808 million, decreasing by Euro 398 million (down by +6.4%) vs. the previous year, subsequent to the reduction in the portfolio of Government Securities.

The table below shows the composition of the Government Securities held by the Cariparma Crédit Agricole Group, which are almost totally classified in the “Financial assets available for sale” category and are mostly Italian Government securities.

Government securities held

	31.12.2015		
	Nominal Value	Book value	Revaluation reserve
FVTPL			
Italian Government securities	2	3	-
Argentinian Government securities	21	2	-
Turkish Government securities	-	-	-
AFS			
Italian Government securities	4,589,500	5,573,834	114,236
Argentinian Government securities	24	34	6
French Government securities	-	-	-
Total	**4,589,547**	**5,573,873**	**114,242**

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets came to Euro 2,381 million, essentially in line with the figure for the previous year.

This item reports goodwill and intangible assets that were recognized subsequent to the acquisitions from Intesa Sanpaolo of FriulAdria and 202 branches in 2007, of the lease business transferred to Crédit Agricole Leasing Italia in 2008 and of Carispezia and 96 branches in 2011.

As at the reporting date, the intangible assets relating to the above business combinations were tested for impairment and the consistency of the values as recognized was confirmed.

SPECIFIC-PURPOSE PROVISIONS

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Employee severance benefits	144,318	156,011	-11,693	-7.5
Provisions for risks and charges	151,542	176,052	-24,510	-13.9
- Post-employment benefits	20,117	22,873	-2,756	-12.0
- other provisions	131,425	153,179	-21,754	-14.2
Total specific-purpose provisions	**295,860**	**332,063**	**-36,203**	**-10.9**

Specific-purpose provisions came to Euro 296 million, decreasing vs. Euro 332 million for the previous year. Even though this change occurred throughout all the items, it mainly regarded the “Other provisions” item, which refers to legal disputes, personnel expenses and operational risks, as well as the “Provisions for employees’ severance benefits” item, which decreased by Euro -22 million and by Euro -12 million, respectively, vs. the previous year.

Equity and Own Funds

Equity

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%,
Capital	876,762	876,762	-	0.0
Share premium reserve	2,735,462	2,735,462	-	0.0
Reserves	1,014,072	953,260	60,812	6.4
Reserves from valuation of financial assets available for sale	103,825	76,090	27,735	36.4
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-27,210	-32,836	5,626	-17.1
Profit (loss) for the period	220,636	160,155	60,481	37.8
Total (book) equity	**4,923,547**	**4,768,893**	**154,653**	**3.2**

As at 31 December 2015, the book value of equity, including the earnings for the period, came to Euro 4,924 million, increasing by Euro 154.6 million, vs. Euro 4,768 million as at 31 December 2014.

This change in equity was mainly due to the increase in the earnings for the period (up by Euro +60.5 million) and to the positive balance of both the “Other Reserves” item (up by Euro +55.2 million) and of the “Reserve from valuation of financial assets available for sale” (up by Euro + 27.7 million).

As at 31 December 2015, the Group held no treasury shares and no shares in the Controlling Company.

Own Funds

Own Funds and capital ratios	31.12.2015	31.12.2014
Common Equity Tier 1 (CET1)	**2,660,810**	**2,638,019**
Additional Tier 1 (AT1)	-	-
Tier 1 (T1)	**2,660,810**	**2,638,019**
Tier 2 (T2)	492,868	543,917
Own Funds	**3,153,678**	**3,181,936**
Risk-weighted assets	**23,387,753**	**23,588,581**
of which by credit and counterparty risks and by the risk of value adjustment of the loan	20,777,395	20,872,591
CAPITAL RATIOS		
Common Equity Tier 1 ratio	**11.4%**	**11.2%**
Tier 1 ratio	**11.4%**	**11.2%**
Total Capital ratio	**13.5%**	**13.5%**

As at 31 December 2015, the Common Equity Tier 1 ratio and the Tier 1 ratio came to 11.4%, increasing vs. the previous period (11.2% as at 31 December 2014). The Total Capital ratio came to 13.5%, in line with the figure as at the end of 2014.

In calculating Own Funds, the developments in the transitional provisions set down by the supervisory regulation for banks (Regulation (EU) No. 575/2013; Circular No. 285 of the Bank of Italy).

As at 31 December 2015, the Common Equity Tier 1 came to 2,661 million, increasing vs. the previous year (Euro 2,638 million), and includes the earnings as proposed by the Board of Directors to the General Meeting of Shareholders. Tier 2 capital was calculated taking account of the prudential accumulated amortization of Lower Tier 2 instruments (down by Euro -110 million vs. the end of 2014).

Risk-weighted assets came to Euro 23,388 million, slightly decreasing vs. 2014 (down by Euro -201 million, i.e. -0.9%).

CORPORATE DEVELOPMENT LINES

RETAIL AND PRIVATE BANKING COMMERCIAL CHANNELS

Retail Banking Commercial Channel– Individuals and Small Business

Retail Commercial Channel

Also in 2015, the Retail Channel of the Cariparma Crédit Agricole Group reasserted its role of universal customer-focused bank, thanks to its ability to combine innovation and development, in spite of the ongoing uncertainty in the Italian economy.

In the year, 106,000 new Customers were acquired and 20,900 home loans were paid out to households, posting a +27% increase vs. the previous year; with consumer credit to be specifically mentioned, loans came to Euro 174 million, increasing by +93% vs. 2014. In the asset management segment, a significant performance was achieved in terms of funding, with over Euro 5.2 billion worth of placed products.

Thanks to effective management of business with Customers and to the above commercial activity, the Group Retail Channel posted a net increase in total funding of +0.8% vs. the previous year, with a concomitant increase in its customer satisfaction index for the services provided, which significantly increased for all three Banks.

The above performances were achieved thanks to the value of the products and services provided and to several commercial actions, based on the analysis of the requirements and needs detected through effective relations with Customers, as well as on the requirements and suggestions expressed by the Distribution Network.

Mortgage loans and other loans

In 2015, the demand for home loans reflected the structural changes underway in the market: demand for flexibility and multichannel mode.

Specifically, online operations increased significantly, especially as regards applications for subrogations, consistently with the households’ need to curb the cost of debt.

In order to meet the Customers’ request for cross-channel mode and speed, a project was started to reorganize the entire process for the management of mortgage loan applications, which is scheduled to become fully operational in 2016.

The ABI-MEF “First Home Guarantee Fund” Protocol, which was adopted by the Group and favours access to credit by Customers, giving priority to young people, including “atypical” workers, became fully operational and supported the Group in acquiring new Customers. Indeed, once again mortgage loans proved to be a driver for Customer acquisition: over 75% of 2015 mortgage loans were issued to new Customers.

The promotions that were carried out within the 2015 commercial campaign focused on EXPO and on environmental sustainability: for every “Gran Mutuo Green” mortgage loan paid out, a tree was planted. Thanks to this concrete initiative, the Group has already planted over 6,000 trees in geologically unstable areas and the project will continue in 2016. Moreover, Customers that have taken out “Gran Mutuo Green” mortgage loans opting for Edison have received another benefit: the energy component of the electricity price free-of-charge for one year.

Thanks to all the above, in a year in which subrogations were many and home purchases were still relatively low, the Group achieved a significant performance, with mortgage loans paid out increasing by 27% vs. the same figure for the previous year, also thanks to the cooperation with traditional and online credit brokerage partners.

In order to enhance the synergies between the companies of the Crédit Agricole Group, in the year, the commercial agreement signed with Agos, a leading player in the consumer credit segment, became operational, thanks to which the Cariparma Crédit Agricole increased its support to households.

● *Wealth management*

In 2015, other and significant actions were implemented on the consolidated service model for investment advisory services, based on portfolio recommendations, in order to provide Customers with the best possible allocation consistently with the market conditions and each Customer's specific risk profile.

To achieve this objective, a portfolio recommendation, which was already required to subscribe all the products issued by the Group and for all asset management products, gas become required also to buy Government Securities.

Advisory services on complementary pension schemes, a very important topic in the allocation of savings, also evolved with the release of a dedicated simulator, which can provide Customers with a detailed projection of their own future pension position. With this release, the Group has confirmed its mission to provide full-range advisory services to be close to its Customers in all the phases of life and to always provide them with the best solutions to meet their requirements.

This is the reason why the range of products available to account managers was maintained and constantly updated, in closer and closer partnership both with the Companies of the Group and with other Companies, thus substantiating the multi-manager connotation of the products.

In commercial terms, also in 2015 asset management was focused on: funds, SICAV (investment companies with variable capital) and financial insurance policies, given their diversification and delegated management features, were considered the best response to the variability in market conditions and to the ongoing scenario of rates close to zero. This, together with significant sales-focused entertainment actions, led to an increase in net assets under management of about Euro 2.6 billion at Group level.

● *Small Business and Agri-Food*

The Cariparma Crédit Agricole Group confirmed its mission of proximity banking and its closeness to the entrepreneurial fabric of the communities it operates in carrying out targeted actions to support local economies. Specifically, funds were allocated for Preauthorized loans intended to be used to grant both short- and medium-/long-term credit lines, as well as funds for loans on very easy terms in order to support, with fast and transparent tools, investments in the most deserving businesses.

As always, the range of products and services provided was structured and complete thanks to the important synergies with the various product companies of the Group; specifically, important commercial actions were carried out to propose lease products, and such actions were very appreciated by Customers that could fully understand the tax advantages entailed by the products. The performance of sales (up by +22.5% vs. the previous year) is evidence of the Customers' appreciation.

The commitment of the Cariparma Crédit Agricole Group to the agri-food sector continued to be part of its strategy for the development of the agri-food business line: close bonds with the areas of production and with the sector players, specialist approach based on advisory services and supply-chain vision.

The Group strategy took the form of a dedicated service model, which provides for 260 dedicated Managers throughout the network under the coordination of 17 Specialists and the advisory contribution given by 4 Senior Management Experts. All the people in the above roles are provided with training courses to give them knowledge and insights of the sector, both through lectures with direct contributions of Customer businesses and through experience on the field.

The efficiency of the lending service model was confirmed thanks to its fast response time (always within 10 banking days).

● *Women Entrepreneurship*

In 2015, the development of the "DonnAzienda" project continued. This project was designed by the Retail Central Department, fine-tuned and promoted in cooperation with the "Valore D" Association and was started at the end of 2013 in order to support businesses led by women, who are by many considered a winning development model and engine for Italy. Thanks to the proactive involvement of many employees of the Group, of women entrepreneurs and trade associations (through exchange meetings and one-to-one interviews), this system project allowed the specific requirements of women that do business to be detected and, at the same time, the main action scopes to be identified.

The new range of products and services has been designed specifically based on the knowledge acquired through the exchange meetings and includes not only banking products but also non-banking services, namely welfare and advisory ones.

The Customer enterprises led by women are over 48,000 and more than 1,700 loans were paid out in 2015 through the "*Scelgo Io – Imprenditoria Femminile*" product, our loan that provides our Customers with 3 flexibility options, upon the occurrence of events in their private life which may impact the business, whether these are happy ones, such as the birth or the adoption of a child or in trying times, such as one's illness or that of a living-in family member: total suspension of the instalment payment for 12 months, suspension of principal repayment up to 18 months or change in the amount of the instalment.

● *Non-Life Bancassurance*

In 2015, the Non-Life Bancassurance segment of the Cariparma Crédit Agricole Group posted a good growth.

In order to upgrade the Non-Life Insurance key product range, a new version of the "*Protezione Guida*" motor vehicle liability insurance was launched. Specifically, the product structure and coverage were reviewed in order to respond to the Customers' demand for more flexibility and customization; the launch was accompanied by a new communication line.

The "*Protezione Mezzi di Pagamento*" policy, launched in 2014, achieved the best placing performance, thus substantiating the Customers' appreciation.

As to the CPI segment, volumes increased vs. the previous year, also thanks to the contribution of the new product "*Protezione Affidamenti*", which was launched in 2014 and intended for the Small Business segment; the Cariparma Crédit Agricole Group has consolidated its positioning in the Bancassurance marker in a regulatory and market scenario that is constantly evolving.

● *E-money*

In the year, a partnership with American Express started, in order to extend the range of products dedicated to the Group Customers and to meet also the "travel & entertainment" requirements of the most demanding Customers.

The America Express range added to the products relating to the cooperation with MasterCard and CartaSì, which has been successfully going on for years and which, this year, provided commercial support with dedicated initiatives, such as "*Promozione 10-20-30*".

All the products in the CartaConto "family" (CartaConto, CartaConto Pay- smart and CartaConto Personalizzata) continued perform well; this range combines the main services of a current account with the functions of a prepaid payment card.

● *The New Service Model: Mo.Ser.*

The Cariparma Crédit Agricole Group continued to implement its strategy for the review of its service model, combining innovation with the enhancement of the Bank-Customer relation.

The Group continued the roll out of *Agenzie per Te*, the new-generation branch model launched in 2013, where the traditional "counter" concept is replaced by an innovative mode of receiving Customers, who are focused on in order to meet their requirements by using safe and user-friendly tools that, at the same time, optimize response times. To date, this model has been implemented in over 220 Branches.

Consistently with the *Agenzie per Te* model, a Change Management project was started, with which the Bank has redesigned, and enhanced the quality of, the logics at the basis of relations with Customers, where the priority is welcoming and knowing the Customers, in order to focus even further on the Customer centrality.

Combining the *Agenzia per Te* concept with this new approach will allow our Branches to become meeting places that are more and more welcoming and distinctive for our Customers.

● *Community-focused activities*

In line with its vocation as a Bank focusing on the Communities it operates in, several initiatives were carried out in the year to support the people hit by severe weather events, allocating substantial funds to respond to emergencies and to provide these communities with actual support, making loans available to businesses and individuals at dedicated easy terms:

- Severe Weather Emergency – Versilia – Tuscany Region
- Severe Weather Emergency – Citizens of Florence – Tuscany Region
- Flood emergency in the Province of Piacenza – Emilia-Romagna Region

Moreover, the cooperation continued with leading Associations and Bodies having national and local relevance, pursuing social objectives; our Customers could take out reloadable prepaid cards with IBAN free of charge if they made a minimum donation (5 Euro) and could choose to make a periodic donation:

- Customized CartaConto for the Veronesi Foundation and CartaConto for the *Il Pellicano Piacenza* Non-Profit Association.

In cooperation with Amundi, meetings with the Group's Premium Customers and Prospects were organized in our areas of operation, called "Amundi Rendez Vous". At these meetings, various financial and behavioural finance topics were dealt with, in order to help Customers to better understand and respond to the present macro-economic scenario.

In order to provide support to the employees of companies experiencing difficulties, our Bank entered into agreements with the Emilia-Romagna Region to advance the payments of the wage guarantee fund. This agreement provides for the advance of 3 to 9 monthly pays, after INPS (Italian National Social Security Institute) has channelled the flows relating to the payment of social shock absorbers to our Bank.

● *Awards*

The Group's value proposition, expertise and commitment were again acknowledged in 2015 with significant awards given by sector experts.

The Protezione Interventi Chirurgici of Crédit Agricole Assicurazioni was given a prize by Milano Finanza, within the MF 2015 Innovation Award, and was acknowledged as one of the top most complete and innovative solutions in the Health category.

For the second year in a row, the Cariparma Crédit Agricole won the Green Globe Banking Award: in 2015, the "*Orizzonte Agroalimentare*" [Agri-food Horizon] project was given the "Banca Verde Italiana" award in the "indirect impacts" category; our Group also won the "distinction prize" for the *Gran Mutuo Green* project, in partnership with Edison and AzzeroCO2.

At the 11th *Cerchio d'Oro dell'Innovazione Finanziaria* (Innovation Golden Circle) contest, the Group was given 3 awards, namely Special Mentions, in the Non-Life Insurance Products and Services, Credit Products and Services and Assistance Services categories.

The awarded projects were respectively: "Le giornate dell'assicurazione" [Insurance Days], "DonnAzienda" and "Benvenuti in Cariparma" [Welcome at Cariparma].

■ Direct channels

In 2015, the Group strongly focused on extending its multichannel product range, on the acquisition of new Customers/funding driven by the digital banking products, on the development of its catalogue of remote products and services and on promoting and incentivizing the use of direct channels.

All this falls within the scope of a much wider project on which the Cariparma Crédit Agricole Group has decided to invest in the next few years: the Digital Transformation Project.

The 2015 strategy was implemented with the following main projects:

- The continuous development of the mobile banking channel, with the implementation of over 70 functions for the Nowbanking App, for both Smartphones and Tablets, which has been available since the reporting year, in addition to iOS e Android, also for Windows users;
- The launch, in August, of the Nowpay App, with which micro-payments can be made exclusively between individuals and which has recently been extended also to big non-profit organizations in order to once again substantiate the Group's focus on Social Responsibility matters;
- The extension of online sale of the CD range, the extension of the Remote Digital Signature tool and the possibility to take out AMEX credit cards online;
- The evolution of the Morningstar platform through which Customers can be provided with more information/tools to handle their asset management needs;
- The release of the new Corporate Nowbanking product for Customers that need multi-bank operativeness;
- The start-up of the multi-channel CRM project, which will allow Customers to be managed in a multi-channel mode, with a consistent and effective integrated approach, as well as increased contact opportunities;
- Important partnership agreements with third-party companies have supported the acquisition and development of new Customers, thus leveraging the synergies within the Crédit Agricole Group in Italy.

For the Group, Direct Channels are an important mode for business with Customers and also a significant business opportunity, thanks to the possibility to keep in contact with Customers, detect and meet their requirements by remotely selling products and services directly and/or as a support to Branches Direct Channels.

In the reporting year, the Group continued to invest in the security of its platforms, once again achieving the placement of its Nowbanking platforms at the top levels in the banking system.

In 2015 actions were taken in order to reduce periodic communications to Customers in paper form, replacing them with digital documents that are available on the Internet Banking platforms and can be viewed also with Tablets. These actions continued to generate considerable savings for the Group, as well as advantages for its Customers, since digital communications are free of charge.

In 2015, important marketing and communication actions were implemented focusing on the following lines:

- Continuous presence of the Web, especially on search engines, especially on those that are the most used ones in the Italian scenario;
- Specific promotion actions to communicate the Group's online product range based on "*Conto Adesso*", in order to contribute to the online acquisition of new Customers;
- Promotion campaign dedicated to the launch of the Nowpay App on the social networks;
- Incentives to the use of the online channel for transactions, with specific reference to asset management.

In 2015, these actions contributed to achieve the performances set forth below:

- Nearly 570,000 Individuals and 142,000 Small Business customers were connected online through the respective platforms, with a market penetration index in terms of current accounts of 56% for Individuals and of 64% for Small Business Customers;
- More than 80% of transactions were carried out by Customers through the Direct Channels;
- Nearly 80,000 downloads of the Nowbanking App in 2015, overperforming the year target by +14%, with positive feedbacks on the Stores;
- Nearly 24,000 downloads of the Nowpay App 6 months after its launch, of which 5,400 during the launch campaign;
- Over 40,000 new "*Conti Adesso*" accounts, of which approximately 3,350 were generated online (and finalized directly online or at Branches);

In 2016, to continue with the Digital Transformation project, which the Group started in 2015, the main business actions will focus on:

- Continuous presence on the Web, on the main search engines and development of partnerships in order to pursue the set acquisition and co-marketing objectives and to enhance Customer retention, as well as the Group image;
- Release of new platforms to complete the Group's multichannel range;

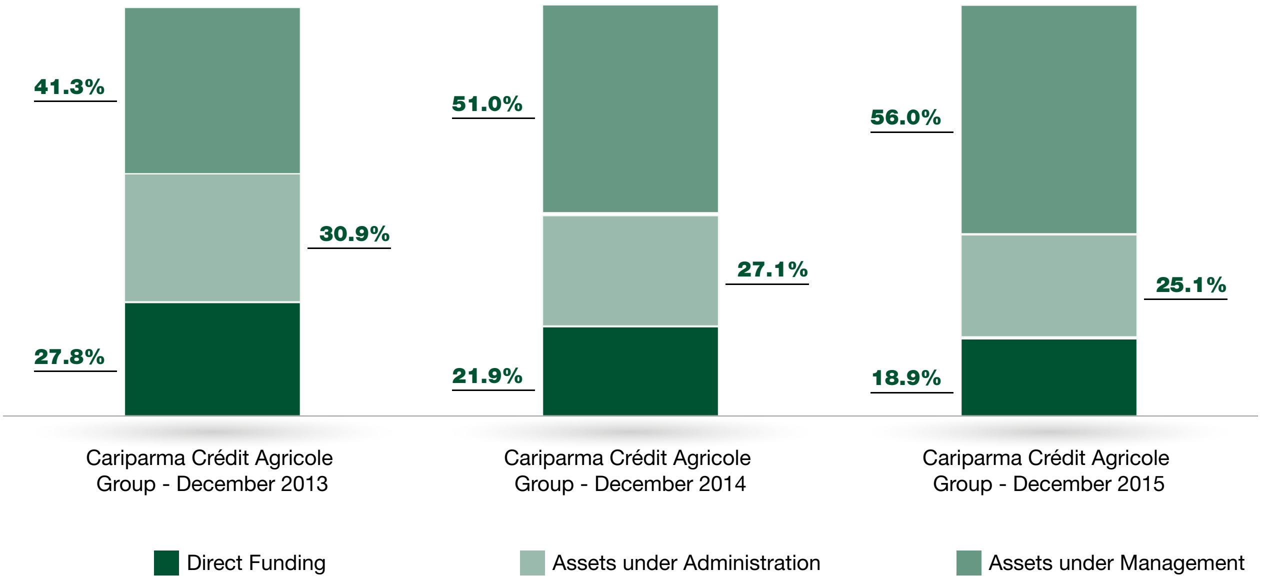
- Extension of the mobile payments service (Nowpay App) to different targets;
- Continuing the implementation of the multi-channel CRM project, which will allow Customers to be managed in a multi-channel mode, in order to increase contact opportunities;
- Development of innovative apps to complete the multichannel range, including the Hackathon App in cooperation with the Parent Company, which has been designed through co-creation initiatives by the staff of the Cariparma Crédit Agricole Group.

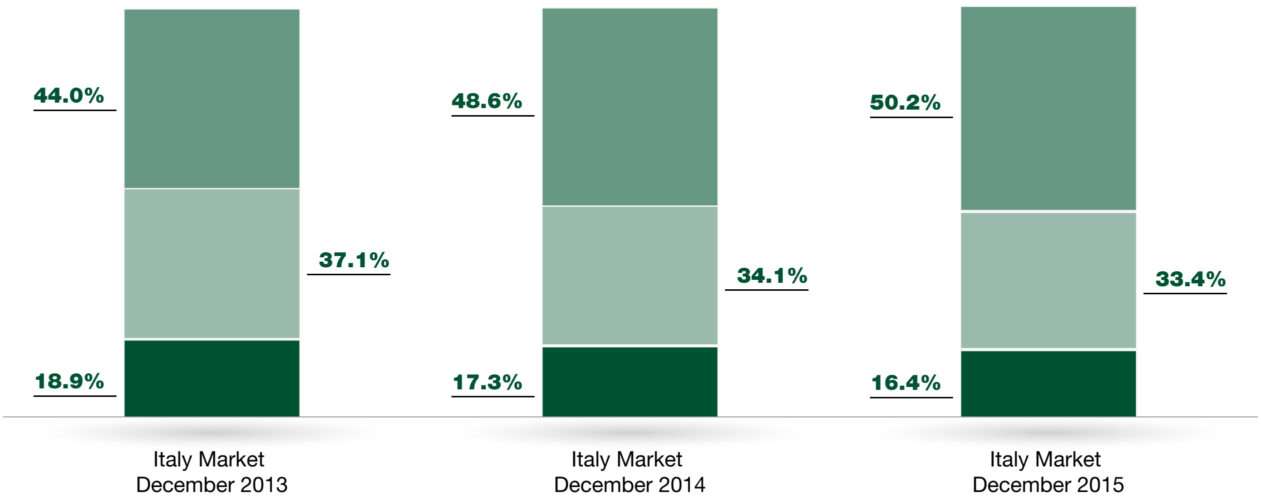
Private Banking Commercial Channel

After the very good performance of the financial markets in the first quarter, concerns about the possible slowdown in the global growth arose one again in 2015, due to the transition phase experienced by China and the negative impact that the strong drop in the price of commodities is generating on Emerging economies.

The Quantitative Easing policies implemented by the ECB and by the BOJ, as well as the permissive monetary policy implemented by the Fed contributed to support the markets in the phases of most significant weakness and to keep interest rates at extremely low levels. Nevertheless, volatility posted a considerable increase in the second half of the year and the uncertainties in the markets became more and more frequent.

In this market scenario, the recomposition of portfolios in terms of assets and the upgrading of Assets Under Management led to quite good performances in the placing of asset management core products, which, over the years, has reached and exceeded the Private Banking figure in Italy (Assets under management up by +15% vs. 2014), generating an improvement in the asset mix of the Private Banking Channel of the Cariparma Crédit Agricole Group, whose asset management figure is higher than the market one.





SOURCE: Served Market Analysis Italian Private Banking Association (AIPB)

The performance of volumes and their upgrading contributed to the improvement of the quality and diversification of the Customers' portfolios, thanks to commercial actions focused on products with high advisory content:

- Wealth Management up by + 20% vs. 2014
- Insurance Products up by + 20% vs. 2014
- Funds and SICAVs up by + 6% vs. 2014

In this segment, total revenues increased by +3.5% vs. the previous year, mainly in terms of Wealth Management revenues (up by +15% vs. 2014), about 80% of which consisting of recurring revenues.

Parallel to the above actions for the upgrading of Customers' portfolios, the Private Banking Channel of the Cariparma Crédit Agricole Group carried out development activities that led to increases in both the customer base (up by +1.4% vs. 2014) and total funding (up by +3.6% vs. 2014); these performance were achieved in a very competitive environment.

In 2015, important projects were started and/or continued:

- The definition of a growth strategy for the acquisition of new Customers and new funding source, as well as for the development of potential of the existing Customers. In this scope, the development of a new CRM approach dedicated to the Private Banking Channel of the Cariparma Crédit Agricole Group was completed, including the creation of portal that will be available as early as in the first months of 2016;
- The range of core products and services of the Private Banking Channel of the Cariparma Crédit Agricole Group evolved: review of the Wealth Management range and product innovation with new management lines (new Gestioni Patrimoniali Flessibili, - flexible wealth management lines); extension and implementation of the range of Insurance Products (Multi-line and Unit-linked); improvement of the range of Funds and multibrand SICAVs in a best-in-class logic; new advisory services (tax and inheritance planning, trust and fiduciary services).

These important projects have their strategic value in the achievement of the Channel objectives and have also led to the professional growth of the Group Private Banking staff.

Corporate Banking Commercial Channel

In 2015, the Corporate Banking Channel, i.e. the commercial division dedicated to the corporate segment, again contributed, as in the previous years, to support growth and investments by offering products and services that fully meet the requirements and behaviour trends of the different Customer segments.

In accordance with the Service Model – which was developed in 2014, implemented in 2015 and which is based on specialist advisory services, on prompt response to the Customers and on the synergies with the other entities of the Group (CACIB Italy through the MidCorp Project, Crédit Agricole Leasing and Crédit Agricole Factoring) – Customers have been fully focused on and immediate commercial and lending control has been carried out from the very beginning of negotiations.

In the year, several actions were implemented by the Corporate Banking Department in the communities it operates in, such as:
- The consolidation of the partnership with SACE, through which support was provided to small, medium and large Italian enterprises intending to invest in internationalization projects;
- The enhancement of the cooperation with Euler Hermes, which, thanks to the supply of insurance products, allowed companies to hedge trade risks;
- New partnerships with other trade associations in geographical areas where the Group has planned development;
- Adoption of the ABI (Italian Banking Association) MEF (Italian Ministry of the Economy and Finance) moratorium for the renegotiation of medium-term loans (extension or suspension);
- The action to mitigate credit risk by acquiring the guarantee provided by the Guarantee Fund for SMEs, was strengthened in order to mitigate the risk linked to the granting of new loans;
- “Preauthorized loans” initiative dedicated to the best Customer companies in strategic target industries giving the possibility to immediately obtain the liquidity required to make investments, promote innovation and develop exports.

Thanks also to the cooperation with the Network and to the synergy with the product companies of the Group, as well as with the other Channels, significant performances were achieved in terms of commission income and acquisition of Customers through supported and shared cross-selling strategies. Specifically, good performances were achieved both in Corporate Finance (confirming the role of the Cariparma Crédit Agricole Group in the Structured Finance scenario) with good commission income, and in acquisition terms, thanks to the close cooperation with the Private Banking channel, which allowed full management of the acquired Customers, from a both corporate and private banking standpoint.

In this regard, the products launched in 2014 and appropriately used in 2015, such as the Cash Management Value Proposition forms (bilateral agreements in force with 50 foreign countries) and the Misys Trade Portal, allowed better management of both the treasury and the commercial transactions with foreign countries.

The Corporate Banking objective for 2016 is:
- To continue to grow in terms of loans through the acquisition of “core” and export-oriented Customers, increasing the market share on the best Customers and improving the quality of its loan portfolio;
- To further increase its focus on internationalization by implementing the “International Desk” Project, which provides for the Creation of a Center intended to assist and support enterprises in their international business, using the international network of the Crédit Agricole Group and fostering business operations by foreign players in Italy;
- To propose new high-value-added solutions and products to our Customers, in various fields, such as corporate finance, collection & payments, desk and international business, especially through the MidCorp Project in synergy with CACIB, with which the Services and Products of the CA Group in Italy for the Large Corporate segment will be improved;
- To enhance cross-selling activities with the product companies of the Group and with the Private Banking Channel.

Organization and IT

Also in 2015, the Operations and IT Department, formerly as a Cariparma structure and, since 1 September 2015, as part of CA Group Solutions, ensured the provision of ordinary services to the Banks and implemented specific strategic projects to the advantage of the entire Group.

Indeed, business continuity, back office, IT and physical security activities continued, as did the usual evolutionary activities in order to ensure good running of the operational machine.

In addition to and consistently with the activities started and completed in 2014, the investment strategy focused on multi-purpose projects that originated mainly from business development opportunities, risk control requirements and regulatory obligations.

In 2015, the operations and IT structures focused especially on the actions reported below:
- Multichannel and digital transformation program: with the objective of creating a Group online platform aimed at repositioning the Banks in order for them to better serve the most evolved Customers and to develop a distinctive

and leading range of digital banking products, a program was started for accelerating multichannel and digital transformation, continuing with the evolution of the Mobile Banking and Nowbanking Corporate platforms, and, in order to provide Customers with integrated multichannel services, the Nowpay App was developed. The new APP for micro-payments, created subsequent to the Group entry into the new interbank circuit Jiffy (SIA S.p.A.), allows immediate transfers of money between individuals directly through their Smartphones.

As regards the commercial channels, the New Portal of the Private Banking Channel was built, thanks to which the staff of the Distribution Network and of the Private Banking Department will be able to retrieve information and analysis data, easily and immediately, in order to better handle the activities to be carried out for their Customers.

Moreover, a project was started for the development of a Multichannel CRM integrated platform, which is scheduled for full operation by the end of 2016 and will allow the analysis of Customers' behaviours across the various channels (web, mobile, ATM, etc.) and the management of multichannel campaigns to foster their efficiency;

- Strengthening of lending processes and procedures: in order to enhance and industrialize its detection and collection ability, to streamline lending processes and to tighten their monitoring, the review and implementation of the loan management tools continued. Specifically, continuing the project that started in the previous two years, actions were implemented mainly aiming at the evolution of the PEG (Electronic Management Process), a tool supporting the process for the management and monitoring of problem loans and non-performing loans, as well as at the evolution of the Tableau de Board, a tool for automatic production of reporting;
- Incorporation of the Group Consortium: in 2015, the main project was the incorporation of CA Group Solutions, which has the strategic objective of being a Group "engine", able to provide quality services to all its member companies and of being a model of excellence through continuous search in terms of innovation and new synergies.

  The Consortium, which is intended as a "Platform of Operations" at a national level, provides services in the fields of Operational Processes, Information Systems, Technical- Logistics, Security, Business Continuity, Purchasing and Real Estate Management, Human Resources Administration; the Consortium is working to extend its services, in the future, to the other entities of the Crédit Agricole Group in Italy;
- Evolution of the Group commercial range: in order to extend the range of products and services and to evolve the relevant supporting tools, the plan for the development of the platforms continued, mainly in terms of e-money and collections/payments.

  Indeed, to meet our Customers' requirements in the best possible way, a partnership with American Express was set up, which allowed the credit card catalogue to be extended with top-of-the-range products; therefore, the procedure for the issue and management of the new cards is being prepared.

  Moreover, the ART. 5 CAD project led to the implementation of the actions required to provide our Customers, effective from 2016, with the new services for the management of all payments made to public administration bodies, through the "*Nodo dei pagamenti* – SPC" infrastructure;
- Regulatory upgrading: in order to strengthen control systems and to ensure compliance through progressive regulatory upgrading, also in 2015, a significant part of investments was allocated to the actions aimed at upgrading IT processes and procedures to the regulatory developments as implemented over time by the regulators. All actions were completed in compliance with the regulatory provisions and deadlines.

  For instance, in line with the system deadlines and the relevant planning, the Target2 Securities project was completed with the upgrading provided for by the new system for the settlement and exchange of financial instruments, which has replaced the domestic settlement platforms since 31 August 2015.

  On the same date the process for the upgrading to the USA legislation (FATCA) was completed, for the required disclosure of transactions and balances of USA Customers and the first official reporting was made;
- Transformation of the physical network and real estate projects: the development of the Service Model (MOSER Project) continued, with the objective of reviewing and innovating the model for the management of Retail Customers, as a strategic lever for the achievement of the set objectives in terms of commercial effectiveness and organizational/operational efficiency.

  Thanks to full operation of the roll-out mechanism for the implementation of the *Agenzia Per Te* model, at the end of December 2015 approximately 230 *Agenzie Per Te* were in operation on a total of 335 as provided for in the 2014-2016 Plan.

  In addition to the MOSER Project, the Property Technical Service was engaged in the usual openings, renovations and transfer/downsizing works regarding the Group Branches and it completed 22 actions (16 for Cariparma, 2 for FriulAdria and 4 for Carispezia).

  As regards major property projects, it is to be reported that the contract for the extension of the Cavagnari Center was awarded and the relevant works have been scheduled for the 2016-2017 two-year period: this extension will allow the Center to house all employees that are currently based in rented buildings, thus ensuring higher efficiency in logistic terms and reducing operating and management expenses.

Moreover, the Renovation of the premises on Via Imperia in Milan was completed in July 2015 as was the first stage of the Renovation of the Via Armorari premises, also in Milan.

■ The workforce

As at 31 December 2015, the Group's staff consisted of 8,194 employees that can be broken down by entity as follows: Cariparma 5,306, FriulAdria 1,471, Carispezia 694, CALIT 54 and Crédit Agricole Group Solutions 669.

In 2015, at Group level, net of transfers/acquisitions of contracts/business units, 96 new employees were recruited against 316 terminations, 155 of which resulted from voluntary redundancies through the Solidarity Fund that the Group activated in 2012. The transfers of single contracts, made between the Group Banks, concerned a total of 4 people.

The newly-recruited employees, 43.8% of whom consists of expert staff, have been taken on to strengthen the various structures and to fill vacant positions.

On 1 September 2015, Crédit Agricole Group Solutions was incorporated and started operations with the transfer of 579 employees of Cariparma and 93 employees of Banca Popolare FriulAdria to the newly-incorporated consortium company, for a total of 672 people.

The staff consists by 99.5% of employees with an indefinite employment contract, while, terms of gender, women account for 48.5% of it.

The Group operates in 10 Regions of Italy, with Cariparma being deeply rooted in the Emilia-Romagna Region, FriulAdria in the Friuli Venezia Giulia Region and Carispezia in the Liguria Region; 52.0% of the Group staff works in these three Regions.

The employees' average age is 46 years and 6 months (breaking down by category in years point months – Senior Managers 52.01 – Junior Managers 49.00 – Professional Areas 44.02), whereas the average seniority came to 20 years and 2 months (breaking down by category in years point months - Senior Managers 14.07 – Junior Managers 22.00 – Professional Areas 18.09).

37.6% of staff is a university graduate or holds a postgraduate title.

Training, at Group level, continued to be a priority. Indeed, over 35 thousand man-days worth of training were provided involving 90% of the staff, thus substantiating that training, carried out through different distribution channels, is one of the key drivers for the Group development.

Specifically, investments aimed at the quality improvement of the resources' effectiveness and responsibility-taking; that is to say, at providing training that, in compliance with the regulatory requirements, is fit to generate sustainable actions and performances.

As in the last few years, also in 2015, Cariparma Crédit Agricole was certified as a Top Employers company. The annual HR Best Practices Survey carried out by the Top Employers Institute is the basis for certifying the best companies worldwide in terms of HR: the organisations that achieve the highest standards of excellence in employee conditions, that train and develop talent at all levels throughout the organization and that constantly strive to improve and optimize their Best Practices in the field of Human Resources.

● *Remuneration Policies*

The guidelines and directions at the basis of the Group remuneration policy are set by the Parent Company Crédit Agricole in order to ensure shared and consistent management at a global level; such guidelines and directions are then adopted by the Cariparma Crédit Agricole Group, who adjusts them to its own reference scope and submits them to the Board of Directors of each Company (for Cariparma on 24 March 2015) and, then, to the individual General Meetings of Shareholders for final approval (for Cariparma on 29 April 2015).

The remuneration policies of the Cariparma Crédit Agricole Group are different in accordance with the reference target staff, both as regards corporate governance processes and as regards the systems and tools used, and they are based on the following principles:

- Alignment with the business strategies of the Banks and of the Group;
- Attraction, motivation and retention of professionally qualified resources;
- Merit recognition in order to appropriately acknowledge the resources' personal contribution;
- Actual value creation and orienting the performances of the entire staff towards short-, medium- and long-term objectives, within a reference regulation framework designed for proper control of corporate risks, both present and prospective, as well as for maintaining adequate liquidity and capital;
- Internal remuneration fairness, ensuring fair reward for the contribution given and the responsibilities assigned;
- External remuneration competitiveness through constant reference to the market, also with the support of tools designed to analyze and measure work positions by specialized companies providing reference benchmarks for each type of position, company size and market;
- Affordability of remuneration systems implemented by controlling the weight of labour cost on the Income Statement, over the short-, medium- and long-term;
- Compliance with the law and regulatory provisions that apply to the single Banks and to the Group as a whole.

Subsequent to the significant regulatory development that was implemented in 2014, at both a European level (CRD-IV and EU Regulations) and at a domestic level (the new supervisory provisions concerning banks' remuneration and incentive policies and practices issued by Bankit), the Group Remuneration Policies for 2015 have been updated, in agreement with the Parent Company Crédit Agricole and taking account of the specificities required by the Italian supervisory regulations. The man developments vs. 2014 have concerned:

- The extension of the application perimeter: since 2015, the Remuneration Policies have been extended also to Crédit Agricole Leasing Italia, previously not included in accordance with the proportionality principle;
- The setting up of a Remuneration Committee;
- Significant extension of the "Identified Staff" perimeter, through a structured self-assessment process that was carried out by the Human Resources, Risk Management and Compliance Departments and was based on the combined application of the EU legislation, the domestic Supervisory Provisions and the guidelines set down by the Parent Company Crédit Agricole;
- The definition of a threshold for the deferral of the variable remuneration payment to the Identified Staff.
- Extension to 5 years of the deferral period for variable remunerations of very high amounts, awarded to the Identified Staff;
- Revision of the rules on paymix, i.e. the ratio of variable remuneration to fixed remuneration, in order to comply with the regulatory limitations as set down by both the EU and national legislation.

It is also reported that the regulatory development continued with the publication, on 21 December 2015, of the EBA Guidelines on sound remuneration policies, which the National Regulators shall implement in the next few months.

● *Internal customer satisfaction*

In order to achieve effective corporate governance of processes and good corporate operation, the Internal Customer Satisfaction (ICS) process was set up and has been implemented for five years now. It is a tool designed to detect, verify and measure the perception by the different Group departments of the services they received from other internal departments.

The process key targets are:

- To increase the Group's ability to generate effective team work between its various teams;
- To contribute to the creation of a corporate culture that increasingly focuses on the requirements of internal customers.

Assessments are performed on a six-month basis and the results have both an absolute and relative value, as a measurement of the improvement/worsening rate of internal customer satisfaction in the following half years.

In 2015, improvements were made based on the feedbacks collected during the in-depth analysis meetings held by the HR Department. Specifically, transparency and the collection of breakdown quality information increased.

To complete the survey, the HR Department organized in-depth analysis meetings with the departments and units that gave unfavourable feedbacks on other structures and in-depth analyses in terms of quality were carried out and assessed to foster continuous improvement.

■ Finance

The directions followed by the Cariparma Crédit Agricole Group concerning financial balances rest of three main guidelines:
- The management of interest rate risk;
- The management of liquidity risk;
- Capital management.

The objectives regarding the management of interest rate risk, consistently with the past, concerned the hedging of the Group cumulative exposure by Bank. The exposure was kept at modest levels and the implementation of this policy allowed significant protection of profitability, as substantiated, also for 2015, by the contributions to the Income Statement of the hedges made in the reporting year and in previous ones.

As regards liquidity, in the reporting year, the financial system recorded a progressive stabilization of liquidity cost spreads, with further decreases in interest rates, which, along the short-term portion of the curve, have long been negative.

At the beginning of September 2015, a new issue of Covered Bonds on the market was made subsequent to further transfer of loans as a guarantee. This issue received a favourable feedback from institutional investors and Euro 1 billion worth of bonds were successfully placed, thus allowing funding to be stabilized at modest costs and with longer maturities (8 years) than those that can normally be obtained with Customers.

Other elements that characterized the period are the reduction, consistently with the limits agreed on with Crédit Agricole, of the reserve portfolios in Government Securities held for LCR purposes.

Based on the measurements linked to the regulatory implementations in accordance with Basel III requirements and based on the directions subsequent to the entry into force, in January 2016, of the Bank Recovery and Resolution Directive (BRRD), which sets down the "Bail-in" principles, capital management focused on prospective actions relating to the structure of liabilities.

● *The Italian Code for Responsible Payments (CPR)*

In January 2015, the Group signed the *Codice Italiano Pagamenti Responsabili* (CPR), the Italian Code for Responsible Payments, an initiative launched by Assolombarda, the Employers' Association of the Lombardy Region; by signing the Code, the Banks formalized their commitment to comply with the payment terms agreed on with their suppliers/ providers and to promote efficient, punctual and fast payment practices. By signing the Code, the Group has given evidence of its focus on and awareness of payment fairness and transparency, which is a key topic for the economic and financial balance, as well as for the development of the business system. The average time for payment to suppliers/providers is 60 days, as provided for by the relevant agreements.

■ Risk management

● *Objectives and policies on risk taking, management and hedging*

1.1 SUMMARY OF THE SYSTEM, PERIMETER AND ROLES

The Cariparma Crédit Agricole Group attaches great importance to the measurement, management and control of risks, in order to achieve sustainable growth in a political-economic situation, such as the present one, featuring high complexity and evolving rapidly.

Within the Cariparma Crédit Agricole Group, the Parent Company Cariparma is responsible for overall steering, managing and controlling risks at a Group level, triggering operating action plans that allow reliable control on all risk situations. In turn, the system set by Cariparma is based on the Supervisory regulations and on the directions issued by Credit Agricole S.A. concerning its subsidiaries. Since 2015, the Risk Management and Permanent Controls Department (Italian acronym DRPC) has been carrying out the activities for risk management and control for all the Companies of the Cariparma Crédit Agricole Group.

The founding principles informing all activities for risk management and control are the following:

- Clear identification of risk-taking responsibilities;
- Measurement and control systems that are compliant with the Supervisory instructions and in line with the solutions more frequently adopted at an international level;
- Organizational separation between operating and control functions.

The perimeter of detected, monitored and integrated risks (taking account of diversification advantages) in the economic capital includes:

- Credit and counterparty risks; this category also includes concentration risk;
- Market risk of the Trading Book;
- Price risk of the Banking Book;
- Interest rate risk of the Banking Book;
- Liquidity risk;
- Exchange rate risk of the Banking Book;
- Operational risk.

The Cariparma CA Group updates, normally on a yearly basis, its Risk Strategy, which sets the levels of risk (credit, financial, market and operational risks) which the Group deems adequate to its development strategy. Based on the Strategy, which is submitted to the Risk Committee of Crédit Agricole S.A. for its approval, global limits are set (alert thresholds) and are appropriately integrated with operational limits that are specific to each single Entity in the Group. This system, setting limits and/or alert thresholds, is submitted to the Boards of Directors of the Parent Company Cariparma and of the single Entities of the Group for their approval.

Within the process for upgrading to the Supervisory regulations, in 2015 the Cariparma CA Group also completed a process for the definition of its Risk Appetite Framework (RAF), consistently with the guidelines and with the strategic plan of the Parent Company.

In 2015, an action started for the review and rationalization of the Group Committees, in order to improve monitoring and control of the specific risk scopes. The main Committees include:

- The Internal Control Committee that coordinates the control departments (Audit, Compliance, Risk Management and Permanent Controls), as well as the internal control system as a whole, in accordance with the procedures implemented by Crédit Agricole at Group level;
- The Risk Management Committee (which was set up in 2015 by merging the Operational Risks Committee, the Credit Risk Committee and the Financial Risks Committee) which examines and approves the guidelines for risk management, gives opinions on the specific Risk Policies submitted for approval to the Board of Directors and resolves on any proposals made by the operational working groups, which all matters that are specific to the different risks are referred to;
- The Compliance Management Committee that analyzes the status of the applicable regulations and makes proposals for corrective actions, where needed.

In accordance with their respective responsibilities, the Departments engaged in control functions sit also on other management Committees, including the New Activities and New Products Committee (Italian acronym NAP), the ALM Committee, the Investment Committee, the Loan Committee and the Loan Monitoring Committee.

Finally, the Departments engaged in control functions participate in and report to the Audit Committee for Internal Control; this is a Board Committee set up by the Board of Directors in order to have support in ensuring the effectiveness of the internal control system, pursuant to the “Supervisory provisions concerning banks’ organization and corporate governance” issued by the Bank of Italy on 4 March 2008, which recommend that Board Committees be set up within entities that are large-sized or feature high complexity.

The Audit Committee for Internal Control also verifies whether the incentive system implemented by the Bank is consistent with the applicable regulatory provisions.

1.2 RISK APPETITE FRAMEWORK

The Cariparma Crédit Agricole Group set down its Risk Appetite Framework – "RAF" at the BoD meeting held on 10 February 2015. This risk appetite statement is an integral part and plays a pivotal role in the definition of the Governance framework, since, consistently with the maximum risk that may be taken, it includes the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the reference processes required to define and implement them.

The Risk Appetite of the Cariparma CA Group expresses the risk level that the Group is willing to take for every type of risk.

The Group's risk appetite has been determined especially based on its financial policy and on its risk management policy and is expressed through:
- A policy for selective and responsible lending within a prudent lending policy that takes all due account of the risk policy, of the corporate social responsibility policy and of the system of decision-making powers in force;
- Keeping exposure to market risk to a minimum level;
- Strict oversight on exposure to operational risk;
- A system of controls aimed at controlling non-compliance risk (identified and monitored);
- Careful measurement of risk-weighted assets;
- Integrated management of the Group's assets and liabilities.

The RAF structure consists in activities for the monitoring and control of risks, in order to ensure that they are managed, driving continuous development and improvement of the methods and models for their measurement.

For this purpose, the Cariparma Crédit Agricole Group uses methods, measurement standards and risk control tools that are consistent throughout the Group and adequate to the type and extent of the risks taken, involving and informing the corporate bodies of the subsidiaries about the choices made as regards risk management procedures and policies.

Within the RAF, limits and alert thresholds are set on Solvency, Liquidity, Asset Quality and Profitability main indicators, which are fit to verify the affordability of the Group's Budget and MTP on a continuous basis, as well as to identify the first alerts in case such indicators worsen, in order for all corrective actions to be triggered and to return to normal operation.

Moreover, the Group's risk appetite is also expressed by the management of qualitative risks, concerning the Group's strategy and operations, especially based on the Company's will to pursue sustainable development and effective management of risks.

The Cariparma Crédit Agricole Group has implemented a set of Risk Strategy operational limits that allow the risks taken to be identified and monitored in detail, thus ensuring full penetration of the RAF model.

Finally, in 2015, within the RAF ordinary operation, prior and advisory opinions were given regarding the consistency of the Most Relevant Transactions (*Operazioni di Maggior Rilievo* – MRT or with the Italian acronym OMR) with the risk management policy at the Cariparma CA Group level.

The Risk Appetite Framework of the Cariparma CA Group is expressed as:
- Risk Appetite (risk objective or risk appetite): level of risk (overall and by type) that the Bank is willing to take in order to pursue its strategic objectives.
- Risk Tolerance (tolerance threshold): maximum allowed deviation from the risk appetite; the tolerance threshold has been set in order to ensure that, in all cases, the Bank has sufficient margins to operate, also in stress scenarios, within its risk capacity.
- Risk Capacity (maximum risk that can be taken): the maximum level or risk a bank is technically able to take without violating any regulatory requirements or other restrictions set down by its Shareholders or by the Supervisory Authority.

The Group's risk profile is monitored and submitted, with periodic reports, to the Risk Management Committee and to the Board of Directors of the Parent Company and of the other Entities of the Group.

In case the Tolerance and Capacity levels of the RAF indicators are exceeded, an escalation process is provided for, which is fit to propose the relevant corrective actions to return to the normal risk levels (Recovery Plan).

As at 31 December 2015, the Group main indicators were found good and consistent with the Risk Appetite set by the Group. They never exceeded the set tolerance levels.

In the first months of 2016, the Risk Appetite Framework has been strengthened even further with the finalization of the Risk Appetite Statement document and with the renewal of the RAF Policies and of the Most Relevant Transactions.

2. RISK MANAGEMENT AND HEDGING

Credit Risk

In the Cariparma Crédit Agricole Group, the lending process (strategies, decision-making powers, rules for the authorization and management of loans) has been developed in accordance with the guidelines issued by the Parent Company Crédit Agricole S.A and aims at:

- Achieving an objective that is sustainable and consistent with its risk appetite and with the creation of value of the Group, ensuring and improving the quality of lending assets;
- Diversifying the portfolio, by limiting the concentration of exposures by counterparty/group, economic activity sector or geographical area;
- Efficiently selecting the economic groups and single borrowers, by means of thorough analysis of credit worthiness in order to mitigate the risk of default;
- Favouring, in the present economic situation, lending actions that support households, the real economy and the productive system, steering appropriate lending measures aimed at selectively developing and supporting business with the worthiest Customers.
- Constant control of accounts and relating exposures, both through IT procedures and through systemic monitoring of less than fully performing positions, in order to promptly detect any signs of impairment.

This process is regulated based on different phases, in order to identify the risk management standards, the actions to implement for the proper application of such standards, the units responsible for carrying out the above activities and the procedures supporting them. The subdivision into phases and the assignment of tasks to the different organizational structures are made focussing on the process operativeness, that is to say its fitness to achieve the set objectives (effectiveness) and its ability to achieve then at consistent costs (efficiency).

In the present economic situation, the Cariparma Crédit Agricole Group has reasserted its systematic control on the developments in the quality of the Loans-to Customers Portfolio, with the objective of making the monitoring on riskiest exposures even more selective, from early warnings on, to promptly detect any sign of their being non-performing, and to take more and more effective action to control credit risk.

Also in 2015, the constant monitoring of the loan portfolio quality was pursued by adopting precise operating procedures in all phases of the loan position management, in order to ensure preventive management of default risk. The set of loans is subject to thorough and constant monitoring by means of a pre-set control system based on rating, performance monitoring, and early warning indicators that allow prompt management of positions at the very earliest warning and interact with the processes and procedures for loans management and control.

The organizational structure, the procedures and tools supporting the system for the management of problem loans ensure prompt triggering of the actions and measures required to restore the position to a performing status, or prompt triggering of the most appropriate recovery actions, where the conditions rule out any continuance of the business relation.

The Group has implemented a wide set of tools for the measurement and management of credit risks, which can ensure control on an individual basis of the quality of its loan portfolio.

The Group pursues the mitigation of credit risk by entering into ancillary agreements or by adopting tools and techniques that ensure actual mitigation of this risk. Particular attention is given to securing and managing guarantees through the definition of and compliance with general and specific requirements, and to updating the value of the guarantees.

After the loan authorization and disbursement, the position is assessed on a time basis (fixed deadlines or set frequency) or upon reporting/initiative of structures engaged in the review of credit lines, in order to verify that:

- The borrower and the relevant guarantors remain solvent;
- The requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).

IRB/Basel II advanced approach

For determining its capital requirement for credit risk ("Retail Loan Exposure" asset class – the so-called "Retail portfolio" – on PD and LGD models), the Cariparma Crédit Agricole Group has been using (since December 2013) internal ratings with an advanced approach (Internal Rating Based – Advanced), for Cariparma and Banca Popolare FriulAdria.

The Cariparma Crédit Agricole Group has scheduled the start-up of the activities to extend the use of advanced approaches (roll-out plan) also to the same portfolio of the subsidiary Cassa di Risparmio della Spezia.

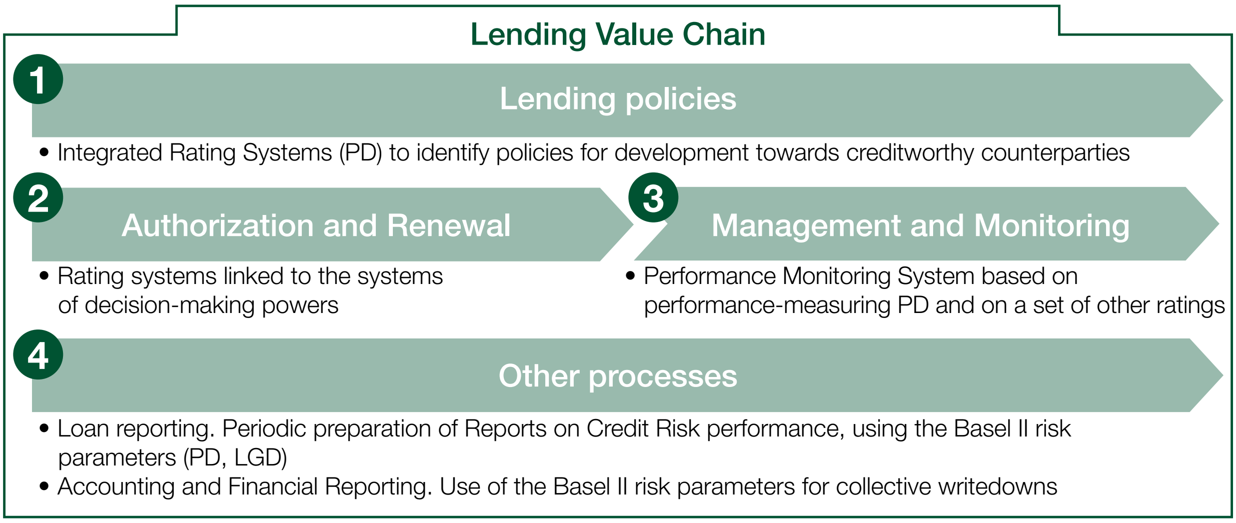
As regards the "Exposures to Corporate Customers" portfolio, in line with the strategic directions issued by the Parent Company Crédit Agricole S.A., the Cariparma Crédit Agricole Group has started the methodological, organizational and technological actions required to obtain the validation also for this exposure class.

The present choice of treating all exposures referring to the subsidiary Crédit Agricole Leasing (hereinafter referred to as CALIT) on a Permanent Partial Use (PPU) basis has been made given the immateriality of the portfolio size and given the specificities of CALIT core business within the Cariparma Crédit Agricole Group as a whole.

The risk measurement system is fully integrated in the decision-making processes and in the management of corporate operations: the rating system has long played an essential role in loan authorization, risk management, internal allocation of capital and in the Bank governance functions, as well as in contributing to ensure risk prevention and mitigation. In order to ensure that lending processes and credit risk measurement are homogeneous, the internal models are used by all the entities of the Cariparma Crédit Agricole Group (that is to say, Cariparma S.p.A., FriulAdria S.p.A., Carispezia S.p.A. and Crédit Agricole Leasing Italia S.r.l.).

The rating systems are used within the main phases in the lending value chain. With specific reference to loan authorization and monitoring, the management use of the rating system results in:

- (lending policies) the set lending policies govern the procedures through which the Banks and the Companies of the Cariparma Crédit Agricole Group authorize loans and manage credit risk;
- (loan authorization): the assessment of the creditworthiness upon the first authorization and upon review of/change in credit lines, as well as for determination of decision-making powers in terms of loan authorization;
- (loan monitoring) the use of the performance-measuring PD, combined with other variables, for performance monitoring, in order to detect and correct non-performing positions before they are classified as in default;
- (collective write-down): the approach for the collective write-down of Performing Loans implemented by the Bank uses the Basel metrics to determine the amount of the provision (PD and LGD), as well as to identify sensitive loans subject to write-down;
- (Bank reporting): the use of risk measures produced by the Bank's reporting model.



Such full integration in the loan management processes allows the creation and development of internal models that support the measurement of creditworthiness and can be used to assess, with statistical objectivity, the probability that the (Retail) counterparties default.

The calculation of the mandatory capital requirements using internal rating-based approaches allows optimal management of the regulatory capital, as it also allows a “weighted” analysis of the loan portfolio, “aware” lending development considering the risks taken and, thus, better planning of loans and of credit risk over the medium-/long-term.

Finally, more effective detection and measurement of risks allows better disclosure and subsequent enhanced transparency in reporting, which is a key element to meet the requirements of the Bank’s various Stakeholders.

Interest Rate risk and Price risk of the Banking Book

The measurement, management and control of financial balance (ALM) concern the Banking Book positions. The Banking Book consists of typical positions in banking operations, which are lending and funding without trading objectives. Interest rate risk, therefore, is measured with reference to all on-balance-sheet and off-balance-sheet transactions, excluding the supervisory trading book.

The Governance model adopted by the Cariparma Crédit Agricole Group assigns the responsibility for the measurement and management of interest rate risk to the CFO, who, through the Financial Management Division of Cariparma, performs centralized management of this risk at single entity level, in accordance with the guidelines set down by Crédit Agricole S.A. The Risk and Permanent Controls Department is responsible for independent control of the interest rate risk management system, by verifying its compliance with the risk measurement model.

The limits to the price risk of the Banking Book price are defined on the basis of the type of instruments that can be held (Italian, German, and French Government Securities) and are expressed with reference to the maximum nominal value that can be held by every Bank of the Group.

The Group has also implemented a stress analysis method to be used on the prices of the assets falling within this scope, setting a system of limits in force at Group level and of alert thresholds that are consistent with the standards set by Crédit Agricole S.A.

In 2015, no global and no operational limits were exceeded. Moreover, the hedging of interest rate risk continued with the purchase of derivatives, namely Interest Rate Swaps and Interest Rate Options. Fixed-rate debenture loans have been hedged (micro-hedging), mortgage loans with cap to Customers (macro-hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro hedging.

Liquidity risk

For Banks, liquidity risk, both short-term and medium-/long-term, is the risk of not being able to promptly meet their payment obligations, due to the fact that they cannot obtain funding on the market (funding liquidity risk) and cannot sell their assets on the market (market liquidity risk).

The Governance model adopted by the Cariparma Crédit Agricole Group assigns the responsibility for the measurement and management of liquidity risk to the CFO, who, through the Financial Management Division of Cariparma, performs the centralized management of this risk at Group level, in accordance with the guidelines set down by Crédit Agricole S.A. The Risk Management and Permanent Controls Department is tasked with the monitoring of liquidity risk, again in accordance with the guidelines set down by the Crédit Agricole S.A. Group.

The management of short-term liquidity, that is to say, the management of events impacting on the liquidity position of the Cariparma Crédit Agricole Group in a time horizon from over-night to 12 months, has the main objective of maintaining the Group's ability to meet its recurring and non-recurring payment obligations, minimizing the relevant costs.

In order to monitor short-term liquidity management, the Cariparma Crédit Agricole Group has implemented a system of limits in accordance with the provisions set down by the Crédit Agricole SA Group, which is based on stress scenarios in order to ensure surplus liquidity on various time horizons and in increasingly stressful scenarios. The stress assumptions used cover idiosyncratic crises, systemic crises and global crises.

Medium-/long-term liquidity management entails the identification of alert thresholds by determining the Position en Ressources Stables (PRS) and Coefficient en Ressources Stables (CRS) indicators. They aim at ensuring the Group financial balance between stable resources (medium-/long-term market resources, resources from Customers, own funds) and long-term uses (non-current assets, loans to Customers and Customers' securities). PRS and CRS positive levels substantiate the Bank's ability to support its assets during a crisis.

In 2015, in compliance with the Basel III regulatory framework, the Group reported its LCR (liquidity coverage ratio) indicator to the Supervisory Bodies on a regular basis. The Group liquidity position is good, as substantiated by the LCR regulatory indicator coming to 114% as at 31 December 2015.

Market risk of the Trading Book

Market risk is generated by the position of the Banks that make up the Cariparma Crédit Agricole Group limited to the Trading Book for supervisory purposes. The Group does not carry out significant proprietary trading activities in financial and capital markets; the positions reported are exclusively those resulting from placing and trading operations performed to meet Customers' requirements.

Consistently with the Group policy, the Banks sell "over-the-counter" (OTC) derivatives to the various Customer segments, through a specialist team supporting its intermediation activities. Intermediated derivatives are hedged back-to-back in order to be immunized from market risk. Credit Support Annex (CSA) agreements have been signed with the market counterparties, in order to mitigate total exposure, whereas counterparty risk on Customers has not been mitigated.

The Group aims at meeting the financial requirements of Customers that use derivative instruments for their own purposes, mostly to hedge interest rate risk (Retail and Corporate mortgage loans) and exchange rate risk (Corporate). In this regard, the Risk Strategy provides for a limit in terms of mark-to-market at Group level, as well as limits in terms of nominal/notional value at single Bank level. In 2015, the Cariparma CA upgraded it operational process, being a subsidiary of the Crédit Agricole SA Group, in order to comply with the Volcker Rule and the "Loi francaise de séparation et de régulation des activitès bancaires" (LBF). The above regulations have applied to the Cariparma Crédit Agricole Group since July 2015. In 2015, no global limits, no operational limits and no alert thresholds were exceeded.

Operational risks

The definition of operational risk adopted by the Group is the one set down in the document "Basel II – International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision, which reads "Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events". This definition includes legal risk, which covers but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

The Risk Management and Permanent Controls Department is the reference structure in the management of operational risks at Group level and is responsible for ensuring the existence, completeness and relevance of the permanent controls implemented by the Group, by means of a structured and traceable control plan, as well, consequently, for assuring the General Management and the Boards of Directors that the various types of risks are actually under control.

In this regard, the Risk Management and Permanent Controls Department proactively participates in the most important corporate projects, especially those with high organizational impact, in order to provide its contribution, from the earliest phases, for consistent and complete preparation of the mechanisms for the management of the risks that are inherent in each project.

Since the fourth quarter of 2015, subsequent to the completion of the rationalization of the Group structures engaged in control functions, the Risk Management and Permanent Controls Department (Italian acronym DRPC) has been carrying out risk management and governance activities for all the companies of the Cariparma Crédit Agricole Group, including CALIT and Crédit Agricole Group Solutions.

The management of operational risks requires sharing and proactivity also by all corporate structures; therefore, within the scope of permanent controls and operational risks, in order be at all times fully aware of the risk issues associated to the different corporate processes, both specific control roles within the corporate departments, and mechanisms that are functional to the set targets are operating:

- Operational Risk Manager (ORM or with the Italian acronym MRO), who is responsible for reporting the presence of actual and potential risks in the various corporate structures and for coordinating the implementation of permanent controls;
- Control on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE), on Physical Security and on the Business Continuity Plan (BCP or with the Italian acronym PCO);
- Control on Information System Security;
- CISO (Chief Information Security Officer), who is responsible for monitoring and controlling all aspects concerning IT security, from the relevant policy to risk analysis and action plans;
- Business Continuity Manager (BCM), who is responsible for the Business Continuity Plan;
- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Fraud Prevention Unit (FPU or with the Italian acronym NAF), having the task of monitoring and making decisions on fraud-related problems;
- structures and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - the Risk Management Committee, which is described above;
  - the system of remote controls for the Distribution Network, together with early warning indicators, aimed at detecting any irregular situations;
  - Improvement Work Groups, meetings with the Branches that showed problems in the outcomes of permanent controls, of inspections carried out by the Internal Audit Department and in other verifications; during such meetings, together with the heads of the Retail Banking Areas, the problems detected are analyzed and an action plan for improvement is prepared;
  - the interfunction Work Group on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE), having the task of monitoring and making decisions on any problems regarding the contracting out of functions that are defined as "essential or important" in accordance with the applicable corporate and Supervisory rules;

As regards the activities that are outsourced and contracted out to external providers, they are always governed by a service agreement that, in addition to regulating the provision of the service, provides for a system of controls on the set qualitative and quantitative levels. In accordance with the various scopes, internal reference roles are identified within the Bank's structures, who report to the competent Departments of the Parent Company on the general reliability of the contract agreement.

Finally, special controls are triggered where the activities outsourced can be defined as “important/essential operational functions” (Italian acronym FOI), pursuant to the Bank of Italy – CONSOB (Italian Securities and Exchange Commission) joint regulation and to the 15th update of Bank of Italy Circular No. 263/2006; in this regard, the main corporate regulatory reference, consisting of a specific Group policy that implements the Supervisory provisions, organically defines the system of controls as required in case of outsourcing of important operational functions.

3. INTERNAL CONTROL SYSTEM

The Cariparma Crédit Agricole Group has progressively upgraded its internal control system to the applicable Supervisory provisions (Bank of Italy Circular No. 285/2013) and to the model implemented by the Controlling Company Crédit Agricole S.A.; therefore, it implements a system aimed at:

- Constant control of risks;
- Adequacy of the control activities to its organizational structure;
- Ensuring reliability, accuracy and promptness of reporting.

The internal control system provides for the involvement:

- of the Collective Bodies,
- of the Departments engaged in control functions,
- of the Supervisory Body,
- of the Independent Auditors,
- of the Banks’ Top Management;
- of all Staff Members.

The analysis and monitoring of risks are carried out based on Group references, which provide for verification of abidance by the regulatory terms, of the reliability of process and their exercise, security and compliance.

The control system provides also for the implementation of a mechanism of:

- permanent control, which comprises:
    - 1st degree controls, exercised on a continuous basis, at the start-up of an operation and during the process for its validation, by the employees performing it, by the persons they report to on solid line, or executed by the automated systems for operation processing; the activities for the production of accounting data and for the preparation of the Annual Report and Financial Statements are subject to specific first-degree controls that are carried out within the accounting units;
    - 2nd degree/first level (2.1) controls, which are carried out by persons engaged in operating tasks, but other than those involved in making the decisions on the transactions subject to control; specifically, within the central administrative structures, controls are performed to monitor all departments and roles that can access the accounting information system;
    - 2nd degree/second level (2.2) controls, which are carried out by staff who is engaged in specialist functions for top level permanent controls and is not authorized to take risks, i.e. staff engaged in Compliance, Risk Management and Permanent Controls functions;
- periodic control, consisting of a 3rd degree control, which is performed by the Internal Audit Department on a periodic basis through remote verifications, on-site inspections and audits of documents.

The updating of the regulatory system is also constantly focused on and, in addition to the upgrading to the regulations already implemented, also entails a coverage extension through specific policies that are in force for the Group as a whole.

The Departments, Divisions and Services engaged in 2n degree/2nd level (2.2) and 3rd degree controls report to the Board of Directors and to Crédit Agricole S.A. on:

- Activities carried out;
- Main risks detected;
- Identification and implementation of the mitigation mechanisms and the effects of their implementation.

Activities of the Validation Unit

The activities of the Validation Unit are governed by the specific Policy that was approved by the Board of Directors of Cariparma S.p.A. in February 2015. This document specifically sets down its work approaches, scopes of action and any significance thresholds for its verifications, as well as the reporting process and the control of evidence and of the relevant corrective actions. The regulation of the validation process is also exhaustively described in the methodological document published in December 2015, in accordance with the Guidelines issued by the "Validation Modèles Internes" Unit of Crédit Agricole SA.

The Validation Unit, which is provided for by the supervisory regulations, is responsible, among other things, for verifying:

- The accuracy and predictivity of the internal estimates of risk parameters;
- Proper use of the internally estimated risk parameters within management processes;
- Compliance with regulatory provisions of the governance model and of the features of the internal rating system;
- Compliance with the regulatory standards governing the architecture and operation of the information systems supporting the risk measurement process;
- The completeness, accuracy, consistency and integrity of the information used within the process to estimate risk parameters.

The Validation Unit of the Cariparma CA Group reports on a solid line to the Executive at the head of the Risk Management and Permanent Controls Department of Cariparma and on a dotted line to the "Validation Modèles Internes" Unit of Crédit Agricole SA.; it operates independently of the departments and roles that are responsible for the rating process and for loan authorization. All validation activities are certified on a yearly basis by the Internal Audit Department.

Internal Audit

The Internal Audit Department is independent of any and all departments and roles engaged in management and decision-making functions that entail risk-taking: indeed, its organizational placement provides for its reporting on a dotted line directly to the Chief Executive Officer of the Cariparma Crédit Agricole Group and for its solid-line reporting to the Group Internal Audit Department of the Parent Company Crédit Agricole SA.

The Internal Audit Department

- Performs periodic controls on the processes and on the organizational units of all the Companies of the Cariparma Crédit Agricole Group, as well as on Outsourced Important Operational Functions, through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky.
- Assesses whether the overall internal controls system operates effectively and whether it is fit to ensure:
    - The effectiveness and efficiency of the corporate processes as implemented;
    - The protection of the value of Group's assets;
    - Protection from losses;
    - The reliability and integrity of accounting and management data;
    - Compliance of operations with both the policies set down by the corporate governance bodies and with all applicable internal and external regulations;
- Provides the Top Management, the Corporate Bodies and the Parent Company C.A.sa with prompt and systematic reporting on the activities carried out.

Other information

Italian National Tax Consolidation Regime

In 2013, the option to adopt the tax consolidation scheme between the Group Companies was exercised, pursuant to Article 117 and following ones of the Italian Consolidated Act on Income Taxes (TUIR), in order to obtain the advantages, also in terms of profit and both actual and potential, resulting from its adoption. In 2015, the newly-incorporated consortium company Crédit Agricole Group Solutions also joined the tax consolidation scheme.

● *Tax-related disputes*

A disputed is pending on registration taxes with the *Agenzia delle Entrate*, the Italian Inland Revenue Service. The *Agenzia delle Entrate* has reclassified the transfers of branches from Intesa Sanpaolo to Cariparma and FriulAdria carried out in 2007 and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units. Based on this reclassification, the total amount jointly due by the various parties involved on various grounds in the specific transactions would be approximately Euro 40 million, plus interest. A similar dispute arose for a transaction carried out by CALIT with the Intesa Group for Euro 2.2 million. On this dispute, favourable decisions were issued by the competent Courts of second instance, against which the *Agenzia delle Entrate* filed appeal with the Italian Court of Cassation. On the other hand, the *Agenzia delle Entrate* did not file appeal for the dispute with CALIT.

Also in the light of the opinions, obtained at the beginning of these disputes, from leading Law Firms, as well as in the light of the favourable Court decisions issued, no provisions were allocated for these disputes

In 2014, a dispute started, again on registration taxes and based on the same grounds, regarding a similar transaction carried out in 2011, once again with the Intesa Sanpaolo Group. This dispute entails a request to pay taxes for a total amount of approximately Euro 13.5 million, plus interest. The considerations set forth above cannot but apply also to this latest dispute.

A tax-related dispute is pending concerning Cariparma as regards the sale of loans made in 2005 on a non-recourse basis to an unrelated securitization firm, for a disputed amount of taxes of Euro 5.5 million, plus penalties and interest. In the light of both the opinions obtained from leading Law Firms and of the latest issued administrative law practices that are relevant for this dispute, the Group believes that no provision is necessary.

A new dispute started in 2014 subsequent to non-payment to Cariparma of part of the specific tax account receivable provided for by Italian Decree-Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008.

With the above Law, the Italian State provided a contribution to tax payers that took out floating-rate mortgage loans for the purchase of their home amounting to the interest paid by the same tax payers in 2009 at a rate of over 4%. This amount was to be credited directly by the lending banks that would recover it through a tax account receivable.

The Italian Inland Revenue Service has refused to acknowledge the portion of this tax account receivable relating to amounts actually credited to Customers in 2010 and issued the relevant tax payment form. Consequently, Cariparma had to pay an amount of Euro 1.3 million and started a specific dispute.

However, the fist-instance judgement has confirmed the claim of the *Agenzia delle Entrate* as to the tax amount, while it overruled the penalty claim. However, the Bank will continue this dispute, believing that its position has valid grounds, as partially upheld in the fist-instance judgement.

In 2013, Banca Popolare FriulAdria was subject to a general audit by the *Agenzia delle Entrate*, which was followed by a Verification Report (Italian acronym PVC). Based on the allegations made in the Verification Report, in order to reduce the dispute cost, the case was resolved in the past years, within a specific settlement with acceptance petition, thus reducing the subsequent liability to an amount close to Euro 0.1 million. The petition did not include the allegations relating to transfer prices applied in transactions with foreign companies and contained in the verification report; these could lead to an assessment in terms of taxes amounting to approximately Euro 0.5 million, plus penalties and interest. The allegations are deemed groundless, since there are valid arguments supporting the Bank’s conduct. Consequently, no provision was allocated for this dispute.

As regards Carispezia, in the year, the *Agenzia delle Entrate* filed appeal against the second instance judgement, which was in favour of the Bank, on the dispute concerning registration taxes for an amount of approximately Euro 0.6 million regarding the tax rate applicable to the purchase of a business unit made in 2006 by Carifirenze, at the time Carispezia’s Controlling Company. Also in the light of the previous judgements, no provision was allocated for this dispute.

Information on transactions with related parties and atypical and/or usual transactions

The qualitative and quantitative analysis of the transactions made in the year with parties falling within the definition of related party as given by the “Regulation on Risk Assets and Conflict of Interest with Parties associated to the

Companies in the Cariparma Crédit Agricole Group" which was adopted by the Group in December 2012 and updated in July 2014, is reported in Part H of the Note to the Financial Statements, to which reference is made. Part H also includes the analysis of any atypical and/or unusual transactions in accordance with the definition given in CONSOB (Italian Securities and Exchange Commission) Regulation No. 11971/99.

Research and Development

No research and development activities were performed in the year.

Risks and uncertainties

The policies for the monitoring, management and control of risks remain key and priority pillars based of which the Banks will have to measure, both against one another and against domestic and international markets.

Reference is made to other sections of the Note to the Financial Statements for exhaustive reporting on the risks and uncertainties which the Group is exposed to (and on the techniques implemented for their mitigation), while it cannot but be emphasized once more the constant focus that the Group and its Management have kept on the monitoring of risks and uncertainties, also to comply with the countless recommendations that the national and international Authorities have been issuing on this topic.

Indeed, the Bank's governance bodies are fully aware that sustainable development and growth absolutely require also an effective analysis of the risks which the Bank is exposed to and of the relating uncertainties, in terms of impacts that these risks could have on the Group's financial position, cash flows and performance. Effective management and mitigation of the same risks to acceptably low levels are another crucial requirement for sustainable growth, also in order to protect savings (and, with them, Customers' confidence) on the one hand, and loans (healthy and drivers of growth) on the other.

The Management believes that the present overall performance of the domestic and international economies (financial and real) is such as to require, in addition to monetary and real policy measures to be adopted by supranational and national bodies (with the purpose of boosting the present weak recovery), also appropriate policies for constant enhancement of the monitoring of risks and uncertainties, such as the ones implemented by the Bank.

The Management is indeed fully aware that financial players must constantly implement growth and development policies that, at the same time, focus on the safeguarding and protection of the interests of all Stakeholders, without shirking, because of this very reason, the institutional role that the Bank as such plays both in terms of support to the economic and social fabric of its Customer Enterprises, and in terms of enhancement of that key factor for development and success which consists in effective and prudential management of savings.

PERFORMANCE OF THE CONSOLIDATED COMPANIES

The performance of Banca Popolare FriulAdria S.p.A.

Banca Popolare FriulAdria is subject to the management and coordination of Cariparma, who holds 80.17% of its share capital, while the remaining portion is publicly held.

In 2015 the Bank made a profit and reasserted its role in supporting the economy of the Regions in which it operates; moreover, it completed the optimization of its organizational structure and e the strengthening of its processes, both control and lending ones.

As at 31 December 2015, FriulAdria's net profit came to Euro 34.2 million, increasing by Euro 1.9 million vs. the previous year (up by +5.8%), despite the recognition of the ordinary and extraordinary contributions made to the Single Resolution Fund (SRF), to the Deposit Guarantee Schemes (DGS) and to the Bank and Small Investors Rescue schemes (Italian acronym SBPR).

The operating margin came to Euro 122.0 million, decreasing by Euro 10.5 million (down by -7.9%) vs the previous year; this decrease was mainly due to the recognition of the above-mentioned provisions for the resolution and recovery of credit institutions (Euro 8.3 million).

Operating income came to Euro 310.2 million, posting a slight decrease vs. 2014 (down by -0.4%), which was fully due to lower operations on the proprietary security portfolio, while revenues from business with Customers increased significantly.

Operating expenses increased (up by Euro +9.2 million, i.e. +5.2%). This performance reports also the recognition of Euro 8.3 million worth of ordinary and extraordinary contributions to the Single Resolution Fund (SRF), to the Deposit Guarantee Schemes (DGS) and to the Bank and Small Investors Rescue schemes (Italian acronym SBPR).

Net value adjustments of loans came to Euro 67.5 million, significantly decreasing by Euro 11.3 million (down by -14.3%) vs. the previous year.

The performance of Cassa di Risparmio della Spezia S.p.A.

Cassa di Risparmio della Spezia is subject to the management and coordination of Cariparma, who holds 80% of its share capital, while the remaining portion is held by Fondazione Cassa di Risparmio della Spezia.

For Carispezia, 2015 was the first complete period featuring operations on the new migrated perimeter, after the transfer of May 2014 of new assets from Cariparma (16 Branches, 1 Mid- Corporate Banking Market, 1 Private Banking Market and 1 Large-Corporate Account Manager); therefore, comparison with the previous year is not based on the same perimeter.

In 2015, Carispezia had a very good performance, with its net profit coming to Euro 26.7 million, increasing by Euro 5.6 million vs. the previous year, thanks to the good performance of income from operations (not on the same perimeter). Net income from operations increased from Euro 131.8 million in 2014 to Euro 151.6 million in 2015 (up by +15.0%), mainly driven by the good performance on net interest income (up by Euro +11.0 million, i.e. +15.3%) and of net commission income (up by Euro +9.4 million, i.e. +16.0%).

Operating expenses increased (up by Euro +9.3 million, i.e. +11.7%), due to the recognition of approximately Euro 2.5 million worth of ordinary and extraordinary contributions to the Single Resolution Fund (SRF), to the Deposit Guarantee Schemes (DGS) and to the Bank and Small Investors Rescue schemes (Italian acronym SBPR); net of these effects, operating expenses would increase by Euro +6.9 million (i.e. +8.6%).

Net value adjustments of loans came to Euro 24.5 million (up by Euro +6.5 million, i.e. +36.4%), impacted by some non-recurring items recognized in 2015 and by the effect of the Liguria perimeter that migrated in May 2014.

Based on the above, the profit before taxes on continuing operations came to Euro 38.8 million, increasing by Euro 5.8 million (up by +17.7%) vs. 2014.

The performance of Crédit Agricole Leasing Italia S.r.l. (CALIT)

The leasing market

In 2015, the growth started in the previous year continued, after two years (2012/2013) of continuous decrease. The figures for 2015 report a total value of new leases amounting to approximately Euro 17 billion, with a Y/Y increase of about 6% and the number of contracts increasing by 13% Y/Y. The driving segments were the vehicle one, posting a Y/Y increase of 15%, and the capital asset one increasing by 4% Y/Y. The naval-aviation and railway segments posted a total increase of 50%, but with limited volumes (Euro 311 million). The renewable energy segment decreased by -29% Y/Y and the real estate one by -5% Y/Y.

The Company's business performance

In 2015 new leases came to Euro 415.8 million, posting a significant increase vs. 2014, both in terms of intermediation volumes (up by +19.1%) and in terms of new contracts that were 2,990 (up by +9.7%).

The Company achieved a market share of 2.45%, an all-time high, ranking 15th in the sector for new leases and maintaining the same position it had in 2014.

The breakdown of 2015 production by component reports the strong contribution of capital assets accounting for 58.1% of total production, followed by the real estate segment accounting for 19.1%, motor vehicles for 13.7% and renewable energy for 9.1%.

In terms of risks, the parcelling continued of contracts with an average unit value of Euro 139 thousand; it is also to be reported that the average duration of contracts decreased to 86 months vs. 88 months in 2014.

The figure for production in the agri-food sector, which is key for the entire Group, is worth reporting, since it accounted for 14.5% of total production, in line with 2014, while, in terms of loans, the weight of outstanding loans increased to 7.8% of total loans from 7.2% in 2014.

It is worth reporting on the Company's performance in the segment of Renewable Energy supporting the green economy, which is a pillar for the Group. After the marked downsizing of State incentives, the renewable energy segment has become a niche one, where operations are with highly-qualified counterparties and for selected projects.

In terms of support to the green economy, the projects financed by CALIT in 2015 will produce clean energy covering the consumption of about 28,000 households.

Performance

Profit or Loss

Net interest income increased by 10.4% vs. 2014.

Net commission income came to Euro 0.6 million, essentially in line with the previous year. Operating expenses increased by 9.9% vs. the previous year.

Staff expenses increased by 2.6% and other administrative expenses by 19%, mainly due to non-recurring expenses for advisory services relating to the projects and non-recurring activities implemented in 2015.

The increase in Expenses, even though mitigated by the increase in the Net Interest and Other Banking Income, caused the Cost/Income ratio to come to 29.3%, still at an excellent level despite the increase vs. 28.7% in 2014, thus proving once more the structure effectiveness based on business volumes.

Gross income from operations came to Euro 21.3 million, increasing by 6.7% (i.e. up by Euro +1.3 million) vs. 2014.

The cost of risk remained at all time high levels (Euro 26 million), increasing vs. 2014 (up by +36%) with a 1.3% weight on average loans (vs. 1% in 2013). Within a plan shared with the Parent Company, also in 2015 the policies for prudential hedging of risks continued being implemented and the management of non-performing exposures was even more thorough and effective.

The Gross Profit came to Euro 4.7 million vs. essential break-even (Gross Profit of Euro 0.01 million) in the previous year.

The Income Statement reports a Net Loss of Euro 2.9 million.

The Balance Sheet

Loans and receivables were generated almost exclusively by lease transactions and came to Euro 1,879 million, decreasing vs. 2014 (down by -1.8%).

Even while continuing, the recession phase showed some recovery, with a decrease, over the last two years, in loans entering in a non-performing status, which went up by 5% Y/Y vs. +21% in 2013.

As at 31 December 2015, CALIT posted again a gap of over 10 percentage points vs. the players in the lease market (16.3% for Credit Agricole Leasing vs. 27.2% for the market) in the weight of non-performing loans on total loans for leases (source: Assilea).

Equity

Taking account also of the Loss for the period of Euro -2.9 million, Equity came to Euro 87.4 million (vs. Euro 90.4 million as at 31 December 2014).

As regards Capital Ratios, the Tier Total Capital ratio came to 8.4% vs. 8.9% as at 31 December 2014.

■ The performance of Crédit Agricole Group Solutions S.c.p.a

● *Profit or Loss*

Crédit Agricole Group Solutions ensures line-by-line consistency between the costs of the services provided and the considerations charged to the companies that are its members; in order to do this, the Company has implemented an industrial accounting model that allows accurate allocation of the costs borne for the services provided to the Consortium Customers. This ensures full compliance with the applicable legislation in force, which reads ”the considerations due by consortium members to the consortium shall not exceed the costs for the services provided”.

Therefore, in the first four months after its incorporation, the Consortium operated, within the Group, in continuity with the activities started by the member companies, with the objective to pursue and achieve the income objectives set by the Group.

Revenues for the last four months of 2015 totalled Euro 78.7 million and were calculated reallocating the expenses borne by the Consortium for the services provided to other companies of the Group, based on the adopted cost allocation model.

Operating expenses came to Euro 78.4 million, of which staff expenses accounted for Euro 15.9 million (i.e. 20.3% of total expenses), administrative expenses for Euro 46.1 million (58.8%) and depreciation and amortization for Euro 16.4 million (20.9%).

Specifically, the cost for staff (Euro 15.9 million) was the result of the transfer of 579 resources from Cariparma S.p.A. and of 93 resources from Banca Popolare FriulAdria S.p.A., working in IT & operations divisions.

The most part of administrative expenses consisted of external costs for services, amounting to Euro 41.8 million (i.e. 90.7 % of total administrative expenses).

Depreciation and amortization (amounting to Euro 16.4 million) resulted from the transfer of IT and telecommunication assets from the other companies of the Group, for a total net value of Euro 121.9 million and the accrued depreciation/ amortization for the period as regards an investment plan amounting to Euro 38.2 million.

Since the Consortium operates on a not-for-profit basis, all expenses borne for service provision were fully reallocated on the Consortium members and, consequently, the Income Statement for 2015 broke even.

Balance sheet

As at the reporting date, property, plant and equipment and intangible assets amounted to Euro 143.7 million.

Equity, amounting to Euro 39.8 million consists of Euro 40 million worth of share capital and Euro -0.2 million worth of provisions for valuation of Employees' severance benefits. The Share Capital is held by: Cariparma S.p.A., holding an 87.5% share, by Banca Popolare FriulAdria S.p.A. holding a 8.8% share, by Carispezia S.p.A. holding a 2.5% share, by CALIT S.r.l. holding a 1.2% share and by Eurofactor S.p.A., holding a 0.1% share.

Statement of reconciliation of the Parent Company equity and profit (loss) for the period and consolidated equity and profit (loss)

	31.12.2015	
	Equity	of which: Net profit (loss) for the period
Balance of the Parent Company accounts	**4,774,061**	**216,501**
Effect of consolidation of subsidiaries	148,312	39,914
Effect of the equity method accounting of significant equity investments	1,174	1,174
Dividends received in the period	-	-36,953
Other changes	-	-
Consolidated account balances	**4,923,547**	**220,636**

Outlook

General aspects

SIGNIFICANT EVENTS OCCURRED AFTER THE REPORTING DATE

As regards the Group, it is reported that, from 31 December 2015 to the date of approval of this Report, no events occurred which could generate significant changes in the Group's structure and in its profit (loss) for 2015.

MACROECONOMIC AND BANKING OUTLOOK FOR 2016

The sharp slowdown in world trade occurred in 2015, which initially seemed due to contingent factors, later proved persistent and this cannot but mean deep and long-lasting causes. In the opinion of the Managing Director of the International Monetary Fund[10], one of the reasons why the global economy is still so slow is that, seven years after the collapse of Lehman Brothers, financial stability has not yet been ensured: the financial sectors of many Countries continue to be weak and financial risks are mounting in emerging Countries.

Based on the latest estimates[11], the strengthening of the global economic activity (gross world product: up by +3.0% in 2016), especially in the Euro Area, and slow mitigation of the geopolitical tensions will lead to faster growth in world trade (up by +2.2% in 2016), but still at modest rates compared with the trends before the crisis and with the figures achieved in recent years. This scenario is being heavily impacted by some important economic transitions, which are causing ups and downs, especially China transaction towards a new growth model and the normalization of the United States monetary policy. Weak demand from emerging Countries, especially from China, will continue in 2016 since it results from the natural loss of momentum after the initial boosting effect of rapid industrialization. China has launched deep structural reforms aiming at higher salaries and better quality of life, trying to achieve a slower, more certain and sustainable growth that relies more on services and consumption and to a lesser extent on investments in commodities and on manufacture.

10 Christine Lagarde – Managing Director of the International Monetary Fund, editorial of 30 December 2015 on an Italian national newspaper.
11 Macroeconomic data: source Prometeia, Update to the Forecast Report of December 2015.

The second major transition is the Federal Reserve's determination to raise interest rates. Even though the Fed has stated that interest rates are going to remain low for quite some time, this transition reflects the better economic conditions of the United States, which is a positive factor also for the global economy. Low interest rates have contributed to the search for returns by investors, which has driven the taking of financial risks, higher prices of stocks and government securities, as well as credit supply to businesses. Therefore, also the Fed has to try and find a balance of opposites: normalization of interest rates and minimization of the risk of disruption in financial markets[12].

One of the factors that are favourable for a new start in global trade is certainly the recovery of important advanced economies, more robust in the United States (+2.4% in 2016) and in the United Kingdom, weaker in the Euro Area (+1.5% in 2016). On the other hand, downside risks are coming from the worsening geopolitical instability in Ukraine (and its impacts on Russia) and, even more so, in North Africa and in the Middle East, which is holding back activities in these economies and is causing world uncertainty to increase. The low prices of oil are also reducing demand for goods from oil-exporting countries, which heavily depend on foreign countries to procure products.

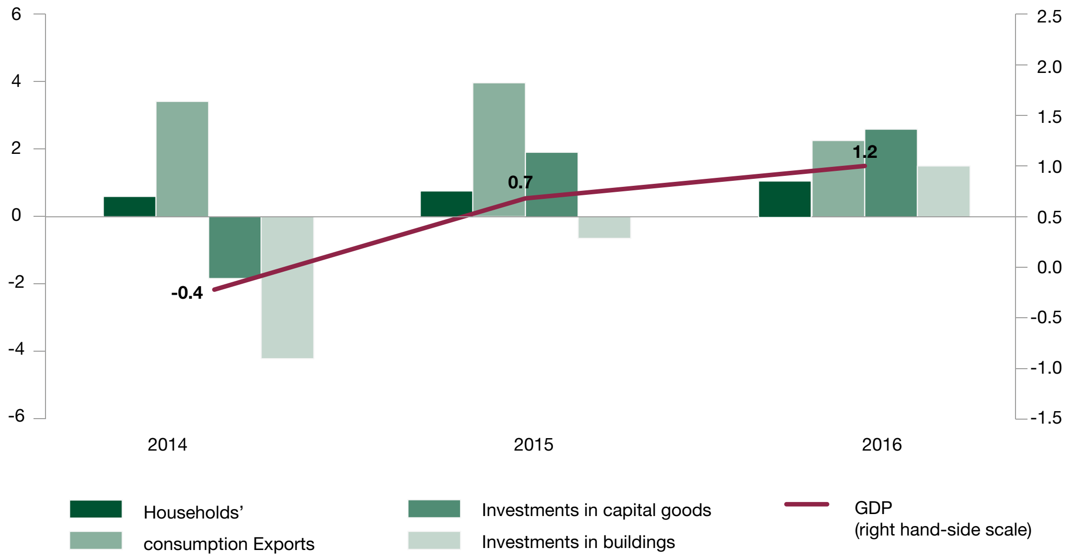
In 2016, the rate of growth in the Euro Area is expected to be the same as in 2015 (the GDP of the EMU up by +1.4%), with consumption remaining the main driver. The risks associated with this scenario go in two opposite directions: for possible underestimate of the positive effects of the decrease in the prices of commodities and of the negative ones linked to the loss of competitiveness for the actual appreciation of the Euro. Moreover, the Greek situation is keeping the whole of Europe in suspense. Indeed, Athens debt problem could transmit the contagion to other European countries and threaten the very existence of Europe single currency.

On top of this, there is the risk of the possible exit of Great Britain from the European Union. Analysts have estimated that "Brexit" could generate impacts, in terms of lower growth of the European Union GDP, ranging between 0.1% and 0.25% a year for ten years, since the United Kingdom accounts for 2.5% of Euro Area exports (as a percentage of the 2014 GDP), while China for 1.3% only.

The uncertainties in the global scenario are also impacting the yields of Government securities: in the first months of the year, the Italian BTP-German Bund spread returned to grow due to the combined effect of the decrease in German Government securities and the concomitant increase in Italian ones.

In 2016, the Italian economy will show no higher rate of growth than in 2015 (Italy GDP: +1.2% in 2016). The performance as expected for the 2016-17 two-year period is mainly linked to the strengthening of domestic demand, driven by improved confidence of businesses and households and by budgetary policies supporting growth. Moreover, oil prices, which are expected to remain low for quite some time, even with a gradually increasing trend, and interest rates at their all-time low will continue to generate positive effects on the disposable income of households and businesses.

Italy: GDP components[13] (Y/Y%)



12 See Christine Lagarde editorial of 30 December 2015 on an Italian national newspaper.
13 Macroeconomic data: source Prometeia, Update to the Forecast Report of December 2015.

Higher spending for consumption in the next two years will also be driven by the increase in the employment rate, by the progressive recovery in credit supply to households, by tax cuts and, for 2016, by the favourable trend in real income (up by +0.2%[14]). On the other hand, consumption may be restrained by the will to reconstitute higher savings, to before-crisis levels: households' propensity to save (measured by the portion of gross savings on disposable income) returned to increase over the last three years and came to 8.7%[15] in the third quarter of 2015. However, the gap vs. the 2000-2007 average (12.1%) remains wide.

In 2016, the ongoing propensity to save of households will lead to the increase in wealth invested in medium- and long-term financial instruments: the investors' allocation choices will increasingly go towards fixed deposit forms that can give higher returns than more liquid forms of deposit. Specifically, in the next few years, the weight of asset management will increase, even though at a lesser rate than in 2013-2015, driven by supply policies implemented by banks aimed at increasing profitability shifting towards a business model more focused on service provision.

Based on the latest estimates[16], in 2016 bank lending to businesses is expected to slowly increase, supporting the recovery of economic activities. However, lending to households and businesses will increase very gradually, also due to the banks' obligation to comply with more and more stringent regulatory and supervisory requirements.

In Italy lending riskiness has remained high also in 2016: the management of over Euro 200 billion worth of gross bad loans of the banking system, amounting to Euro 89 billion net of write-downs (figure of December 2015), will be one of the key issues to solve in order for Italian banks to return to supply credit and to grow.

Since the beginning of the year, bank stock prices have been very volatile, especially for some Italian intermediaries, and such volatility has been fuelled by the uncertainties about the international scenario, about the quality of bank assets and, more in general, about the possible effects of the implementation of the bail-in rules that entered into force on 1 January 2016.

In terms of income of the Italian banking system, in 2016 net interest income is expected to return to grow, even though it will still be penalized by a net interest spread well below before-crisis levels and by a still modest growth in lending volumes. Commission income will continue to support the development of revenues even though to a lesser extent than in the 2014-2015 two-year period.

The implementation of strategies to enhance operational efficiency will remain key for lenders; however, margins for further reduction of costs will be limited, also considering the developments in regulatory requirements – contributions to the Deposit Guarantee Scheme and to the National Resolution Fund – as well as the investments required to support the new service model (operating expenses up by +0.8% in 2016-2018).

Since 2015, the flow of adjustments of loans has progressively decreased, even though it has remained considerable due to the requirement to ensure adequate coverage ratios and will come to Euro 43 billion worth of accumulated adjustments for 2016-2018.

The Italian Banking System is expected to generate profits also in 2016 and the sector ROE will come to approximately 3.0%, vs. 1.7% in 2015.

Guidelines of the "2020 Strategic Ambitions" Medium-Term Plan

On 9 March 2016, the Crédit Agricole Group presented its "2020 Strategic Ambitions" Medium-Term Plan.

In Italy – a market that is undergoing transformation and is consolidating – the ambition of the Cariparma Crédit Agricole Group is to strengthen its leadership as a retail bank with a distinctive positioning in the Italian market, based on Customer centrality, multichannel models and digital innovation, investing in people and talents as the driver for its growth, leveraging on its belonging to the Crédit Agricole Group and relying on its soundness to start a new phase of organic growth on key segments and to achieve sustainable increase in its profitability.

More specifically, by 2019, the Cariparma Crédit Agricole Group has planned:

- Euro 625 million worth of investments;
- Faster transformation of its service model towards a multichannel mode in order to provide Customers with a better service;

14 Source Study Center of Confindustria (the main organization representing Italian manufacturing and service companies), Economic scenarios December 2015.
15 Source Study Center of Confindustria (the main organization representing Italian manufacturing and service companies), Economic scenarios December 2015.
16 Banking sector data: source Prometeia, Analisi e previsione dei bilanci bancari (analyses and forecasts, over a three-year horizon, of the main balance sheet and income statement aggregates of Italy's banking system) October 2015.

- The creation of a network of employees working as financial advisors;
- A digital platform for digitally-oriented Customers;
- Further growth in mortgage loans;
- The development of the Agri-Food and Mid-Corporate Divisions.

With following sales/financial macro-objectives:
- To reach 2 million Customers by 2019;
- Loans to Customers up by +5% per year (CAGR 2015-19);
- Direct funding from Customers up by +2% per year (CAGR 2015-19);
- Asset management up by +12% per year (CAGR 2015-19);
- Cost of risk < 60 bps by 2019.

■ Report on corporate governance and ownership structure – Information pursuant to Article 123-bis paragraph 2, letter b) of Italian Legislative Decree No. 58/98 (the Italian Consolidated Act on Finance – TUF)

● *Internal Controls System*

The Cariparma Crédit Agricole Group has progressively upgraded its internal controls system to the model implemented by the Controlling Company Crédit Agricole S.A., while ensuring full compliance of such system both with the Italian legislation, with reference to the Supervisory Provisions (specifically, Bank of Italy Circular No. 285/2013), and with the French legislation (where consistent with the Italian one).

The Group implements an internal controls system aimed at constant management of risks and at full adequacy of the control activities to its organizational structure, as well as at ensuring reliable, dependable, accurate and prompt reporting.

The internal control system provides for the involvement of:
- The Top Management;
- The Collective Bodies;
- The *Organismo di vigilanza* (Body in charge of offence prevention – AML, Terrorism Financing, etc. – provided for by the Italian Law);
- The Departments engaged in control functions;
- All Staff Members;
- The Independent Auditors.

The analysis and monitoring of risks are carried out based on Group references, which provide for verification of abidance by the regulatory terms, of the reliability of process and their exercise, security and compliance.

The control system provides also for the implementation of mechanisms of:
- permanent control, which comprises:
  - 1st degree controls, exercised on a continuous basis, at the start-up of an operation and during the process for its validation, by the employees performing it, by the persons they report to on solid line, or executed by the automated systems for operation processing; the activities for the production of accounting data and for the preparation of the Annual Report and Financial Statements are subject to specific first-degree controls that are carried out within the accounting units;
  - 2nd degree/first level (2.1) controls, which are carried out by persons engaged in operating tasks, but other than those involved in making the decisions on the transactions subject to control; specifically, within the central administrative structures, controls are performed to monitor all departments and roles that can access the accounting information system;
  - 2nd degree/second level (2.2) controls, which are carried out by staff who is engaged in specialist functions for top level permanent controls and is not authorized to take risks, i.e. staff engaged in Compliance, Risk Management and Permanent Controls functions.
- periodic control, consisting of a 3rd degree control, which is performed by the Internal Audit Department on a periodic basis through remote verifications, on-site inspections and audits of documents.

The updating of the regulatory system is also constantly focused on and, in addition to the upgrading to the regulations already in force, also entails a coverage extension through specific policies that are implemented for the Group as a whole.

The Departments, Divisions and Services engaged in 2n degree/2nd level (2.2) and 3rd degree controls report to the Board of Directors and to Crédit Agricole S.A. on:
- Activities carried out;
- Main risks detected;
- Identification and implementation of the mitigation mechanisms and the effects of their implementation.

● *Collective Bodies*

In line with the features of the Cariparma CA Group, in the traditional governance model of all the entities of the Group, the Board of Directors has a key role in achieving an effective and efficient system for the management and control of risks.

Specifically, the body engaged in strategic oversight functions has adopted organizational models and operating and control mechanisms that are suitable and complying with the reference regulations and with corporate strategies.

The Boards of Directors of the subsidiaries implement the risk policies providing for the management and the mitigation of risks as approved by the Board of Directors of the Parent Company; moreover, the Boards of Directors of the Group Banks determine the responsibilities of the corporate structures and departments, in order for the respective duties and tasks to be clearly assigned and for potential conflicts of interest to be prevented.

The Audit Committee for Internal Control, which is composed of Independent Directors, has the function to provide the Board of Directors with advice and proposals on the management of risks, of the accounting information system and on the internal controls system, in order to ensure an efficient and effective control system; it reports on a regular basis to the Board on these topics, expressing its opinions and assessments, and promptly triggering, where necessary, the appropriate corrective actions in case shortfalls or irregularities are detected.

In a specific document attached to the Annual Report and Financial Statements, both separate and consolidated, and to the condensed Half-year Financial Report, the Chief Executive Officer, together with the Manager in Charge, shall state that the administrative and accounting procedures used for financial reporting, both on a separate and consolidated basis, have been actually applied and are adequate for effective and reliable financial reporting.

● *Departments engaged in control functions*

The organization of the Cariparma Crédit Agricole includes three main structures that are engaged in control functions and are independent; within their scope of action and in accordance with their functions, these structures ensure constant control on all corporate operations and on the risks generated by such operations:
- the Risk Management and Permanent Controls Department (who includes the Validation Unit) and the Compliance Department, who are responsible for second degree – second level controls;
- the Internal Audit Department, who is responsible for third-degree controls.

Moreover, in compliance with the provisions of Article 154-*bis* of the Italian Consolidated Financial Act, the Manager in Charge has the task of overseeing the internal controls system concerning accounting and financial reporting.

● *Risk Management and Permanent Controls Department*

The Risk Management and Permanent Controls Department (Italian acronym DRPC) of the Cariparma Crédit Agricole Group, who is engaged in the function of risk management and permanent controls, is independent of any and all departments and roles engaged in management and decision-making functions that entail risk-taking: indeed, its organizational placement provides for its reporting on a dotted line directly to the Chief Executive Officer of the Cariparma Crédit Agricole Group and for its solid-line reporting to the Group Risk Management and Permanent Controls Department (DRG – Direction des Risques et contrôles permanents Groupe) of the Parent Company Crédit Agricole SA.

As regards control of structural and operational consistency, as reported before, the Risk Management and Permanent Controls Department carries out the management and control of risks for all the Companies of the Cariparma Crédit Agricole Group.

The Risk Management and Permanent Controls Department ensures that the relevant risks are monitored and oversees the relevant controls, through specialist structures that operate within the Department itself and are dedicated to the following scopes:

- Credit risks, including:
  1. Concentration risks;
  2. Counterparty risks;
- Market and financial risks;
- Operational risks, specifically including:
  1. Fraud risks;
  2. Insurance Coverage risks;
  3. Risks concerning the security of Information Systems (ISS);
  4. Risks concerning the Business Continuity Plan (BCP);
  5. Risks concerning the provision of "Outsourced Important Operational Functions (Italian acronym FOIE)", which the Parent Company Crédit Agricole S.A. calls "Provision of Outsourced Essential Services (PSEE)".

The activities of the Validation Unit have the objective of providing independent verification of:

- Tools;
- Technical organizational mechanisms;
- The system of the controls implemented for risk measurement, for the calculation of the minimum regulatory capital requirements, in order to verify their consistency over time with the regulatory provisions applicable for the use of advanced approaches.

The Risk Management and Permanent Controls Department of the Cariparma Crédit Agricole Group contributes to the definition and implementation of the Group risk management policies. Specifically, within its scope of operation, it:

- defines, in cooperation with the Chief Financial Officer (CFO), the Group Risk Appetite Framework, consistently with the guidelines and the strategic plan of the Parent Company Crédit Agricole S.A., setting the global operating limits within the scope of the Group Risk Strategy;
- contributes to the definition of lending policies;
- contributes to and validates the quantitative approaches for provisioning;
- gives its opinion on the main risk-taking instances.

The Risk Management and Permanent Controls Department is responsible also for the Group risk reporting. These reports are submitted on a quarterly basis to the Boards of Directors of the single Banks. The reporting produced by this Department covers, among other things, the policies for loan coverage and is addressed to the Top Management, with the objective of presenting the performance of the key risk indicators for more effective and prompter preparation of the action plans required to mitigate, prevent or avoid risk factors.

● *Compliance Department*

The Compliance Department has the mission of controlling and managing compliance risks, by continuously identifying the regulations that apply to the Group, as well as by measuring and assessing the impact of such regulations on the corporate processes and procedures and by defining the relevant prevention and control policies. Specifically, this Department has the objective of ensuring that the Customers' interests are always focused on, of ensuring crime prevention pursuant to Italian Legislative Decree No. 231/01, prevention of risks in terms of money-laundering and terrorism financing pursuant to Italian Legislative Decree No. 231/07, the prevention of risks in terms of market abuses, protection of the Group Companies, of its Employees and Top Management against risks of penalties, financial losses and reputational damage, also by providing advice and assistance.

Pursuant to the corporate regulations in force at the relevant time, this Department is in charge of and responsible for the implementation of regulations on anti-money-laundering/Counter-terrorism matters, the Banking and Financial Arbitrator, consumer credit, banking transparency, usury, FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard).

● *Manager in charge*

Pursuant to above-mentioned Article 154-*bis*, in a specific document attached to the Annual Report and Separate Financial Statements, the Annual Report and Consolidated Financial Statements and the Interim Condensed Financial Report:, jointly with the Chief Executive Officer, the Manager in Charge shall state:

- the adequacy and actual application of the administrative and accounting procedures;
- the consistency of the corporate and accounting documents with the records in the corporate boos and with the accounts;
- that the above Reports and Financial Statements are fit to provide a true and correct representation of the financial and cash flow position, as well as of the performance of the Bank and of the Group;

The Manager in charge shall also state that the Management Report includes a reliable analysis of the performance and profit (loss) from operations, as well as of the situation of the Bank and of the Group, and the description of the main risks and uncertainties to which they are exposed.

● *Internal Audit Department*

Third-degree controls are performed by the Internal Audit Department through periodic audits of the organizational structures, processes and behaviours; these activities are carried out consistently with its own audit model through on-site audit inspections and remote audits.

● *Statutory audit of the accounts*

The statutory audit of the accounts of the Cariparma Crédit Agricole Group is assigned to an independent auditing company that carries out the activities provided for by Article 14, paragraph 1 of Italian Legislative Decree No. 39 of 27 January 2010.

In specific reports, the independent Auditing Company expresses its opinion on the separate and consolidated financial statements, as well as on the half-year financial report.

The statutory audit of the accounts has been assigned to the company Reconta Ernst & Young S.p.A. until 31 December 2020.

■ CORPORATE SOCIAL RESPONSIBILITY

Social responsibility is an increasingly integral part of the corporate culture of the Cariparma Crédit Agricole Group and is developing in line with the economic, environmental and social expectations of the Group's Stakeholders in order to generate a long-term competitive advantage for the Bank.

The Group pursues the creation of economic and social value, also through a strategy aimed at supporting the communities it operates in, which provides for the importance of maintaining fruitful relations with the Bank's main stakeholders. To this purpose, the stakeholder engagement project continued also in 2015 – structured listening to all stakeholders – focusing on the inside of the organization, through a survey of activities underway and the strategic planning of corporate social responsibility actions, as well on the outside, through exchange of ideas on regular basis with the main stakeholders and through their involvement.

Corporate Social Responsibility (CSR) also contributes to the development of corporate strategies, fostering the creation of value for the Group's stakeholders through business initiatives, actions for the support to the communities and for the prevention and management of reputational risks.

Specifically, to this end, the Group has implemented two specific tools: the Sustainability Report and the FReD Project

The 2015 Sustainability Report has been prepared based on the GRI-G4 Sustainability Reporting Guidelines (In accordance – core) and presents a first-time consistency with Integrated Reporting principles, through a qualitative description of the main components of the Cariparma Crédit Agricole Group value creation model.

In this document the Bank talks about itself, its strategy and its values, and it reports its main Corporate Social Responsibility actions based on the material matters emerged through stakeholder engagement.

The fact that Cariparma Board of Directors approves the Sustainability Report concomitantly with its Annual Report and Financial Statements allows the Cariparma Crédit Agricole Group to inform all its Stakeholders, in one go, on its performance, in financial, social and environmental terms.

The FReD metaproject, a common reference framework for CSR policies, which was promoted by Crédit Agricole S.A., has been designed to implement a dynamic and innovative CSR policy and its main task is circulating practices and behaviours with high sustainability content.

It aims at collective and continuous development, promotion, improvement of the Group's actions in terms of corporate social responsibility. FReD is based on three reference scopes: Confidence (respect for its Customers), Respect (respect for people) and Demetra (respect for the environment).

For further information on the CSR actions implemented by the Cariparma Crédit Agricole Group, reference is made to the 2015 Social Responsibility Report and to the Website www.gruppocariparma.it/menu/responsabilita-sociale-d-impresa.

The FReD projects implemented in 2015 by the Cariparma Crédit Agricole Group are reported below:

PILLAR	PROJECTS	CRITERIA	DEVELOPMENT AXES	PROGRESS
CONFIDENCE	FATCA	Ensuring ethics is complied with in business and operations	Fraud preventions	Implemented
	Financial planning research lab	Building communication with the stakeholders	Customers	Implemented
	Integration of ESG standards in the sector-specific polices applying to lending	Developing our range of products and services and procedures that integrate social and corporate elements	Lending	2017
	ANFFAS Project – Carispezia	Making our products and services as accessible as possible	Access ensured to differently abled people	2016
	DonnAzienda Project Cariparma Group for women entrepreneurship		Accessibility to economically-vulnerable groups	2016
RESPECT	*Orientare* Project –Age management	Ensuring fairness and promoting diversity	Diversity promotion	Implemented
	Artemisia Project Boosting female talent			Implemented
	Internal communication project in cooperation with the Trade Unions	Promoting the staff's participation and social dialogue	Health	Implemented
	Food education	Fostering good quality of life at the workplace	Communication with	Implemented
	Adopt a Class	Promoting economic, social and cultural development of the community of operation	Stakeholders	2017
DEMETRA	Cavagnari Green Heart Project	Fostering green innovation in our industrial production (direct impacts)	Ecodesign in production processes	2018
	Vernazza rebirth – Carispezia			Implemented
	To work together! One step after another towards a more sustainable future – FriulAdria	Controlling our direct impact on the environment and protecting Nature		
	Continuing dematerializationof transactions slips		Transportation	Implemented
			Paper	Implemented
	Green mortgage loans products (indirect)	Developing a green range of impacts)	Loan supply	Implemented

Cariparma Crédit Agricole is a sound and responsible banking group, able to create value for households and businesses, while continuing to focus on its social mission.

Declaration of compliance of the Annual Report and Consolidated Financial Statements pursuant to Article 154-*bis* of Italian Legislative Decree No. 58/1998

CARIPARMA
CRÉDIT AGRICOLE

The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Cassa di Risparmio di Parma & Piacenza S.p.A., hereby certify, considering also the provisions of Article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics and
- the actual application

  of the administrative and accounting procedures for the formation of the Consolidated Financial Statement during the course of the 2015 financial year.

2. With regard to this, no significant aspects have emerged.

3. The undersigned certify also that:

   3.1 the consolidated report and financial statements as at 31 December 2015:

   a) have been drawn up in compliance with the applicable International Accounting Principles endorsed within the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the European Council dated 19 July 2002;
   b) correspond to the results recorded in the accounting books and registers;
   c) furnishes a true and correct representation of the capital, economic and financial situation of the Issuer.

   3.2 The management report includes a reliable analysis on the management trend and performance, as well as of the issuer's situation and a description of the major risks and uncertainties to which it is exposed.

Parma, 22 March 2016

Giampiero Maioli
Chief Executive Officer

Pierre Débourdeaux
Senior Manager in charge of the preparation of the Company accounting statements

Report of the Board of Auditors to the Statutory Separate Financial Statements and to the Consolidated Financial Statements as at 31 December 2015

Dear Shareholders,

The supervisory responsibilities of the Board of Auditors of Cassa di Risparmio di Parma e Piacenza S.p.A. (hereinafter also referred to simply as Cariparma) are mainly governed:

- By the Italian Civil Code,
- By Italian Legislative Decree No. 39 of 27 January 2010 ("Implementation of Directive 2006/43/EC on statutory audits of annual accounts and consolidated accounts"),
- By Italian Legislative Decree No. 58 of 24 February 1998 (the "Italian Consolidated Act on Finance");
- By the Italian legislation on the Bank of Italy's supervisory activities, with specific reference, as regards this point, to Italian Legislative Decree No. 385 of 1 September 1993 (the "Italian Consolidated Banking Act"), to Italian Legislative Decree No. 231 of 21 September 2007 ("Implementation of Directive 2005/60/EC concerning the prevention of the use of the financial system to launder criminal activities' proceeds and to fund terrorism, as well as Directive 2006/70/EC providing for the relevant implementation measures, as amended and integrated");
- By the Instructions and Provisions issued by the Bank of Italy, especially the Supervisory Provisions concerning Banks' organization and corporate governance.

All the above being given, in the reporting year, this Board of Auditors performed its supervisory tasks as provided for by the above legislation, also in accordance with the Principles of Conduct recommended by the *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili* (the Italian National Association of Chartered Accountants).

Supervisory activities

In the reporting year, this Board supervised:

- Full compliance with the applicable rules of law and regulations and with the Articles of Association, correct management, the adequacy of the organizational and accounting structures (as regards the aspects falling within the Board's responsibility);
- The effectiveness and operation of the overall system of internal controls;
- The adequacy of the system for risk management and control;
- Correct exercise of strategic and management control carried out by Cariparma in its capacity as the Parent Company.

Moreover, pursuant to Articles 16 and 19 of the above-mentioned Italian Legislative Decree No. 39/2010, this Board supervised:

a) The financial reporting process;
b) The effectiveness of the systems of internal control, internal audit and risk management;
c) The statutory audit of annual accounts, both separate and consolidated;
d) The independence of the statutory auditor or of the audit company tasked with the statutory audit of the accounts, especially as regards the provision of services other than audit ones to the entity subject to the statutory audit of the accounts.

In order to perform all the above, in the period from the date of preparation of the Report to the 2014 Financial Statements to today's date, the Board of Auditors held 49 meetings (substantiated by the relevant minutes entered in the Book of minutes of the meetings of the Board of Auditors); specifically, the Board:

- Carried out its self-assessment on 16 April 2015, with reference to the 2014 period, verifying its own adequacy in terms of composition, professional skills, availability of time and operation. The above self-assessment was carried out in accordance with Article 29 of the Company's Articles of Association in force, which is compliant with the provisions issued by the Bank of Italy;
- Implemented its annual work plan, which included meetings with the various corporate departments and roles on a regular basis. These activities mainly consisted of meetings with the Top Management, the Heads of Central Departments engaged in control functions (Compliance, Risk Management and Permanent Controls, Internal Audit) and the Head of Departments and Divisions engaged in the management of operations and administration;
- Carried out professional refresher and training activities, also by participating in the meeting, organized by the Company in cooperation with *ABI Formazione* (an entity of the Italian Banking Association engaged in training) on the “Role and functions of the Control Body in the evolution of the regulatory scenario”, within the “Project on Circular 263” (15th update to Circular No. 263/2006 of the Bank of Italy).

Moreover, this Board:

1. Participated in all General Meetings, in all meetings of the Board of Directors and of the Executive Committee and, therefore, it can attest that these meetings were held in compliance with the Articles of Association and the applicable legislation governing their operation, and it can reasonably state that the actions that were resolved complied with the applicable rules of law and with the Company's Articles of Association and that they were not blatantly imprudent, risky, in conflict of interests or such as to jeopardize the Company's assets and equity;
2. Obtained information from the Directors, thanks to its participation in the meetings of the Board of Directors and of the Board Committees and in the meetings with the Top Management (Chief Executive Officer, Co-General Manager, Vice-General Manager), on the general performance and outlook of operations, as well as on the most significant transactions, in terms of their size or features, carried out by the Company. The Executive Committee and the Chief Executive Officer regularly reported to the Board of Directors on the exercise of their respective responsibilities and powers, as well as on all significant transactions;
3. The Board of Auditors supervised intra-group transactions and transactions with related parties, by participating, represented by its Chairman or by an Auditor acting as the Chairman's deputy, in the Related Parties Committee (set up with a resolution of the Board of Directors dated 24 November 2010) and in the meetings of the BoD and of the Executive Committee, in accordance with the “Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Cariparma Crédit Agricole Group”. Moreover, the Board of Auditors acknowledges that, in paragraph 2 of “Part H” of the Note to the Financial Statements, the Board of Directors stated that “in the year, no atypical or unusual transactions were carried out whose size or features might have jeopardized or affected the protection of corporate assets and the interests of minority shareholders”;
4. Participated, represented by its Chairman and/or another of its Members, in the Loan Committee of the Bank and of the Group;
5. Participated, represented by its Chairman and/or another of its Members, in the Appointments Committee and Remuneration Committee of the Bank and of the Group;
6. Monitored – specifically at the meetings between the Board of Auditors, the Top Officers and the Heads of Departments engaged in control functions (the so-called Internal Control Committee) – the outcomes of the control activities, the progress in the internal audit, risk management and compliance projects, also regarding the Integrated Control System and in terms of anti-money-laundering and MiFID;
7. Supervised the effectiveness and proper operation of the overall system of internal controls, also through regular and constant meetings with the Risk Management and Permanent Controls Central Department, the Internal Audit Central Department, the Compliance Central Department and with the Manager in charge of the preparation of the accounting documents, receiving copies of the reports prepared by the various Corporate Bodies and Committees engaged in control functions. Moreover, in this regard, it is reported that this Board participated, represented by its Chairman and/or another of its Members, in the meetings of the Internal Control Audit Committee;
8. Operated in coordination with the Audit Company in charge of the statutory audit of the accounts, Reconta Ernst & Young S.p.A (who has been entrusted with the statutory audit of the accounts for the 2012-2020 period pursuant to the resolution of the General Meeting dated 23 April 2012): to this end, regular meetings were held, both to examine the quarterly accounts and to exchange information as relevant for the performance of the respective tasks and for the analysis of the work carried out by the Audit Company.

It is pointed out that the Independent Audit Company did not inform the Board of Auditors, at the above meetings or with other procedures, of any irregularities, problems and/o inadequacy detected: moreover, the Board acknowledges that it has received the report pursuant to Article 19, paragraph 3 of Italian Legislative Decree No. 39/2010 issued on 31 March 2015, which does not contain any findings of significant deficiencies in the internal control system regarding the financial reporting process.

This Board has also verified that the Company tasked with the statutory audit of the accounts published the annual transparency report on its website pursuant to Article 18 of the above-mentioned Italian Legislative Decree No. 39 of 27 January 2010 in compliance with the terms set down by law and provided this Board with the annual confirmation of independence pursuant to Article 17, paragraph 9, letter a of the above-mentioned Italian Legislative Decree No. 39/2010;

9. Supervised the consistency and compliance of the Internal Capital Adequacy Assessment Process (ICAAP) with the set regulatory requirements. Moreover, this Board obtained relevant information on this matter from the competent Departments and Roles – including the Risk Management and Permanent Controls Department – at the meetings held on a regular basis.

   Specifically, the Document "ICAAP Report as at 31 December 2014" was submitted to the Board of Directors on 29 April 2015 after being examined by this Board, whereas the "ICAAP Report as at 31 December 2015" will be submitted to the Board of Directors on 28 April 2016;
10. Worked in close cooperation with the Boards of Auditors of the Subsidiaries, also through joint meetings held with their respective Control Bodies; at these meetings, no elements emerged which were to be submitted to the Shareholders of the Controlling Company;
11. Worked in cooperation, also through specific meetings and contacts, with the *Organismo di Vigilanza*, the Body in charge of offence prevention – AML, Terrorism Financing, etc. – provided for by Italian Legislative Decree No. 231/01, in whose meetings the Chairman of the Board of Auditors and/or another Auditor are regularly invited to participate.

Moreover, in 2015 this Board specifically expressed its favourable opinions on the matters set forth below:

- Proposal for determining the variable remuneration to be awarded to the Chief Executive Officer for 2014;
- "Report on Non-Compliance Risks for 2014";
- "Report on the 2015 Programme" for the issue of Covered Bonds;
- Letter to CONSOB (Italian Securities and Exchange Commission) on decisions made in terms of sale of complex products;
- "Report of the Compliance Control Function for 2014";
- "Report on Risk Management Activities for 2014";
- "Report on Internal Audit Activities for 2014";
- Report on "Assessment of the procedures followed for outsourcing of cash handling" and "Internal Audit Report – Cash Handling Process";
- "Report on the internal validation activities and annual report made by the Internal Audit Department on the AIRB System".

Moreover, in 2015 and in the first part of 2016, this Board monitored the activities for the upgrading to the IVASS – Bank of Italy indications on insurance policies linked to loans (PPI – Payment Protection Insurance); it also examined, in cooperation with the competent Departments and roles, the reply to the Bank of Italy following the communication sent on 26 November 2015 to the Parent Company and to Banca Popolare FriulAdria on the outcomes of the audits carried out by the Bank of Italy Head Office – Consumer Protection and Anti-money-laundering Directorate.

This Board also supervised the transfer of a business unit for the incorporation of "Crédit Agricole Group Solutions Società Corsortile per Azioni", a non-for-profit consortium company that provides services to and/or in the interest of its members, of whose share capital as at 31 December 2015 Cariparma S.p.A. held 87.5%. Through the above-reported transfer, all activities relating to the Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, Human Resources Administration areas were transferred to the new company. The balance sheet upon transfer reported a book value of the transferred assets equal to Euro 147.2 million (consisting of property, plant and equipment, tax assets and cash and cash equivalents), and transferred liabilities amounting to Euro 108.7 million (consisting of employees' severance benefits, due to staff and trade payables) plus contributions in cash for approximately Euro 1.5 million, for a net accounting balance of Euro 40 million.

As already pointed out in the Report to the Financial Statements for the previous reporting period, this Board, within its responsibilities, continued to monitor the activities and projects for the strengthening of the governance structures and their upgrading to the size reached by the Cariparma Crédit Agricole Group and to the complex market scenario, with specific regard to the adequacy of controls of business risks. In this regard, this Board acknowledges that (as exhaustively explained in the Management Report), in 2015, the Cariparma Crédit Agricole Group proactively continued to implement the internal controls system in force, in compliance with the corporate regulations, the supervisory provisions issued by the Bank of Italy and with the guidelines issued by the Controlling Company Crédit Agricole S.A. On this matter, it is to be stressed the increasing focus on the Risk Strategy, which sets the levels of risk (credit, financial, market and operational risks) which the Group deems adequate to its development strategy. Based on the Strategy, global limits are set (alert thresholds) and are appropriately integrated with operational limits that are specific to each single Entity in the Group. In this regard, it is also reported that, within the process for upgrading to the Supervisory regulations, in 2015 the Cariparma CA Group also completed a process for the definition of its Risk Appetite Framework (RAF), consistently with the guidelines and with the strategic plan of the Parent Company.

In the reporting period and up to the date of preparation of this Report, no charges were filed pursuant to Article 2408 of the Italian Civil Code.

Separate and Consolidated Financial Statements and proposal to allocate the profit for the period

The Annual Report and Financial Statements as at 31 December 2015 are governed by Italian Legislative Decree No. 38 of 28 February 2005 and by Circular No. 262 issued by the Bank of Italy on 22 December 2005, as updated on 15 December 2015 (fourth update) and were prepared in accordance with the International Accounting Standards/ International Financial Reporting Standards (IAS/IFRS) applicable and in force as at 31 December 2014, and endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002. In the Note to the Financial Statements, the Management Body stated that no derogations were made to the application of the IAS/IFRS.

The Separate Financial Statements and the Management Report accompanying them are deemed adequate to provide information on the Bank's situation, its performance in the reporting period and outlook (also taking account of the indications given in the joint document issued by the Bank of Italy/CONSOB (Italian Securities and Exchange Commission)/ISVAP (Italian Insurance Supervisory Authority) No. 4 of 3 March 2010, on the application of IAS/IFRS).

The Consolidated Financial Statements as at 31 December 2015 are governed by Italian Legislative Decree No. 38 of 28 February 2005 and by Circular No. 262 of the Bank of Italy of 22 December 2005, as amended in December 2014, and were prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards (IAS/IFRS) as well as with the relevant interpretations issued by the IFRIC, as endorsed by the European Commission pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

As specified by the Directors in the Note to the Consolidated Financial Statements, the consolidation perimeter includes, in addition to the Parent Company Cariparma, the subsidiaries Banca Popolare FriulAdria S.p.A., Cassa di Risparmio della Spezia S.p.A., Crédit Agricole Leasing Italia S.r.l., Sliders S.r.l., Cariparma OBG S.r.l. and Mondo Mutui Cariparma S.r.l (which, even though not formally a subsidiary, since it is a special-purpose entity, has been consolidated on a line-item basis pursuant to IFRS 10 – Special Purpose Entities) and the newly-incorporated "Crédit Agricole Group Solutions – Società Consortile per Azioni".

Having regard to the Consolidated Financial Statements as at 31 December 2015, the General Meeting is also informed that this Board supervised their general layouts, their general compliance with the applicable law in terms of preparation and layouts and, on this matter, no remarks are to be made. Moreover, this Board verified compliance with the standards concerning the preparation of the Management Report.

The Board of Auditors also acknowledges that it received the reports prepared by the Independent Auditors in charge of the statutory audit of the accounts on the Separate Financial Statements and on the Consolidated Financial Statements as at 31 December 2015, which were issued on 25 March 2016 and which contain no remarks and no requests for further information.

As to allocation of the net profit for the period, this Board acknowledges that, on 22 February 2016, it received a letter from the Bank of Italy – Bologna Office, containing a request for specific care in dividend distribution and inviting Banking Groups to take due account of the indications issued by the European Central Bank in its Recommendation of 17 December 2015 on dividend distribution policies (ECB/2015/49). In this regard, this Board can attest that it verified the compliance of the proposal for resolution on net profit distribution with the above indications. Within the scope of its responsibilities and being said that the proposal for net profit distribution is compliant with the indications issued by the Regulator, this Board would like to emphasize to Shareholders that it will be important that the future dividend distribution policies take account of these aspects in the light of the competitive scenario e overall evolution of the Banking Group and of its medium-term development plan.

Conclusions

Dear Shareholders,

Given that the reports received to date from Reconta Ernst & Young S.p.A., the independent auditors in charge of the statutory audit of the accounts of Cariparma S.p.A. as at 31 December 2015, contain no remarks and no requests for further information, given the information received to date from the Manager in charge of the preparation of the corporate accounting documents, who, in his Report pursuant to Article 154-bis of the Italian Consolidated Act on Finance (TUF), does not point out any deficiencies or problems, the Board of Auditors, based on the activities it carried out and on all the above, expresses its favourable opinion on the approval of the Financial Statements, the Management Report to the Financial Statements and the proposal for the allocation of the net profit for the period, as submitted by the Board of Directors for your examination and approval.

Finally, at the expiry of its term of office, the Board of Auditors would like to thank the Shareholders, the Directors, the Management and all the Staff of the Bank for the trust shown in the Board Members and for the cooperation and help constantly given in performing their tasks.

Parma, Italy, 4 April 2016

The Board of Auditors

(Paolo Alinovi)

(Luigi Capitani)

(Angelo Gilardi)

(Stefano Lottici)

(Marco Ziliotti)

Independent Auditors' Report

Building a better working world

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel: +39 02 722121
Fax: +39 02 72212037
ey.com

INDIPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED JANUARY 27, 2010
(Translation from the original Italian text)

To the Shareholders of Cassa di Risparmio di Parma e Piacenza S.p.A.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Cassa di Risparmio di Parma e Piacenza S.p.A. and its subsidiaries (the "Cariparma Crédit Agricole Group"), which comprise the balance sheet as at December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and the related explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors are responsible for the preparation and the fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's 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) implemented in accordance with art. 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The 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 and fair presentation of the consolidated financial statements 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 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 Cariparma Crédit Agricole Group as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the consolidated financial statements, as required by law. The Directors of Cariparma Crédit Agricole Group are responsible for the preparation of the Management Report and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Management Report and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the consolidated financial statements of the Cariparma Crédit Agricole Group as at December 31, 2015.

Milan, March 25, 2016
Reconta Ernst & Young S.p.A.
Signed by: Massimiliano Bonfiglio, Partner

This report has been translated into the English language solely for the convenience of international readers.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

Assets		31.12.2015	31.12.2014
10.	Cash and cash equivalents	1,390,189	285,002
20.	Financial assets held for trading	107,934	210,965
30.	Financial assets designated at fair value	-	15,972
40.	Financial assets available for sale	5,808,849	6,207,042
50.	Investments held to maturity	-	-
60.	Loans to banks	2,869,109	3,277,775
70.	Loans to Customers	36,462,501	37,275,835
80.	Hedging derivatives	692,455	924,205
90.	Fair value change of financial assets in macro-hedge portfolios (+/-)	11,191	11,144
100.	Equity investments	2,583	18,909
110.	Reinsurers' share of technical reserves	-	-
120.	Property, plant and equipment	487,556	460,169
130.	Intangible Assets	1,894,026	1,906,679
	of which: goodwill	1,575,536	1,575,536
140.	Tax assets	1,177,577	1,168,780
	a) current	374,177	347,586
	b) deferred	803,400	821,194
	b1) pursuant to Italian Law No. 214/2011	738,304	745,945
150.	Non-current assets held for sale and discontinued operations	-	-
160.	Other assets	469,207	441,032
Total assets		**51,373,177**	**52,203,510**

Liabilities and Equity		31.12.2015	31.12.2014
10.	Due to banks	4,289,627	6,781,410
20.	Due to Customers	28,402,451	25,314,421
30.	Debt securities issued	10,597,134	11,831,609
40.	Financial liabilities held for trading	117,472	219,593
50.	Financial liabilities designated at fair value	-	-
60.	Hedging derivatives	670,155	702,955
70.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	536,339	655,095
80.	Tax liabilities	335,429	373,426
	a) current	209,020	251,673
	b) deferred	126,409	121,754
90.	Non-current liabilities held for sale and discontinued operations	-	-
100.	Other liabilities	990,561	1,013,357
110.	Employee severance benefits	144,318	156,011
120.	Provisions for risks and charges	151,542	176,052
	a) Post-employment benefits	20,117	22,873
	b) Other provisions	131,425	153,179
130.	Technical reserves	-	-
140.	Valuation reserves	76,615	43,254
150.	Redeemable shares	-	-
160.	Equity instruments	-	-
170.	Reserves	1,014,072	953,260
180.	Share premium reserve	2,735,462	2,735,462
190.	Capital	876,762	876,762
200.	Treasury shares (+/-)	-	-
210.	Equity attributable to minority shareholders	214,602	210,689
220.	Profit (Loss) for the period	220,636	160,155
Total liabilities and equity		**51,373,177**	**52,203,510**

CONSOLIDATED INCOME STATEMENT

Items		31.12.2015	31.12.2014
10.	Interest income and similar revenues	1,245,127	1,392,722
20.	Interest expense and similar charges	(303,843)	(451,151)
30.	**Net interest income**	**941,284**	**941,571**
40.	Commission income	700,374	676,116
50.	Commission expense	(28,254)	(26,772)
60.	**Net commission income**	**672,120**	**649,344**
70.	Dividends and similar revenues	7,570	8,400
80.	Net gains (losses) on trading activities	10,420	2,154
90.	Net gains (losses) on hedging activities	(14,456)	(4,756)
100.	Gains (losses) on disposal or repurchase of:	34,766	28,315
	a) loans	(14,031)	3,157
	b) financial assets available for sale	51,011	29,372
	c) financial assets held to maturity	-	-
	d) financial liabilities	(2,214)	(4,214)
110.	Net profit (loss) of financial assets and liabilities designated at fair value	(421)	(1,933)
120.	**Net interest and other banking income**	**1,651,283**	**1,623,095**
130.	Net losses/recoveries on impairment of:	(313,730)	(390,460)
	a) loans	(311,748)	(391,010)
	b) financial assets available for sale	(878)	(301)
	c) financial assets held to maturity	-	-
	d) other financial transactions	(1,104)	851
140.	**Net income from banking activities**	**1,337,553**	**1,232,635**
150.	Net premium	-	-
160.	Balance of other revenues/expenses from insurance operations	-	-
170.	**Net income from banking and insurance activities**	**1,337,553**	**1,232,635**
180.	Administrative expenses:	(1,181,907)	(1,112,779)
	a) personnel expenses	(585,610)	(580,934)
	b) other administrative expenses	(596,297)	(531,845)
190.	Net provisions for risks and charges	(12,716)	(19,518)
200.	Net adjustments to (recoveries on) property, plant and equipment	(29,564)	(28,631)
210.	Net adjustments to (recoveries on) intangible assets	(61,636)	(60,899)
220.	Other operating expenses/income	286,873	281,604
230.	**Operating expenses**	**(998,950)**	**(940,223)**
240.	Gains (losses) on equity investments	10,790	210
250.	Net gains (losses) from property, plant and equipment and intangible assets designated at fair value	-	-
260.	Impairment on goodwill	-	-
270.	Gains (losses) on disposal of investments	136	(4)
280.	**Profit (loss) before taxes on continuing operations**	**349,529**	**292,618**
290.	Income taxes for the period on continuing operations	(118,645)	(123,536)
300.	**Profit (loss) after taxes on continuing operations**	**230,884**	**169,082**
310.	**Profit (loss) after taxes from discontinued operations**	**-**	**-**
320.	**Profit (Loss) for the period**	**230,884**	**169,082**
330.	Profit (loss) for the period attributable to minority shareholders	(10,248)	(8,927)
340.	**Parent company’s net profit (loss) for the period**	**220,636**	**160,155**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Items		31.12.2015	31.12.2014
10.	**Profit (loss) for the period**	**230,884**	**169,082**
	Other income components after taxes with no reversal to Income Statement		
20.	Property, plant and equipment	-	-
30.	Intangible Assets	-	-
40.	Actuarial gains (losses) on defined-benefit plans	5,778	(10,836)
50.	Disposal groups	-	-
60.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
	Other income components after taxes with reversal to Income Statement		
70.	Hedging of foreign investments	-	-
80.	Exchange rate differences	-	-
90.	Cash flow hedges	-	-
100.	Financial assets available for sale	30,402	100,069
110.	Disposal groups	-	-
120.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
130.	**Total other income components after taxes**	**36,180**	**89,233**
140.	**Comprehensive income (Item 10+130)**	**267,064**	**258,315**
150.	Consolidated comprehensive income attributable to minority Shareholders	13,066	11,434
160.	**Total comprehensive income attributable to the Parent Company**	**253,998**	**246,881**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Capital: Ordinary shares	Share premiums reserve	Reserves: Retained earnings	Reserves: Other	Valuation reserves	Profit (Loss) for the period	Shareholders' equity
GROUP EQUITY AS AT 31.12.2014	**876,762**	**2,735,462**	**968,416**	**-15,156**	**43,254**	**160,155**	**4,768,893**
MINORITY INTERESTS AS AT 31.12.2014	**61,477**	**102,913**	**32,127**	**2,939**	**2,305**	**8,927**	**210,688**
ALLOCATION OF NET PROFIT FOR PREVIOUS PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	-	-	59,642	-	-	-59,642	-
Dividends and other allocations	-	-	0	-	-	-109,440	-109,440
CHANGES FOR THE PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in reserves	-	-	-	-	-	-	-
Transactions on equity	-	-	-	-	-	-	-
Issue of new shares	25	-	-	-	-	-	25
Purchase of treasury shares	-	-	-	-	-	-	-
Charity	-	-	1,229	-	-	-	1,229
Consolidation adjustments	-	-	20	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	36,180	230,884	267,064
GROUP EQUITY AT 31.12.2015	**876,762**	**2,735,462**	**1,029,228**	**-15,156**	**76,615**	**220,636**	**4,923,547**
MINORITY INTERESTS AS AT 31.12.2015	**61,502**	**102,913**	**31,877**	**2,939**	**5,123**	**10,248**	**214,602**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Capital: Ordinary shares	Share premiums reserve	Reserves:		Valuation reserves	Profit (Loss) for the period	Shareholders' equity
			Retained earnings	Other			
GROUP EQUITY AS AT 31.12.2013	**876,762**	**2,735,462**	**898,779**	**-19,188**	**-43,473**	**150,444**	**4,598,786**
MINORITY INTERESTS AS 31.12.2013	**53,998**	**101,905**	**33,953**	**2,939**	**-202**	**6,725**	**199,318**
ALLOCATION OF NET PROFIT FOR PREVIOUS PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Reserves	-	-	64,589	-	-	-64,589	-
Dividends and other allocations	-	-	0	-	-	-92,580	-92,580
CHANGES FOR THE PERIOD	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in reserves	-	-	-	-	-	-	-
Transactions on equity	-	-	2,100	-	-	-	2,100
Issue of new shares	7,479	5,040	-	-	-	-	12,519
Purchase of treasury shares	-	-	-	-	-	-	-
Charity	-	-	1,300	-	-	-	1,300
Consolidation adjustments	-	-4,032	-	4,032	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	89,234	169,082	258,316
GROUP EQUITY AS AT 31.12.2014	**876,762**	**2,735,462**	**968,416**	**-15,156**	**43,254**	**160,155**	**4,768,893**
MINORITY INTERESTS AS AT 31.12.2014	**61,477**	**102,913**	**32,127**	**2,939**	**2,305**	**8,927**	**210,688**

CONSOLIDATED CASH FLOW STATEMENT AS AT 31 DECEMBER 2015

	31.12.2015	31.12.2014
A. OPERATING ACTIVITIES		
1. Operations	**1,216,531**	**1,250,634**
- profit (Loss) for the period (+/-)	220,636	160,155
- gains (losses) on financial assets held for trading and financial assets/liabilities designated at fair value (-/+)	-2,589	5,582
- gains/losses on hedging activities (-/+)	-14,456	-4,756
- net value adjustments/writebacks for impairment (+/-)	293,660	371,397
- net adjustments/writebacks of property, plant and equipment and intangible assets (+/-)	91,200	89,530
- net provisions for contingencies and liabilities and other expenses/revenues (+/-)	12,716	19,518
- unpaid taxes and levies (+)	118,645	123,536
- net adjustments/writebacks of disposal groups net of tax effects (-/+)	-	-
- other adjustments (+/-)	496,719	485,672
2. Liquidity generated/absorbed by financial assets	**1,625,517**	**-2,495,442**
- financial assets held for trading	106,041	118
- financial assets designated at fair value	15,551	-17,905
- financial assets available for sale	426,213	-1,217,216
- loans to banks: demand	63,917	-69,504
- loans to banks: other loans	344,749	97,380
- loans to customers	509,015	-1,256,139
- other assets	160,031	-32,176
3. Liquidity generated/absorbed by financial liabilities	**-1,544,683**	**1,350,685**
- due to banks: demand	-173,357	31,708
- due to banks: other payables	-2,318,426	664,827
- due to customers	3,088,030	1,953,828
- outstanding securities	-1,362,322	-1,076,457
- financial liabilities held for trading	-102,121	5,789
- financial liabilities designated at fair value	-	-
- other liabilities	-676,487	-229,010
Net liquidity generated/absorbed by operating activities	**1,297,365**	**105,877**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**23,321**	**9,155**
- sales of equity investments	15,511	564
- dividends from equity investments	7,570	8,400
- sales of financial assets held to maturity	-	-
- sales of property, plant and equipment	240	191
- sales of intangible assets	-	-
- sales of financial assets held to maturity	-	-
2. Liquidity absorbed by	**-106,059**	**-86,196**
- purchases of equity investments	-20	-
- purchases of financial assets held to maturity	-	-
- purchases of property, plant and equipment	-57,056	-46,180
- purchases of intangible assets	-48,983	-40,016
- purchases of business units	-	-
Net liquidity generated/absorbed by investment activities	**-82,738**	**-77,041**
C. FUNDING		
- issues/purchases of treasury shares	-	14,619
- issues/purchases of equity instruments	-	-
- dividend distribution and other	-109,440	-92,580
Net liquidity generated/absorbed by funding	**-109,440**	**-77,961**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**1,105,187**	**-49,125**

RECONCILIATION

Financial Statement items	31.12.2015	31.12.2014
Opening cash and cash equivalents	285,002	334,127
Total net liquidity generated/absorbed in the period	1,105,187	-49,125
Cash and cash equivalents: effect of exchange rates changes	-	-
Closing cash and cash equivalents	**1,390,189**	**285,002**

KEY: (+) generated (–) absorbed.

Note to the Consolidated Financial Statements

Part A – Accounting policies

A.1 General part

Section 1 – Statement of compliance with the International Accounting Standards

The consolidated Financial Statements of the Cariparma Crédit Agricole Group have been prepared pursuant to Italian Legislative Decree No. 38 of 28 February 2005, in accordance with the International Accounting Standards – IAS/IFRS – issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2015 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The layouts of the financial statements and of the note to the financial statements have been prepared in accordance with the provisions set down in Circular No. 262 “Banks’ financial statements: layout and preparation” issued by the Bank of Italy on 22 December 2005, within the exercise of its powers as provided for in Article 9 of Italian Legislative Decree No. 38/2005, and, specifically, the developments set down in its fourth update (of 15 December 2015) have been applied.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND ENTERED INTO FORCE IN 2015

Standards, amendments or interpretations	Date of publication	Date of first application
IFRIC 21 Levies	14 June 2014 (EU No. 634/2014)	1 January 2015
Amendments to IFRS 3 – Business Combinations	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IFRS 13 – Fair Value Measurement	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IAS 40 – Investment Property	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IFRS 2 – Share-based Payment	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 3 – Business Combinations	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 8 – Operating Segments	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 13 – Fair Value Measurement	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 16 – Property, Plant and Equipment	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 24 – Related Party Disclosures	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 38 – Intangible Assets	9 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 19 – Employee Benefits	9 January 2015 (EU No. 29/2015)	1 January 2015

The application of these new provisions did not generate material impacts on the profit (loss) and net financial position for the period.

The IFRIC 21 interpretation, endorsed by EU Regulation No. 634/2014, provides guidance on when to recognise a liability for a levy imposed by a government, for levies that are accounted for in accordance with IAS 37, clarifying some interpretation problems, with specific reference to levies whose timing and amount are not certain.

With Regulations No. 1361/2014 and No. 28/2015, the European Union endorsed the “Annual Improvements to International Reporting Standards 2011-2013 Cycle” and the “Annual Improvements to International Reporting Standards 2010 – 2012 Cycle”, respectively, within its ordinary activity for the rationalization and clarification of international financial reporting standards, aimed at solving some inconsistencies or to provided clarifications regarding methods.

Regulation EU No. 29/2015 has made some amendments to IAS 19 “Employee Benefits” concerning the recognition of defined-benefit plans that entail contributions to be paid by employees, based on whether the contribution amount is related to the number of years of service.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION IN 2015 BUT NOT YET ENTERED INTO FORCE

Standards, amendments or interpretations	Date of publication	Date of first application
Amendments to IAS 16 – Property, Plant and Equipment	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendment to IAS 41 – Agriculture	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements, IAS 17 Leases , IAS 23 Borrowing Costs, IAS 36 Impairment of Assets and IAS 40 Investment Property	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendments to IFRS 11 Joints Arrangements	25 November 2015 (EU No. 2173/2015)	1 January 2016
Amendments to IAS 16 – Property, Plant and Equipment	3 December 2015 (EU No. 2231/2015)	1 January 2016
Amendment to IAS 38 Intangible Assets	3 December 2015 (EU No. 2231/2015)	1 January 2016
Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosure, IAS 19 Employee Benefits, IAS 34 Interim Financial Reporting and IFRS 1 – First-time adoption of International Financial Reporting Standards	16 December 2015 (EU No. 2343/2015)	1 January 2016
Amendments to IAS 1 – Presentation of Financial Statements.	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendments to IAS 34 Interim Financial Reporting	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendment to IFRS 7 – Financial instruments	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendments to IFRS 1 – First-time adoption of International Financial Reporting Standards	23 December 2015 (EU No. 2441/2015)	1 January 2016
Amendments to IAS 27 – Separate Financial Statements	23 December 2015 (EU No. 2441/2015)	1 January 2016
Amendments to IAS 28 – Investments in Associates and Joint Ventures.	23 December 2015 (EU No. 2441/2015)	1 January 2016

Based on the thorough analyses made, the application of these new provisions is not expected to generate significant impacts on the Company's Profit (Loss) and corporate procedures.

Other information

The standards and interpretations published by the IASB as at 31 December 2015 but not yet endorsed by the European Union are not applicable for the Group. Such standards and interpretations will entry into force and shall mandatorily apply only on the date that will be set by the European Union upon their endorsement. Therefore, they have not been applied by the Group in preparing the Financial Statements as at 31 December 2015.

This specifically regards IFRS 9, IFRS15 and IFRS 16.

The International Financial Reporting Standard "IFRS 9 – Financial Instruments", published by the IASB, shall replace IAS 39 Financial Instruments. IFRS 9 sets down new principles on the classification and measurement of financial instruments, on adjustments for credit risk and on hedging recognition (macro-hedging is excluded).

IFRS 9 is expected to be applicable to financial periods starting on or after 1 January 2018 (granted that it is endorsed by the European Union before such date).

The Crédit Agricole Group and, as part of it and in line with it, the Cariparma CA Group have made arrangements to implement the new accounting standard within the set terms, joining the Group Administration, Finance and Risk Management functions and involving all subsidiaries. Since the first months of 2015, the Crédit Agricole Group and, therefore, also the Cariparma CA Group have carried diagnosis works on the main financial statement items that will be impacted by IFRS9. The analyses had the priority objective of identifying any changes caused by:

- the new bases for the classification and measurement of financial assets;
- the full review of the writedown model for credit risk, which provides for the switching from a provision for actual credit losses to a provision for Expected Credit Loss (ECL). The new ECL approach aims at earlier recognition of expected credit losses without having to wait for an objective event of actual loss. The new model is based on a wide range of information, including historical loss data, cyclical and structural adjustments, as well as projections of losses based on reasonable scenarios.

At the present stage of the project, the entire Group is focusing on the definition of the structuring options related to the interpretation of the standard. In parallel, the Group started to implement the principle in its operations, in view of the first evolutions in the architecture of its information systems.

On the date of preparation of this Report, the project had not yet progressed enough to allow any reliable estimation of the impacts on the balance sheet subsequent to the first-time application of the new principle.

"IFRS 15 – Revenue from Contracts with Customers" will be applicable (after its endorsement by the EU) to reporting periods starting on or after 1 January 2018. It will replace IAS 11 (Construction Contracts) and IAS 18 (Revenue), as well as the interpretations 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.

IFRS 15 sets down a single model for the recognition of revenues from sales of goods and from the provision of services that do not fall within the scope of application of the standards regarding financial instruments (IAS 39), insurance policies (IFRS 4) or leases (IAS 17). Therefore, the new accounting standard implements some new concepts that could change the methods used to recognize some income components.

In 2016, an impact analysis on the application of IFRS 15 will be started by the Crédit Agricole Group and, as part of it and in line with it, by the Cariparma Group.

"IFRS 16 – Leases" will be applicable (after its endorsement by the EU) to reporting periods starting on or after 1 January 2019 and will replace IAS 17 (Leases). Early adoption is permitted for entities that have adopted also IFRS 15 – Revenue from Contracts with Customers.

The standards provides for items to be recognized or presented taking account of the substance of the transaction or contract.

Therefore, all lease contracts shall be reported by the entity in the balance sheet, as assets and liabilities, rather than as off-balance-sheet items, as was done before for operating leases.

In the income statement, the standard requires recognition of the asset depreciation and depreciation expense and interest expense cannot be combined in the income statement, but shall be reported as two separate items.

● *Section 2 – General preparation principles*

The Annual Report and Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Note to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made and on the Group's financial and cash flow position.

In accordance with Article 5 of Italian Legislative Decree No. 38/2005, the Euro has been used as the reporting currency in the preparation of the financial statements. The amounts in the Financial Statements, in the Note to the Financial Statements and in the Management Report are expressed in thousands of Euro, where not otherwise specified.

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A 2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

The Annual Report and Financial Statements as at 31 December 2015 have been prepared on a going-concern basis, since the Group is believed to continue in operation in the foreseeable future.

As regards the reporting required pursuant to IFRS 7 on the risks which the Group is exposed to, appropriate information is provided in the Management Report and in the Note to the Financial Statements, specifically in Section E.

The Note to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of equity investments, available-for-sale securities and intangible assets (including goodwill).

The Financial Statements and the Note also report comparative figures for the year ended as at 31 December 2014, as well as the figures for the year being reported.

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

To prepare the Annual Report and Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported. Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. The main instances that require the use of subjective assessments to be made by the Senior Management are the following:

- quantifying losses resulting from the impairment of loans and of other financial assets in general;
- calculating the fair value of financial instruments to be used for financial reporting purposes;
- using measurement models for the recognition of the fair value of financial instruments that are not listed on active markets;
- assessing the consistency of the value of goodwill and of the other intangible assets;
- quantifying the provisions for staff and for risks and charges;
- making estimates and assumptions concerning the recoverability of deferred tax assets.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the “of which” for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated and specified.

In order to facilitate understanding of the figures, the statements are given in full including also the items with no amounts for the reporting year, and with no amounts for the previous year. In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

Statement of comprehensive income

The statement of comprehensive income consist of items showing the changes in the value of the assets recognized in the year as balancing items of the valuation reserves, net of the related tax effect.

As for the Balance Sheet and the Income Statement, in the statements, in accordance with the Bank of Italy’s definition, the items with no amounts for the reporting year and no amounts for the previous one have been stated also.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the Statement of Changes in Equity were inverted with respect to the same statement layout provided for by the above Bank of Italy Circular No. 262/2005. The statement shows the composition and changes in equity items during the reporting year and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves, income reserves, comprehensive income and the profit or loss. The value of treasury shares is deducted from equity.

No equity instruments other than ordinary shares have been issued.

Statement of cash flows

The statements of cash flows for the period under review and for the previous one were prepared using the indirect method, by which cash flows from operations are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operations, investment operations and funding.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTE TO THE FINANCIAL STATEMENTS

The Note to the Financial Statements contains the information required by Circular No. 262/2005 issued by the Bank of Italy, as updated and specified, as well as further information required by the International Accounting Standards.

As for the Balance Sheet and the Income Statement, in the statements, in accordance with the Bank of Italy's definition, the items with no amounts for the reporting year and no amounts for the previous one have been stated also.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

● *Section 3 – Scope and method of consolidation*

SCOPE OF CONSOLIDATION

In addition to the Parent Company, Cassa di Risparmio di Parma e Piacenza S.p.A., the consolidation perimeter includes its subsidiaries and associates specified below.

In accordance with IFRS 10, Subsidiaries are companies in which Cariparma, directly or indirectly, concomitantly holds:
- the power to influence the Investee's key activities;
- exposure and/or rights to variable returns of the Investee;
- the ability to exercise its power over the Investee to affect the amount of its returns.

Subsidiaries are companies in which Cariparma, directly or indirectly, holds more than 50% of the voting rights in the Shareholders' General Meeting or in which, despite holding less than 50% of the voting rights, it has the power to appoint the majority of the directors of the investee or to determine the financial and operating policies of the same (controlling influence).

Special-purpose entities/special-purpose vehicles (SPE/SPV) have also been included, when the requirements are met, also irrespective of the existence of a majority shareholding.

Associates are companies in which the Parent Company exercises significant influence, holding, either directly or indirectly, at least 20% of the voting rights or having the power to participate in determining financial and operating policies of the Investee, despite holding less than 20% of the voting rights, due to specific legal ties such as being party to a shareholders' agreement.

CONSOLIDATION METHODS

Full consolidation involves the line-by-line aggregation of the Balance Sheet and Income Statement items.

After attributing the relevant portion of the equity and profits or losses to minority shareholders, under a separate dedicated item, the value of the equity investment is derecognized with the remaining value of the equity of the subsidiary as the balancing item.

Positive differences resulting from this operation are reported under "Intangible assets" as goodwill or other intangible assets, after any recognition under other asset and liability items of the subsidiary. Negative differences are taken to the Income Statement.

Acquisitions of businesses are recognized using the acquisition method provided for by IFRS 3, applied starting from the date of acquisition, that is to say, from the moment in which control of the business is actually achieved.

Profit or losses of a subsidiary acquired in the period are reported in the Consolidated Financial Statements starting from the date of acquisition. Conversely, profit or losses of a subsidiary sold in the period are reported in the Consolidated Financial Statements up to the date on which control is transferred.

Consolidation using the equity method provides for initial recognition of the equity investment at cost and, subsequently, for its value adjustment based on the portion held of the investee's equity. Any differences between the value of the equity investment and the equity portion held are included in the book value of the investee.

The Group share of the subsidiary's profit or loss for the period is recognized under a specific item in the consolidated income statement.

The other major consolidation operations include:
- elimination of dividends paid or declared by consolidated companies;
- elimination of significant intercompany transactions from the balance sheet or income statement;
- elimination of gains and losses resulting from intercompany sale and purchase transactions and relating to amounts included in equity;
- adjustments needed to harmonize accounting standards within the Group;
- where applicable, recognition of the tax effects of any adjustments to harmonize the bases for the measurement of financial statement items or other consolidation adjustments.

The reporting date of the Financial Statements of the Parent Company and of the other consolidated companies is 31 December 2015.

Where necessary – and with the exception of marginal instances – any Financial Statements prepared by the consolidated companies on the basis of other accounting standards are adjusted to be fully compliant with the Group's accounting policies. In a few marginal instances, the companies do not apply the IASs/IFRSs and, therefore, for such companies it was assessed that application of the IASs/IFRSs would have caused no significant effects on the Consolidated Financial Statements of the Cariparma Crédit Agricole Group.

1. Equity investments in subsidiaries

The following table shows the equity investments included within the scope of consolidation, reporting:

- The method of consolidation;
- The type of control;
- The Investee Company;
- The percentage of voting rights held by the Investor.

Company name	HQ	Type of control[1]	Equity investment		Actual
			Investor	% held	% of votes available
A. Company					
Parent Company					
Cassa di Risparmio di Parma e Piacenza S.p.A. (Cariparma)	Parma, Italy				
A1. Companies consolidated on a line-item basis					
1. Banca Popolare FriulAdria S.p.A. (FriulAdria)	Pordenone, Italy	1	Cariparma S.p.A.	80.17%	80.17%
2. Cassa di Risparmio della Spezia S.p.A. (Carispezia)	La Spezia, Italy	1	Cariparma S.p.A.	80.00%	80.00%
3. Crédit Agricole Leasing Italia S.r.l. (CALIT)	Milan, Italy	1	Cariparma S.p.A.	85.00%	85.00%
4. Sliders S.r.l.	Milan, Italy	1	Cariparma S.p.A.	100.00%	100.00%
5. Mondo Mutui Cariparma S.r.l.[2]	Milan, Italy	4	Cariparma S.p.A.	19.00%	19.00%
6. Cariparma OBG S.r.l.	Milan, Italy	1	Cariparma S.p.A.	60.00%	60.00%
7. Crédit Agricole Group Solutions S.c.p.A.	Parma, Italy	1	Cariparma S.p.A.	87.50%	87.50%
			FriulAdria S.p.A.	8.75%	8.75%
			Carispezia S.p.A.	2.50%	2.50%
			Calit S.r.l.	1.19%	1.19%

(1) Type of control:
1= Majority of the voting rights in the General Meeting of Shareholders.
2= dominant influence in the Extraordinary General Meeting of Shareholders.
3= agreement with other shareholders.
4= Other forms of control.
5= unitary management pursuant to Article 26, paragraph 1, of Italian Legislative Decree No. 87/92.
6= unitary management pursuant to Article 26, paragraph 2, of Italian Legislative Decree No. 87/92.
7= joint control.
(2) Please, see point 2 below Other Information.

2. Other information

In the Consolidated Financial Statements as at 31 December 2015, the company Mondo Mutui Cariparma S.r.l. was included in the consolidation perimeter, since it is a special-purpose vehicle (SPV) whose operations are, in practice, carried out exclusively on behalf of the Parent Company with regard to its specific corporate requirements in order for the Parent Company to obtain advantages from the SPV's operations.

In the first half of 2015, the equity investment held by Cariparma and FriulAdria in CA Agroalimentare S.p.A. was sold; before its disposal, this investee was consolidated using the equity method.

In the second half of 2015, a "consortium company" of the Cariparma Crédit Agricole Group was incorporated.

Section 4 – Events occurred after the reporting date

From 31 December 2015 to the date of approval of the Annual Report and Financial Statements for the period, no events occurred which could significantly change the structures of the Cariparma Crédit Agricole Group.

Section 5 – Other aspects

OPTION FOR THE ITALIAN NATIONAL TAX CONSOLIDATION

Since 2013, the Italian Parent Company, Cassa di Risparmio di Parma e Piacenza S.p.A. and some Italian Companies of its Group (Banca Popolare FriulAdria, Cassa di Risparmio della Spezia and CALIT) have adopted the "Italian national tax consolidation regime", which is governed by Articles 117-129 of the Italian Consolidated Act on Income Taxes (TUIR) and was introduced in the Italian tax legislation with Legislative Decree No. 344/2003.

In 2015, the newly-incorporated consortium company Crédit Agricole Group Solutions also joined the tax consolidation scheme.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Controlling Company Cariparma S.p.A., which calculates a single taxable income or a single tax loss for the Group, as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account receivable from or payable to the Italian Inland revenue Service.

AUDIT OF THE ACCOUNTS

The Annual Report and Consolidated Financial Statements are subject to audit by Reconta Ernst & Young S.p.A, implementing the Resolution passed by the Shareholders' General Meeting on 21 April 2012, whereby this Firm was given the assignment for the period 2012-2020.

A.2 Part reporting on the main financial statement items

1. Financial assets held for trading

CLASSIFICATION

This category consists of debt and equity securities, as well as of the positive value of derivatives contracts held for trading.

Derivatives contracts include derivatives embedded in complex financial instruments that have been recognized separately because:

- their economic characteristics and risks are not closely related to the characteristics of the host contract;
- The embedded instruments, also when separated, meet the definition of derivative;
- the hybrid instruments which they belong to are not designated at fair value with the relevant changes taken to the Income Statement.

RECOGNITION

Debt and equity securities are initially recognized at the settlement date, while derivative contracts are recognized on the date they are signed.

Financial assets held for trading are initially recognized at fair value, excluding transaction expenses and income that can be directly attributed to the instrument itself.

Any derivatives embedded in complex host contracts that are not strictly connected with the embedded derivatives and having the characteristics to meet the definition of derivative are separated from the host contract and recognized at fair value.

MEASUREMENT

After initial recognition, financial assets held for trading are designated at fair value. The effects of the application of this measurement standard are taken to the Income Statement.

IFRS 13 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are listed on an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

Equity securities, derivatives on equity securities and UCITS units, whose fair value cannot be reliably measured according to the above guidelines, are recognized at cost.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the asset continues to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if the company retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

2. Financial assets available for sale

CLASSIFICATION

This category includes financial assets that are not otherwise classified as “Loans and Receivables”, “Financial Assets Held for Trading”, “Investments Held to Maturity” or “Financial Assets designated at Fair Value”.

In addition to bonds that are not held for trading and are not classified as “Investments Held to Maturity”, as “Financial Assets designated at Fair Value” or as “Loans and Receivables”, this item includes also equity investments that are not held for trading and do not amount to subsidiaries, associates or joint ventures, including investments in private equity and in private equity funds, as well the shares of subscribed syndicated loans, which have been held for sale since inception.

RECOGNITION

Financial assets available for sale are initially recognized at the settlement date for debt and equity securities and at the disbursement date in the case of loans. Financial assets are initially recognized at fair value, including transaction expenses or income that can be directly attributed to the instrument itself. If, in the cases allowed by the accounting standards, recognition occurs as a result of reclassification of these assets from “Investments held to maturity” or, in case of unusual events, from “Financial Assets held for trading” they would be recognized at their fair value as at the time of transfer.

MEASUREMENT

Following initial recognition, debt securities classified as “Assets Available for Sale” are designated at fair value, with recognition in the Income Statement of the interests calculated based on the effective rate of return, whereas the gains or losses resulting from changes in the fair value are recognized in a specific equity reserve until the asset is derecognized or impairment is recognized. Upon disposal or recognition of an impairment loss, the accumulated gains or losses are recognized in the Income statement.

Fair value is determined using the standards adopted for “Financial assets held for trading”.

Equity instruments included in this category, for which the fair value cannot be reliably determined, are recognized at cost.

“Financial assets available for sale” undergo impairment testing to determine whether there is objective evidence of impairment.

Where impairment is found, the amount of the loss is measured as the difference between purchase cost and fair value, net of any losses already recognized in the Income Statement.

For equity securities, a fair value decrease by over 30% below the initial book value or for a period over 6 months is considered evidence of impairment. Further impairment is reclassified from equity to gains (losses) for the period, until the asset is derecognized.

Where the reasons for impairment should cease to exist subsequent to and event occurred after the recognition of the impairment loss, writebacks are recognized in the income statement for loans or debt securities. The amount of the writeback shall not in any event exceed the loss originally recognized in the income statement.

For equity instruments this writeback is recognized in equity.

LOAN RESTRUCTURING TRANSACTIONS ENTAILING PARTIAL OR FULL CONVERSION INTO EQUITY INSTRUMENTS CLASSIFIED AS FINANCIAL ASSETS AVAILABLE FOR SALE

For equity instruments received within loan restructuring transactions carried out by debtors, the received equity instruments are initially recognized at fair value; the difference between the book value of the loans and the fair value of the equity instruments is taken to the income statement under value adjustments.

Moreover, where the restructuring with total or partial equity conversion relates to non-performing exposures, since the conversion does not modify their quality, the equity instruments received are also considered as issued by a “non-performing” issuer”; this entails that the subsequent reductions in their fair value are considered impairment evidence and, therefore, are recognized in the income statement until the issuer is restored to a performing status.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the asset continues to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

3. Investments held to maturity

CLASSIFICATION

This category includes debt securities with fixed or determinable payments and fixed maturity that the Company has the intention and the ability to hold to maturity. If, following a change in such intention or ability, it is no longer appropriate to continue to classify an investment as “held to maturity”, it is reclassified under “Financial assets available for sale”.

RECOGNITION

Financial assets are initially recognized at the settlement date.

Financial assets classified in this category are initially recognized at fair value, including any costs and revenues directly attributable to them. If recognition in this category occurs as a result of reclassification from “Financial assets available for sale”, the fair value of the asset at the date of reclassification is taken as the new amortized cost of the asset.

MEASUREMENT

Following initial recognition, Investments held to maturity are measured at amortized cost using the effective interest rate method.

Gains and losses relating to assets held to maturity are recognized in the Income Statement at the moment in which the assets are derecognized or have incurred impairment, as well as through the amortization of the difference between the book value and the amount repayable upon maturity.

Investments held to maturity are subject to impairment testing to determine whether there is objective evidence of impairment.

If such evidence exists, the amount of this loss is measured as the difference between the book value of the asset and the current value of expected future cash flows, discounted using the original effective interest rate.

The amount of the loss is recognized in the income statement. Should the reasons for the impairment cease to apply after the recognition of the impairment loss, a writeback is taken to the income statement. The amount of the writeback shall not in any event exceed the amortized cost that the financial instrument would have had in the absence of prior adjustments.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

4. Loans and Receivables

CLASSIFICATION

Loans and receivables include loans to customers and banks, whether disbursed directly or acquired from third parties, with fixed or determinable payments, that are not listed on an active market and are not originally classified as “Financial assets available for sale”.

The category also includes trade receivables, repurchase transactions, and securities purchased through subscription or private placements, with fixed or determinable payments, which are not listed on an active market.

RECOGNITION

Loans are initially recognized at the date of signing, which usually is also the disbursement date and are recognized at fair value. The fair value of the financial instrument is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs to be reimbursed by the debtor or that can be classified as normal administrative overhead costs, despite having the above characteristics.

MEASUREMENT

After initial recognition, loans and receivables are measured at amortized cost. The amortized cost is equal to the amount at which a financial asset is measured at initial recognition, decreased/increased by principal repayments, adjustments/writebacks and by amortization – using the effective interest rate method – of any difference between the amount disbursed and the one to be repaid at maturity, usually relating to costs/revenues directly attributable to the individual position. The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the loan in respect of principal and interest to the amount disbursed including costs/revenues attributable to the loan. This accounting treatment, using a financial logic, allows the cost/revenue economic impact to be distributed over the expected remaining life of the loan.

The amortized cost method is not used for short-term receivables (lower than 12 months) as the effect of discounting back would be negligible. Short-term loans are valued at historic cost. The same approach is adopted for loans without a specified maturity or subject to revocation.

Loans are tested to determine whether events subsequent to recognition have given rise to objective evidence of possible impairment. Loans subject to testing include loans classified as bad debts, unlikely-to-pay or past-due positions in accordance with the Bank of Italy’s rules in force as at 31 December 2015 and consistent with the IAS/IFRS.

Non-performing loans are measured on an individual basis and the amount of the writedown of each loan is equal to the difference between the book value of the loan at the time of measurement (amortized cost) and the present value of expected future cash flows, calculated by applying the original effective interest rate.

Expected cash flows take account of expected times for collection, the expected realizable value of any guarantee, as well as the costs likely to be incurred to collect the loan.

The original effective interest rate of each loan remains unchanged over time unless the position undergoes a restructuring that involves a change in the contractual interest rate, including when it becomes, in actual fact, a non-interest-bearing loan.

The writedown is recognized in the Income Statement.

The original value of the loan is written back in subsequent financial years to the extent that the reasons for the adjustment cease to apply, provided that this assessment is objectively connected with an event that occurred subsequent to the adjustment. Writebacks are recognized in the Income Statement and the value of the loan after the writeback shall not in any event exceed the amortized cost that it would have had in the absence of the prior adjustments.

Any value recoveries linked to time passing are reported under writebacks.

Loans for which no individual objective evidence of impairment has been found undergo collective impairment testing. As reported in Part E of the Note to the Financial Statements, this is performed by category of loans with uniform credit risk profiles, while the related loss percentages are based on the Probability of Default (PD) and Loss Given Default (LGD) that can be observed as at the date of measurement and allow an estimation of any incurred loss.

Collective impairment losses are taken to the income statement.

In Part E of the Note to the Financial Statements, the procedures for loan management and control are exhaustively described covering all risk-related aspects.

DERECOGNITION

Transferred loans and receivables are derecognized only if their disposal has substantially transferred all the risks and rewards associated with their ownership. Conversely, when a prevalent share of the risks and rewards associated with the ownership of the loans and receivable is retained, they continue to be recognized, even though legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, loans and receivables are derecognized where no form of control over the instrument has been retained. Conversely, if even a portion of control is retained, the loan or receivable continues to be recognized to the extent of the continuing involvement, measured by the exposure to changes in the value of the transferred assets and to changes in the related cash flows.

Finally, loans and receivables which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

5. Financial assets designated at fair value

CLASSIFICATION

In accordance with the IAS/IFRS endorsed by the European Commission, any financial assets so defined upon acquisition may be classified in the “financial instruments designated at fair value” category with a balancing item in the Income Statement, in compliance with the cases provided for by the applicable regulations.

No reclassifications to other categories of financial assets are allowed. The Group classifies some hybrid instruments in this category, which, otherwise, would have required to be separated from the host contract.

RECOGNITION

Financial assets are initially recognized at fair value, excluding transaction expenses or income that can be directly attributed to the instrument itself.

MEASUREMENT

After initial recognition, these financial instruments are designated at fair value. The effects of the application of this measurement standard are taken to the Income Statement.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if the company retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

6. Hedging

TYPES OF HEDGES

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk where the risk event actually takes place.

The following types of hedges are used:
- fair value hedges: these are used to hedge exposures to changes in the fair value (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39 as endorsed by the European Commission;
- hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized and later designated at fair value.

MEASUREMENT

Hedging derivatives are designated at fair value. Specifically:
- in case of fair value hedging, changes in the fair value of the hedged item are offset against changes in the fair value of the hedging instrument. This offset is recognized by reporting changes in value in the income statement, both for the hedged item and for the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect on the income statement;
- in case of hedging of currency investments, changes in the fair value of the derivative are recognized in equity, for the hedging effective portion, and are recognized in the Income Statement only when, with reference to the hedged investment, hedging is not effective

The derivative instrument is considered a hedge where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and, prospectively, throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% - offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at the end of each year, or interim period, using:
- prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any ineffective hedge produced by economic circumstances that are expected to return to normal as confirmed by prospective tests are not taken into account.

If the tests do not confirm the effectiveness of the hedge, hedge accounting, as described above, is discontinued and the hedge derivative contract is reclassified under instruments held for trading, while the hedged financial instrument is again measured using the standard applicable to its original classification.

In case of macrohedging, IAS 39 allows fair value hedging of the exposure to interest rate risk of a designated amount of financial assets or liabilities such that a group of derivative contracts can be used to reduce changes in the fair value of the items hedged against fluctuations in market interest rates.

Amounts determined as mismatch between financial assets and liabilities cannot be macro-hedged. Macro-hedging is deemed to be highly effective if, along with the fair value hedge, both at inception and during the hedge, changes in the fair value of the hedged amount are offset by the changes in the fair value of the hedging derivative, within a range between 80% and 125%.

7. Equity investments

RECOGNITION, CLASSIFICATION AND MEASUREMENT

This item includes shares held in associates and joint ventures.

Joint ventures are companies in which the voting rights and the control of its business activities are shared equally, directly or indirectly, between the Parent Company and another party.

Joint ventures also include equity investments in which, despite the lack of equal voting rights, control over the business activities and the strategic policies of the investee company is shared with other parties under contractual agreements.

Associates are companies in which the Group exercises a significant influence, holding, directly or indirectly, at least 20% of the voting rights (including “potential” voting rights as defined above) or having the power to participate in determining its financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders’ agreement.

Significant influence is not ascribed to interests of more than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee’s management policies and can exercise governance rights only to the extent required to protect its equity investment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the shareholding could generate, including its value upon disposal.

If the recoverable value is lower than the book value, the difference is recognized in the income statement.

If the reasons for the impairment should be removed subsequent to the recognition of the impairment loss, a writeback is taken to the income statement.

8. Property, plant and equipment

CLASSIFICATION

“Property, plant and equipment” includes land, buildings used in operations, investment property, technical plants, furniture, furnishings and equipment of any type.

This item includes assets that are used in producing of goods and in providing services, to be rented to third parties, and intended to be used for more than one year.

RECOGNITION

“Property, plant and equipment” items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service.

Extraordinary maintenance expenses that increase future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

MEASUREMENT

Property, plant and equipment items, including investment property, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 years[(1)]
Other investment property – Other	
- Other	33 years[(1)]
- Property of artistic value	No depreciation
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in some cases and for specific property units, their useful life, appropriately calculated, can have different durations.

Buildings are depreciated at a rate based on a useful life considered to appropriately represent the deterioration of the assets over time due to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. Tests are however periodically performed to measure the assets' remaining useful life.

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, for buildings entirely owned by, and, therefore, fully available to the company, including the land;
- Property of artistic value;
- Works of art, since their useful life cannot be estimated and their value normally increases over time.

If there is evidence of impairment of the asset, the asset's carrying value is compared with its recoverable value. Any writedowns are recognized in the income statement.

If the reasons for the impairment cease to exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedowns.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

9. Intangible Assets

CLASSIFICATION

Intangible assets are recognized as such if they are identifiable and are based on legal or contractual rights (for example, software). The "Intangible Assets" item also reports:

- software acquired from external sources or with licence for use;
- in-house developed software;
- residual goodwill recognized as the difference between purchase cost and the fair value of the assets and liabilities acquired and potential assets and liabilities recognized upon acquisition;
- the intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION AND MEASUREMENT

Intangible assets acquired separately and generated in-house are initially capitalized at cost, whereas those acquired through business combination transactions are recognized at fair value as at the acquisition date.

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals are recorded of a possible impairment. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. The amortization cost for intangible assets with finite useful life is recognized in the Income Statement in the cost category consistent with the intangible asset function.

Generally, software useful life is estimated as being five years. In compliance with IAS 38 par. 104, some large projects have been specifically identified and their useful life has been measured as being ten years.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at level of cash-generating unit.

The amount of any impairment is calculated based on the difference between the recoverable value of the cash-generating unit and the book value of the same.

This recoverable value is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent writedown is recognized in the income statement.

DERECOGNITION

Intangible assets are derecognized when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

10. Non-current assets and disposal groups held for sale

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested, and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and disposal groups held for sale" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are measured at the lower between their book value and their fair value net of disposal costs. The related income and expenses (net of tax effects) are recognized as a separate item in the Income Statement.

11. Current and Deferred Taxes

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Income taxes are recognized in the Income Statement, except for those referring to items directly recognized in equity.

Provisions for income tax are calculated on the basis of a prudential forecast of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary timing differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, with regard to deductible temporary differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves on which taxation is suspended, since the amount of distributable reserves already subject to taxation makes it likely that no operations will be carried out entailing their taxation.

Deferred tax assets and deferred tax liabilities are recognized in the balance sheet with open balances and without any offsetting, taking the former under the “Tax assets” item and the latter under the “Tax liabilities” item.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation applicable to the company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

12. Provisions for risks and charges

POST-EMPLOYMENT BENEFITS

The company pension plans, created pursuant to corporate agreements, qualify as “defined-benefit plans”.

The liabilities referring to these plans and the relating social security costs for current service are determined based on actuarial assumptions by applying the projected unit credit method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using a market interest rate, as set forth in the relevant tables in the Note to the Financial Statements. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

OTHER PROVISIONS

Other provisions for risks and charges include accruals for legal or other obligations associated with employment relationships and disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that a reliable estimate can be made of the amount.

Where the time factor is significant, provisions are discounted using current market rates. The accrual is recognized in the Income Statement and includes the increase in the provision due to time passing.

This item also includes long-term employee benefits, the liabilities for which are determined using the same actuarial assumptions described for retirement benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

13. Debt securities issued

CLASSIFICATION

"Due to banks", "Due to customers" and "Debt securities issued" include all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, outstanding bonds and other funding instruments, less any amounts repurchased.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the contract, which usually is the date of receipt of the funds raised or the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single funding or issue transaction. Internal administrative expenses are excluded

MEASUREMENT

Following initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method.

This does not apply to short-term liabilities which are recognized in the amount received since the time factor is negligible.

DERECOGNITION

Financial liabilities are derecognised when they expire or are extinguished. Liabilities are also derecognized when previously issued securities are repurchased. The difference between the book value of the liability and the amount paid to repurchase it is recognized in the Income Statement.

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price.

14. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized at the date of subscription or at the date of issue at cost that is equal to the instrument fair value, taking no account of any transaction costs or income that can be directly attributed to the same instruments.

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts. It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT

All liabilities held for trading are designated at fair value and the result of such measurement is taken to the Income Statement.

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

15. Financial liabilities designated at fair value

No Company in the Cariparma Crédit Agricole Group has exercised the fair value option. In other words, no Group Company has opted to measure financial liabilities at fair value, taking the result of such measurement to the income statement, with the exception of financial liabilities for which IAS 39 provides for fair value measurement owing to their specific functional purpose. Therefore, only financial liabilities classified in the trading book, subject to fair value hedging and hedging derivatives are designated at fair value and the results of this measurement are recognized in the income statement.

16. Foreign currency transactions

INITIAL RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

SUBSEQUENT RECOGNITION

At each annual and interim financial reporting date, foreign currency items are measured as follows:

- monetary items are translated at the exchange rate in force as at the reporting date;
- non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- non-monetary items designated at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity. Conversely, when gains or losses are recognized in the income statement, the relevant exchange rate difference is also recognized in the income statement.

17. Other information

NEW CATEGORIES OF NON-PERFORMING LOANS

Effective since 1 January 2015, the Bank of Italy has amended the classification of non-performing exposures (7th update to Circular No. 272 of 30 July 2008 – "Matrix of Accounts" issued by the Bank of Italy on 20 January 2015) in order to align its provisions to the definitions of Non-performing Exposures and Forbearance as set down in the Commission Implementing Regulation (EU) No. 680/2014 as amended and supplemented ("Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures").

The new regulation provides for the classification of non-performing exposures into three categories: "Bad debts", "Unlikely to Pay" and non-performing "past due and/or overlimit positions"). Therefore, the substandard and restructured exposures categories have been eliminated and have been actually included in the "unlikely to pay" category.

The classification into the above-reported categories shall be made in accordance with the rules set down by Bank of Italy Circular No. 272, which are specified below:

- Bad debts (*sofferenze*): the set of on- and off-balance sheet exposures to borrowers in a state of insolvency (even when not declared by a court of law) or in an essentially equivalent situation, regardless of any loss forecasts made by the bank. Exposures whose non-performing situation can be attributed to Country Risk shall not be included in this category.
- Unlikely to Pay (*Indempienze probabili*): the set of on- and off-balance-sheet exposures which do not meet the conditions for the debtor's classification in the bad debts category and for which the bank has assessed that the debtor is unlikely to be able to fully comply with its credit obligations (principal and/or interest repayment), unless guarantees/collaterals are enforced. This assessment shall be made regardless of the existence of any past-due amounts (or instalments).

  The classification as unlikely to pay is not necessarily linked to explicitly non-performing instances (failure to repay), but it is linked to elements that indicate that the obligor is at risk of default.
- Non-performing past due and/or overlimit positions: the set of on-balance-sheet exposures, other than those classified as bad debts or unlikely to pay, which, as at the reporting date, are past due or overlimit. Non-performing past due and/or overlimit positions can be assessed with reference to, alternatively, the single debtor or the single transaction.

FORBORNE EXPOSURES – PERFORMING AND NON-PERFORMING

Within performing loans, single exposures are identified and classified as "forborne" (that is to say, subject to Forbearance measures), for which the Bank, due to the deterioration in the debtor's business and financial conditions (experiencing "financial difficulties"), consents to amend the original agreement conditions or to total/partial refinancing of the contract, which would not have been granted if the debtor had not been experiencing such difficulties. These exposures do not make up a separate category, but they are a shared feature across the various categories of assets and are recognized on the single position that is subject to forbearance measures.

Therefore, from among Performing Loans, Performing Forborne Exposures are identified to which the "forbearance measure" applies. In order to recover from the status as a Forborne exposure, an observation period of at least 2 year from the application of the forbearance measure (the so-called probation period) is required.

Within Non-Performing Loans, Non Performing Forborne Exposure are a category that extends across Bad Debts, Unlikely to Pay and Past due and/or overlimit exposures.

BANK RECOVERY AND RESOLUTION DIRECTIVE – 2014/59/EU (BRRD) AND DEPOSIT GUARANTEE SCHEMES DIRECTIVE – 2014/49/EU (DGSD)

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) sets down the new resolution rules applying since 1 January 2015 to all the banks within the European Union. The measures provided for shall be financed by the National Resolution Fund that every Member State shall set up with ex-ante contributions (plus possible extraordinary ex-post contributions if certain circumstances occur).

Effective on 1 January 2016, the National Resolution Funds shall be merged into the Single Resolution Fund (SRF), managed by the Single Resolution Board (SRB). The Single Resolution Fund, provided for by the Single Resolution Mechanism Regulation, shall Reach a target level equal to at least 1% of the amount of covered deposits of all credit institutions authorised in all the Banking Union participating member states over a 8-year time horizon (1 January 2016 – 31 December 2023).

Therefore, the banks of all Member States of the Banking Union (including Italian ones) started in 2015 to contribute to the National Resolution Fund and, from 2016, will contribute to the Single Resolution Fund. The contribution rules are set down by Council Implementing Regulation (EU) 2015/81 of 19 December 2014 (published on the Italian Official Journal on 19 March 2015).

As regards Italy's implementation of the BRRD, Italian Law No. 114 of 9 July 2015 (2014 European delegation Law) has set down the standards to assign the powers, responsibilities and functions as needed to implement the Directive in Italy. The legislation procedure was completed with the issue of Italian Legislative Decrees No. 180 and 181 of 16 November 2015, which have fully implemented the BRRD in the Italian system.

Therefore, in its capacity as the Italian National Resolution Authority, the Bank of Italy set up, for 2015, with Measure No. 1226609/15 of 18 November 2015, the Italian National Resolution Fund.

For 2015, since the Fund had to be used immediately within the well-known Programme for the resolution of the crisis of some Italian Banks, the Italian National Authority called in not only ordinary (ex-ante) contributions, but also extraordinary (ex-post) contributions, equal to three years' worth of ordinary contributions. For the Cariparma Crédit Agricole Group, the 2015 ex-ante contribution came to approximately Euro 8.1 million, while the ex-post contribution to about Euro 24.2 million, for a total amount of approximately Euro 32.2 million.

The Deposit Guarantee Schemes Directive (DGSD – 2014/49/EU) aims at strengthening protection of depositors, to harmonize the regulatory framework at a EU level and provides for all Member States to implement an ex-ante financing scheme. The Directive provides for the target level, equal to 0.8% of guaranteed deposits, to be reached by 2024 (10-year timeframe).

With a specific Bill, the Government was assigned the task and powers to implement the European Directives and other acts of the European Union (the so-called *Legge di Delegazione Europea 2014* – 2014 European Delegation Law). The above Bill was converted into Italian Law No. 114 of 9 July 2015, thus ensuring the alignment of the Italian national legislation to the European Union one.

It is reported that, for the Cariparma Crédit Agricole Group, the 2015 ex-ante contribution to the DGS came to approximately Euro 6.4 million.

In terms of financial reporting, the contributions to the Italian National Resolution Fund and to the Deposit Guarantee Scheme (both "ordinary" and "extraordinary") have been recognized under item 150b "Administrative Expenses – other administrative expenses". The above approach is consistent with the provisions issued by the Bank of Italy with communication dated 19 January 2016 "Contributions to resolution funds: recognition and supervisory reporting".

LEASES

Leases have been recognized based on the provisions of IAS 17.

In particular the definition of a contract agreement as a lease transaction (or including a lease transaction) is based on the fact that the same agreement depends on the use of one or more specific assets and whether the agreement transfers the right of use of that asset.

Leases are considered finance leases if they transfers all risks and rewards of ownership; otherwise, leases are classified as operating leases.

For finance lease contracts entered into by the Cariparma Credit Agricole Group as the lessor, the assets granted in finance lease are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interest income (financial components of lease fees) is recognized in the income statement, and the fee part representing principal repayment reduces the receivable value.

CLASSIFICATION OF LEASES

In the initial value of the loan also includes the so-called "initial direct costs"; more specifically, the accounting standard:

- Defines the initial direct costs as ""incremental costs that are directly attributable to negotiating and arranging a lease", specifying that "the interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of (a) the minimum lease payments and (b) the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs borne by the Lessor";
- Specifies that "Lessors include in the initial lease amount the initial direct costs borne for negotiating the lease. This treatment does not apply to Lessors that are manufacturers or dealers";
- Specifies that "the Principle does not allow initial direct costs to be recognized as expenses by the Lessors".

It is to be noted that the IAS 17 provision for the inclusion of the initial direct costs in the financial lease recognition by the Lessor essentially entails that lease receivables are treated as financial receivables valued at amortized cost.

Initial direct costs to be attributed to net investment increase include only the additional costs directly attributable to negotiating and finalizing the finance lease transaction which are certain and immediately determinable upon the initial recognition of the lease receivable, such as commission and legal expenses.

The Group has also entered into operating lease agreements as Lessee, concerning cars and other capital assets. The fees for these operating lease agreements have been recognized in the Income Statement on a straight-line basis over the duration of the agreement.

As at the reporting date, the Group had no finance lease agreements in force.

INSURANCE ASSETS AND LIABILITIES

The Financial Statements of the Group do not report any assets or liabilities bearing insurance risks.

TREASURY SHARES

Any treasury shares held are deducted from Equity. Similarly, the original costs of these shares and any gains or losses resulting from their subsequent sale are recognized as changes in Equity.

LEASEHOLD IMPROVEMENT

The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the lessee company has control over and enjoys the future economic benefits of the assets. These costs, classified among "Other Assets" as provided for by the above-mentioned circular No. 262/2005 issued by the Bank of Italy, are amortized over a period that does not exceed the residual duration of the lease.

The balancing item in the income statement of the above provisions is recognized under other operating expenses.

EMPLOYEE SEVERANCE BENEFITS

Until 31 December 2006 the employee severance benefits of Italian companies were considered defined-benefit plans. The regulation of these benefits was amended by Italian Law 27 December 2006, No. 296 ("Financial Act 2007") and subsequent Decrees and Regulations issued in the first months of 2007. In the light of such amendments, this item is now to be considered a defined-benefit scheme exclusively for the portions accrued before 1 January 2007 (and not settled yet as at the reporting date), whereas after such date it is treated as a defined contribution scheme.

Therefore, with reference to the defined benefit scheme component the benefit cost is calculated separately for each scheme using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The expenses for the plan are recognized under staff expenses, include interests accrued, while employees' severance benefits accrued in the year, following the supplementary pension scheme reform introduced with the 2007 Financial Act, are entirely allocated to the " defined-contribution plan".

Actuarial gains and losses, including revaluation of the portions accrued in the previous years, based on the reference ISTAT (Italian National Institute of Statistics) index, are taken to a specific equity reserve, starting from 2010.

Based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined contribution scheme are calculated based on the contributions due for each year without applying actuarial calculation methods.

PROVISIONS FOR GUARANTEES ISSUED AND COMMITMENTS

Financial guarantee liabilities issued by the Group are the contracts requiring a payment to refund the holder of a loss following the default of a specific debtor in making the payment due at the set maturity date based on the contract clauses of the debt instrument. Financial guarantee contracts are initially recognized as liabilities at fair value, increased by the transaction costs directly attributable to the guarantee issue.

Later, liabilities are measured at the higher between the best estimate of the cost required to meet the actual obligation as at the reporting date and the amount initially recognised after deducting the accrued amortization. These guarantees are recognized under "Other Liabilities", pursuant to the above-mentioned Bank of Italy Circular No. 262/2005.

SHARE-BASED PAYMENT

Share-based compensation plans for employees are recognized in the Income Statement, with a corresponding increase in Equity, based on the fair value of the financial instruments allocated at the awarding date, divided over the time period covered by the plan.

The fair value of any options is calculated using a model that takes into account information such as the exercise price and term of the option, the current price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the plan specific features The measurement model separately measures the options and the probability that the conditions for granting the options will be achieved.

Any reduction in the number of financial instruments awarded is recognized as a cancellation of a portion of such instruments.

REVENUE RECOGNITION

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- dividends are recognized in the income statement when their distribution is authorized;
- commission income for revenues from services is recognized, in accordance with the terms of the relevant agreement, in the period in which the services have been provided;
- revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded.

If these values cannot be easily detected or the instrument is not highly liquid, the financial instrument is recognized at a value equal to the transaction price, less the business profit; the difference with the fair value is recognized in the Income Statement over the transaction duration with progressive reduction, in the measurement model, of the correction factor relating to the instrument's low liquidity.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or estimated using a valuation technique. Fair value applies to each financial asset or liability on an individual basis. As an exception, it can be estimated at a portfolio level, if the strategy for the management and monitoring of risk allow it and it appropriate documentation is provided. However, certain fair value parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA).

More exhaustive reporting on these parameters is given in Part A.4 of the Note to the Financial Statements.

ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments that are to be designated and recognized at fair value pursuant to the international financial reporting standards, the fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a regulated market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as traded in an active market. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as "official", as at the closure of the reference period.

In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a "mid-price" is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the fair value of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm's length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is prudentially calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, measurement models globally accepted have been defined, which refer to market parameters (communicated by the Parent Company Crédit Agricole), to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; variable-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameters.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, the comparable transactions by companies operating in the same sector and supplying the same type of products and services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

ASSETS AND LIABILITIES THAT ARE NOT DESIGNATED AT FAIR VALUE OR ARE DESIGNATED AT FAIR VALUE ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the fair value for reporting purposes or given as information in the Note to the financial statements is calculated as follows:

- medium- and long-term assets and liabilities are primarily measured by discounting future cash flows, taking account of the riskiness of the relevant portfolio;
- a good approximation of the fair value of demand or short-term assets and liabilities is represented by the initial book value, net of collective/individual writedowns;
- the book value of non-performing loans (bad debts, unlikely to pay and past-due positions) is deemed to be a reasonable fair value approximation;
- the book value initially recognized of floating-rate and short-term fixed-rate securities is deemed a reasonable fair value approximation, due to the fact that it reflects both the change in rates and the measurement of the credit risk associated with the issuer. An analogous approach is applied for the fair value measurement of medium-/long-term fixed-rate securities and structured securities that are hedged for interest rate risk, for which the book value determined for hedge accounting purposes already takes account of interest rate risk measurement. For the latter, in determining the fair value reported in the Note to the financial statements, changes in their credit spread were not taken into account, considering the same within the Crédit Agricole Group.

With regard to real estate, for which the fair value is calculated only for the purposes of disclosure in the Note to the financial statements, reference is made to a value primarily based on appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST CALCULATION METHOD

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability.

To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs decreasing or increasing the value of the instruments over their expected lifetime, through the amortization process. The determination of the amortized cost varies according to whether the financial assets/liabilities being assessed are at fixed or variable rate, and - in the latter case - according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time periods, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity. Any adjustments are recognized as expense or income in the Income Statement.

Amortized cost is calculated for loans and receivables, investments held to maturity, financial assets available for sale, debt and securities issued.

Financial assets and liabilities traded on an arm's length basis are initially recognized at fair value, which normally corresponds to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs and commissions.

Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument that cannot be charged to the customer. These commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment.

In addition, not considered in the amortized cost calculation are the costs that the Group would sustain independently of the transaction (for example, administrative costs, recording and communication expenses), nor those that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as commissions for services collected for the completion of Structured Finance operations, which would however have been collected independently of the subsequent financing of the transaction (such as, for example, arrangement commissions).

With specific reference to loans, costs attributable to the financial instrument include commission paid to distribution channels, fees paid for advice/assistance to the organization and/or participation in syndicated loans, expenses borne for loans acquired by subrogation and, finally, up-front commissions relating to loans granted at a higher-than-market rates; while the revenues considered in the calculation of amortized cost are up-front commissions relating to loans granted at lower-than-market rates, commissions for participation in syndicated transactions and brokerage fees linked to commissions paid by intermediation companies.

As to securities not classified as held for trading, transaction costs include commissions on contracts with stockbrokers operating in Italian markets, commissions paid to intermediaries operating in foreign stock and bond markets based on a prepared schedule of commissions. The amortized cost does not include stamp duties, as these are deemed immaterial.

With regard to securities issued, amortized cost is calculated taking into account commission for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost excludes commissions paid to rating agencies, legal and advice/ audit expenses for the annual update of prospectuses, expenses for the use of indexes and commissions that arise during the life of the debenture loan issued.

Following initial measurement, they are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates. Finally, structured assets or liabilities not measured at fair value are also measured at amortized cost and taken to the income statement where the derivative contract incorporated in the financial instrument is separated and recognized separately.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as stated previously in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to loans without a specified maturity or loans subject to revocation.

METHOD TO CALCULATE IMPAIRMENT LOSSES

● *FINANCIAL ASSETS*

At every reporting date, financial assets not classified as “Financial Assets held for trading” undergo impairment testing to determine whether there is objective evidence that their book value is not fully recoverable.

Impairment exists where there is objective evidence of a reduction in future cash flows compared with the ones originally estimated, following the occurrence of specific events. It must be possible for the loss to be measured reliably and it must be correlated with actual, not merely expected, events.

Impairment is measured on an individual basis for financial assets that show specific evidence of impairment, and collectively for financial assets for which individual measurement is not required or for which individual measurement has not determined any writedown.

As regards loans to customers and loans to banks, measurement on an individual basis is applied to those classified as bad debts or unlikely to pay, in accordance with the Bank of Italy definitions and consistently with the IAS/IFRS.

Non-performing loans are measured on an individual basis and the amount of the writedown of each loan is equal to the difference between the book value of the loan at the time of measurement (amortized cost) and the present value of expected future cash flows, calculated by applying the original effective interest rate.

Expected cash flows take account of expected collection times, the assumable realizable value of any guarantees, as well as the costs likely to be incurred to the exposure amount. Cash flows from loans for which collection is expected in the short-term are not discounted, since the impact of the time factor is deemed immaterial.

Loans for which no objective evidence of impairment has been found on an individual basis undergo collective impairment testing. To this end performing loans are subdivided into categories with uniform credit risk profile, referred to as “rating grades”, and the scope of application is defined by identifying “sensitive” loans, considered as loans that implicitly include the possibility of incurred losses.

The collective impairment value of sensitive loans is, therefore, calculated applying the percentage expressing the probability of default assigned to the rating grade, considering also the residual life of the loan (maturity) and the loss given default rate, defined in a perspective of Basel 2 prudential supervision. The loss given default rate is, moreover, further corrected by a sector coefficient, established based on the run-off rates published by the Bank of Italy. The collective impairment loss measurement also takes into account the risk associated with the counterparty’s country of residence.

As regards fair value measurement, reference is made to the relevant section of this Note.

● *OTHER NON-FINANCIAL ASSETS*

Property, plant and equipment and intangible assets with a finite useful life undergo impairment testing if there is evidence that the book value of the asset can no longer be recovered.

The recoverable value is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the book value of an asset is higher than its recoverable value, that asset is impaired and consequently written down to its recoverable value.

The recoverable value is determined with reference to the fair value of the property, plant and equipment asset or intangible asset net of divestment expenses or with reference to its value in use, if it can be determined and is higher than the fair value.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment losses are recognized only when the fair value, net of sale costs, or the value in use of the asset is lower than its book value for three consecutive years.

For other Property, plant and equipment items and intangible assets (other than goodwill), the Group determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the current cost of money and asset-specific risks).

SEGMENT REPORTING METHOD

The Bank presents segment reporting, as required by IFRS 8.

The sectors of economic activity included in segment reporting are determined based on the Group's organisational and management structure.

The Group's business segments are:
- Retail/Private Banking;
- Large-corporate/Mid-corporate;
- Other/sundry ones.

For segment reporting purposes, management figures, suitably reconciled with Financial Statement figures, have been used. The methods used for the impairment testing of goodwill are reported in point 13.3 - Assets.

■ A.3 Disclosure of transfers of financial assets between portfolios

A.3.1 Transfers between portfolios

In 2015, no transfers between portfolios were made.

A.4 Fair value reporting

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are measured at fair value (irrespectively of whether they are measured on a recurring or non-recurring basis).

The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:

- Level 1: Fair value equal to quoted prices (with no adjustments) in active markets.

Level 1 includes financial instruments that are quoted on active markets.

Specifically, these financial instruments are stocks and bonds quoted on active markets, investment schemes quoted on active markets (EFT) and derivatives traded on regulated markets.

Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.

- Level 2: Fair value determined using measurement models that are universally acknowledged and based on observable or indirectly observable market inputs.

These data are directly observable or indirectly observable (for example, determining the interest rate curve based on the interest rates that can be observed directly on the market as at a reference date).

Level 2 includes:

- Stocks and bonds that are quoted on markets considered inactive or that are not quoted on an active market, but whose fair value is determined using a universally acknowledged measurement model based on observable or indirectly observable inputs;
- Financial instruments whose fair value is determined with measurement models using observable market inputs.

- Level 3: Financial instruments whose fair value is determined using, to a significant extent, inputs that do not meet the set observability requirements.

The fair value of some complex instruments that are not traded on active markets is determined with measurement techniques based on inputs that are not observable on the market.

The above are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

CREDIT VALUATION ADJUSTMENT (CVA) AND DEBIT VALUATION ADJUSTMENT (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty.

In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank (issuer).

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty, is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by the IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA).

By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative.

Much in the same way, risks can be mitigated by finalizing Credit Support Annexes (CSA), which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral.

Such collateral allows the present exposure and the subsequent risk to be reduced and provides, on a regular basis, for the exposure to be recalculated in order to verify that the deposited amount is consistent.

In accordance with the IFRS 13, the Cariparma Group has adopted a model implemented by the Parent Company Crédit Agricole SA; in addition to the effects of any changes in the counterparty's creditworthiness (Credit Valuation Adjustment – CVA), this model also expresses any changes in the Group's creditworthiness (Debit Value Adjustment – DVA).

In accordance with the model, the calculation of the CVA depends on the exposure, on the probability of default (PD) and on the Loss Given Default (LGD) of the counterparties.

This model provides for the use of a forward-looking PD as a function of the type of counterparty, to which a CDS spread or a CDS proxy is assigned. For this purpose, the external counterparties are classified into three categories:

- the first category includes the counterparties for which CDS input parameters are directly observable in the market;
- the second category includes counterparties for which there is no official quoted parameter, but to which a CDS proxy can be assigned, based on the observable market value that is given to counterparties with the same characteristics in terms of economic activity sector, rating and geographical area;
- the third category includes the counterparties to which a proxy cannot be assigned and for which, therefore, historical data are used.

On the other hand, the DVA calculation depends on the Bank's exposure, probability of default (PD) and Loss Given Default (LGD) and this measure expresses the potential earnings from the change in the market prices of the relevant derivative, due to the worsening of the Issuer Bank's creditworthiness.

In this case, a forward-looking PD is used which reflects the Group's credit risk.

As at 31 December 2015, the CVA of the Cariparma Crédit Agricole Group, calculated in accordance with the above method, came to Euro 11.7 million (of which Euro 10.5 million for Cariparma; Euro 0.7 million for FriulAdria and Euro 0.5 million for Carispezia).

Similarly, as at 31 December 2015, the DVA of the Cariparma Crédit Agricole Group came to Euro 1.2 million (of which Euro 0.9 million for Cariparma; Euro 0.2 million for FriulAdria and Euro 0.1 million for Carispezia).

The difference between the CVA and DVA amounts as calculated, equal to Euro 10.5 million for the Group, is a negative income component and, as such, has been recognized in the Income Statement.

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

Level 2: this level includes all financial instruments for which there is no active market, but whose measurement is based on observable market inputs. Therefore, universally acknowledged measurement models have been set, which refer to observable market inputs.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; variable-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameters.

Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions.

Level 3: this level includes all financial instruments for which there is no active market and whose measurement is not based on observable market inputs, it also includes the measurements communicated by qualified market players.

A.4.2 Processes and sensitivity of measurement

The Financial Management Division of Cariparma is responsible for defining the fair value category of the financial instruments recognized; the fair value hierarchy is reported in section "A3 Fair value reporting". Choosing between the above methods is not an option, since they must be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

IFRS 13 also requires that, for recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a narrative description is given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement. .

In this regard, it is reported that the case under examination does not apply to some L3 financial instruments classified as Held for Trading and AFS Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For assets and liabilities recognized, the Financial Management Division assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Financial Management Division moves financial instruments from level 1 to level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models.

The Financial Management Division makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

The cases provided for by IFRS 13 at paragraphs 51, 93 item (i) and 96 did not apply to the Group.

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

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

Financial assets/liabilities measured at fair value	31.12.2015			31.12.2014		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	4	107,257	673	26	199,659	11,280
2. Financial assets designated at fair value	-	-	-	-	15,972	-
3. Financial assets available for sale	5,589,313	-	219,536	5,946,726	-	260,316
4. Hedging derivatives	-	692,455	-	-	924,205	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible Assets	-	-	-	-	-	-
Total	**5,589,317**	**799,712**	**220,209**	**5,946,752**	**1,139,836**	**271,596**
1. Financial liabilities held for trading	-	117,465	7	-	209,264	10,329
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	276,169	393,986	-	339,658	363,297
Total	**-**	**393,634**	**393,993**	**-**	**548,922**	**373,626**

The impact resulting from applying CVA and DVA on the fair value measurement of derivatives classified in the “Financial Asset held for trading” item came to Euro 10,509 thousand.

A.4.5.2 Changes for the period in assets designated at fair value on a recurring basis (level 3)

	Financial assets held for trading	Financial Assets designated at fair value	Financial assets available for sale	Hedging derivatives	Property, plant and equipment	Intangible assets
1. Opening balance	**11,280**	**-**	**260,316**	**-**	**-**	**-**
2. Increases	**4,661**	**-**	**11,369**	**-**	**-**	**-**
2.1 Purchases	4,571	-	8,943	-	-	-
2.2 Profits recognized in:	-	-	-	-	-	-
2.2.1 Income Statement	76	-	1,211	-	-	-
- of which: Capital gains	1	-	-	-	-	-
2.2.2 Equity	X	X	1,190	-	-	-
2.3 Transfers from other levels	8	-	1	-	-	-
2.4 Other increases	6	-	24	-	-	-
3. Decreases	**15,268**	**-**	**52,149**	**-**	**-**	**-**
3.1 Sales	4,692	-	8,233	-	-	-
3.2 Redemptions	10,453	-	43,127	-	-	-
3.3 Losses recognized in:	-	-	-	-	-	-
3.3.1 Income Statement	117	-	45	-	-	-
- of which Capital losses	114	-	-	-	-	-
3.3.2 Equity	X	X	738	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-
3.5 Other decreases	6	-	6	-	-	-
4. Closing Inventories	**673**	**-**	**219,536**	**-**	**-**	**-**

A.4.5.3 Changes for the period in liabilities designated at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**10,329**	**-**	**363,297**
2. Increases	**1**	**-**	**88,932**
2.1 Issues	-	-	71,797
2.2 Losses recognized in:	-	-	17,135
2.2.1 Income Statement	1	-	17,135
- of which: Capital losses	1	-	14,486
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**10,323**	**-**	**58,243**
3.1 Redemptions	10,321	-	51,261
3.2 Repurchases	-	-	-
3.3 Profits recognized in:	-	-	6,982
3.3.1 Income Statement	2	-	6,982
- of which:Capital gains	2	-	6,982
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Inventories	**7**	**-**	**393,986**

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

Assets and liabilities that are not designated at fair value or are designated at fair value on a non-recurring basis	31.12.2015				31.12.2014			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Investments held to maturity	-	-	-	-	-	-	-	-
2. Loans to banks	2,869,109	-	2,869,109	-	3,277,775	-	3,277,775	-
3. Loans to Customers	36,462,501	-	-	38,779,348	37,275,835	-	-	39,321,252
4. Investment property	28,069	-	-	51,108	18,877	-	-	35,597
5. Non-current assets and disposal groups	-	-	-	-	-	-	-	-
Total	**39,359,679**	**-**	**2,869,109**	**38,830,456**	**40,572,487**	**-**	**3,277,775**	**39,356,849**
1. Due to banks	4,289,627	-	4,289,627	-	6,781,410	-	6,781,410	-
2. Due to Customers	28,402,451	-	28,371,884	30,567	25,314,421	-	25,301,213	13,208
3. Debt securities issued	10,597,134	-	9,586,075	1,025,717	11,831,609	-	10,245,110	1,609,650
4. Non-current liabilities held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**43,289,212**	**-**	**42,247,586**	**1,056,284**	**43,927,440**	**-**	**42,327,733**	**1,622,858**

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value. This assumption is based on the fact that the fair value calculation is mainly affected by recovery expectations based on the manager's subjective assessment.

Similarly, it is pointed out that the fair value of performing loans, classified at Level 3 has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters).

Because of these reasons, as well as because there is no secondary market, the fair value recognized, for disclosure purposes only, could be even significantly different from the prices of any disposals.

A.5 Reporting on "day one profit/loss"

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is designated at fair value but not listed on an active market, the transaction price, which generally amounts to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately disclosed by financial instrument class.

It is reported that this case does not apply to the Group consolidated financial statements.

PART B INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

1.1 CASH AND CASH EQUIVALENTS: COMPOSITION

	31.12.2015	31.12.2014
a) Cash	240,189	285,002
b) Demand deposits with Central Banks	1,150,000	-
Total	**1,390,189**	**285,002**

Section 2 – Financial assets held for trading – Item 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	4	102	657	26	195	817
1.1 Structured Securities	-	102	-	-	102	-
1.2 Other debt securities	4	-	657	26	93	817
2. Equity securities	-	-	7	-	8	-
3. Units in collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**4**	**102**	**664**	**26**	**203**	**817**
B. Derivatives						
1. Financial Derivatives	-	107,155	9	-	199,456	10,463
1.1 held for trading	-	107,155	9	-	199,456	10,463
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**-**	**107,155**	**9**	**-**	**199,456**	**10,463**
Total (A+B)	**4**	**107,257**	**673**	**26**	**199,659**	**11,280**

It is reported that the “Other debt securities” item under Financial Assets held for trading reports the securities issued by the Icelandic Bank Glitnir Banki HF (former Islandbanki) amounting to Euro 725 thousand. These securities matured on 4 November 2010 and have been classified as bad debts.

2.2 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY DEBTOR/ISSUER

Items/Values	31.12.2015	31.12.2014
A. On-balance-sheet assets		
1. Debt securities	763	1,038
a) Governments and Central Banks	5	5
b) Other public entities	-	-
c) Banks	757	959
d) Other issuers	1	74
2. Equity securities	**7**	**8**
a) Banks	7	8
b) Other issuers:	-	-
- Insurance undertakings	-	-
- financial companies	-	-
- non-financial corporations	-	-
- Other	-	-
3. Units of collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total A	**770**	**1,046**
B. Derivatives		
a) Banks	-	-
- fair value	8,042	80,370
b) Customers	-	-
- fair value	99,122	129,549
Total B	**107,164**	**209,919**
Total (A+B)	**107,934**	**210,965**

Section 3 – Financial assets designated at fair value – Item 30

3.1 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	-	-	-	-	15,972	-
1.1 Structured Securities	-	-	-	-	15,972	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	-	-	-	-	-	-
3. Units of collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Structured loans	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**15,972**	**-**
Cost	**-**	**-**	**-**	**-**	**-**	**-**

3.2 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

Items/Values	Total 31.12.2015	Total 31.12.2014
1. Debt securities	**-**	**15,972**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	15,972
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- Insurance undertakings	-	-
- financial companies	-	-
- non-financial corporations	-	-
- Other	-	-
3. Units of collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	**-**	**15,972**

Section 4 – Financial assets available for sale – Item 40

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**5,573,867**	**-**	**5,776**	**5,946,645**	**-**	**48,982**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	5,573,867	-	5,776	5,946,645	-	48,982
2. Equity securities	**15,446**	**-**	**212,842**	**81**	**-**	**210,334**
2.1 Designated at fair value	15,446	-	204,458	81	-	204,706
2.2 Measured at cost	-	-	8,384	-	-	5,628
3. Units of collective investment undertakings	**-**	**-**	**918**	**-**	**-**	**1,000**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**5,589,313**	**-**	**219,536**	**5,946,726**	**-**	**260,316**

The main equity securities measured at cost (considering that there is no active market, not even a secondary one, and the standard measurement methods cannot be used due to the specific operations performed) are:

- Wildside S.r.l. SHS (book value Euro 1,500 thousand);
- SILCA S.n.c. (book value Euro 2,060 thousand);
- CA Fiduciaria S.p.A. (book value Euro 400 thousand).

In general, these equity securities have been measured at cost, since their fair value could not be reliably calculated. Indeed, there is no active market for these instruments, there were no recent transactions, similar securities could not be found and measurement models could not be properly applied.

4.2 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY DEBTOR/ISSUER

Items/Values	31.12.2015	31.12.2014
1. Debt securities	**5,579,643**	**5,995,627**
a) Governments and Central Banks	5,573,867	5,946,645
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	5,776	48,982
2. Equity securities	**228,288**	**210,415**
a) Banks	163,491	163,490
b) Other issuers:	64,797	46,925
- Insurance undertakings	15,446	-
- financial companies	11,093	9,921
- non-financial corporations	38,258	37,004
- Other	-	-
3. Units of collective investment undertakings	**918**	**1,000**
4. Loans	**-**	**-**
a) Governments and Central Banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	**5,808,849**	**6,207,042**

The units of collective investment undertakings refer to the Fondo Immobiliare Leopardi.

4.3 FINANCIAL ASSETS AVAILABLE SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

	31.12.2015	31.12.2014
With specific fair value hedges:	**5,391,175**	**5,851,840**
1. Interest rate risk	5,366,009	5,646,538
2. Price risk	25,166	205,302
3. Exchange rate risk	-	-
4. Credit Risk	-	-
5. Multiple risks	-	-
With specific cash flow hedges:	**-**	**-**
1. Interest rate risk	-	-
2. Exchange rate risk	-	-
3. Other	-	-
Total	**5,391,175**	**5,851,840**

Section 6 – Loans to banks – Item 60

6.1 LOANS TO BANKS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015				31.12.2014			
	VB	FV			VB	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Claims on Central Banks	**294,284**	**-**	**294,284**	**-**	**419,255**	**-**	**419,255**	**-**
1. Fixed-term deposits	-	X	X	X	-	X	X	X
2. Reserve requirement	294,284	X	X	X	419,255	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Loans to Banks	**2,574,825**	**-**	**2,574,825**	**-**	**2,858,520**	**-**	**2,858,520**	**-**
1. Loans	2,224,112				1,949,771			
1.1 Current accounts and demand deposits	171,755	X	X	X	235,672	-	-	-
1.2 Fixed-term deposits	1,422,415	X	X	X	1,687,357	-	-	-
1.3 Other loans:	629,942	-	-	-	26,742	-	-	-
- Repurchase agreements for lending purposes	-	X	X	X	-	X	X	X
- Finance leases	-	X	X	X	-	X	X	X
- Other	629,942	X	X	X	26,742	X	X	X
2. Debt securities	350,713	-	-	-	908,749	-	-	-
2.1 Structured Securities	-	X	X	X	-	X	X	X
2.2 Other debt securities	350,713	X	X	X	908,749	X	X	X
Total	**2,869,109**	**-**	**2,869,109**	**-**	**3,277,775**	**-**	**3,277,775**	**-**

Key:
FV = fair value
BV = book value

6.2 LOANS TO BANKS SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

As at 31 December 2015, there were no loans to banks subject to micro-hedging, i.e. specifically hedged.

6.3 FINANCE LEASES

As at 31 December 2015, there were no loans to banks resulting from finance lease transactions.

Section 7 – Loans to customers – Item 70

7.1 LOANS TO CUSTOMERS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015						31.12.2014					
	Book value			Fair value			Book value			Fair value		
	Performing	Non-performing		L1	L2	L3	Performing	Non-performing		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**33,237,396**	**-**	**3,064,743**	**-**	**-**	**38,618,986**	**34,151,992**	**-**	**2,992,092**	**-**	**-**	**39,189,501**
1. Current accounts	2,600,310	-	678,497	X	X	X	3,109,620	-	649,196	X	X	X
2. Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgage loans	21,631,158	-	1,722,785	X	X	X	21,179,057	-	1,617,541	X	X	X
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	367,043	-	14,818	X	X	X	514,027	-	18,914	X	X	X
5. Finance leases	1,562,746	-	233,876	X	X	X	1,627,644	-	231,539	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	7,076,139	-	414,767	X	X	X	7,721,644	-	474,902	X	X	X
Debt securities	**160,362**	**-**	**-**	**-**	**-**	**160,362**	**131,751**	**-**	**-**	**-**	**-**	**131,751**
8. Structured Securities	160,362	-	-	X	X	X	131,241	-	-	X	X	X
9. Other debt securities	-	-	-	X	X	X	510	-	-	X	X	X
Total	**33,397,758**	**-**	**3,064,743**	**-**	**-**	**38,779,348**	**34,283,743**	**-**	**2,992,092**	**-**	**-**	**39,321,252**

Key:
L1 = level 1
L2 = level 2
L3 = level 3

7.2 LOANS TO CUSTOMERS: COMPOSITION BY DEBTOR/ISSUER

Type of transactions/Values	31.12.2015			31.12.2014		
	Performing	Non-performing		Performing	Non-performing	
		Purchased	Other		Purchased	Other
1. Debt securities:	**160,362**	**-**	**-**	**131,751**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public entities	-	-	-	-	-	-
c) Other issuers	160,362	-	-	131,751	-	-
- non-financial corporations	-	-	-	510	-	-
- financial companies	-	-	-	-	-	-
- insurance undertakings	160,362	-	-	131,241	-	-
- Other	-	-	-	-	-	-
2. Loans to:	**33,237,396**	**-**	**3,064,743**	**34,151,992**	**-**	**2,992,092**
a) Governments	24,908	-	-	12,718	-	-
b) Other public entities	285,646	-	4,834	273,382	-	4,458
c) Other parties	32,926,842	-	3,059,909	33,865,892	-	2,987,634
- non-financial corporations	15,156,458	-	2,523,805	16,004,771	-	2,458,053
- financial companies	2,980,785	-	44,130	3,598,905	-	30,751
- insurance undertakings	70,348	-	4	67,139	-	1
- Other	14,719,251	-	491,970	14,195,077	-	498,829
Total	**33,397,758**	**-**	**3,064,743**	**34,283,743**	**-**	**2,992,092**

7.3 LOANS TO CUSTOMERS: ASSETS SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

Type of transactions/Values	31.12.2015	31.12.2014
1. Loans with specific fair value hedges	**217,801**	**196,409**
a) interest rate risk	217,801	196,409
b) exchange rate risk	-	-
c) credit risk	-	-
d) multiple risks	-	-
2. Loans with specific cash flow hedges:	**-**	**-**
a) interest rate risk	-	-
b) exchange rate risk	-	-
c) other	-	-
Total	**217,801**	**196,409**

7.4 FINANCE LEASES

Time ranges	Total					
	31.12.2015					
	NET NON-PERFORMING EXPOSURES	Minimum payments			Gross investment	
		Principal portion		Interest portion		of which unsecured residual value
			of which secured residual value			
- on demand	164,188	20,839	-	3,781	24,620	-
- up to 3 months	3,145	49,630	-	11,242	60,872	689
- beyond 3 months	-	-		-	-	-
up to 1 year	50,895	191,652	-	41,755	233,407	7,994
- beyond 1 year	-	-		-	-	-
up to 5 years	13,728	660,781	-	149,361	810,142	32,049
- beyond 5 years	1,920	662,057	-	113,570	775,627	162,762
- duration	-	-		-	-	-
unspecified	-	-	-	-	-	-
Total	**233,876**	**1,584,959**	**-**	**319,709**	**1,904,669**	**203,494**
Value adjustments						
- on an individual basis	-	-	-	-	-	-
- on a collective basis	-	-11,765	-	-	-	-
Net Total	**233,876**	**1,573,194**	**-**	**319,709**	**1,904,669**	**203,494**

Crédit Agricole Leasing Italia Srl lease contracts set down that the lessee, granted that the same has fulfilled all obligations undertaken, at the end of the set contract duration, may choose:

- To acquire the ownership of the asset by paying a pre-set price;
- To return the asset subject to the lease contract.

The duration of lease contracts, which is based on the useful life of the assets, and the pre-set surrender value of the assets are such to generally induce lessees to purchase the asset at contract expiry.

Financed assets are different according to the lease applicant and/or the nature of business operations. In general, financed assets fall into 4 categories: motor vehicles (cars, commercial vehicles and industrial vehicles), air rail naval (airplanes, boats, railway cars), equipment and property (commercial and industrial buildings both completed and to be built).

SALE AND LEASE-BACK TRANSACTIONS

Sale and lease-back is a transaction by which the same asset is sold and leased back, by signing a lease contract for the same asset.

Loans resulting from lease-back agreements, which for Crédit Agricole Leasing Italia S.r.l. have no particular features in their clauses, except possibly in the ones relating to the regulation of the Supplier role (identifiable with the lessee), came to Euro 256.7 million.

Section 8 – Hedging derivatives – Item 80

8.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND BY LEVEL

	Fair Value 31.12.2015			Notional value 31.12.2015	Fair Value 31.12.2014			Notional value 31.12.2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial Derivatives	**-**	**692,455**	**-**	**15,292,519**	**-**	**924,205**	**-**	**15,131,035**
1) Fair value	-	692,455	-	15,292,519	-	924,205	-	15,131,035
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**692,455**	**-**	**15,292,519**	**-**	**924,205**	**-**	**15,131,035**

8.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE (BOOK VALUE)

Transactions/Type of hedge	Fair value						Cash flows		Investments Non-Italy
	Specific (micro)					Generic (macro)	Specific (micro)	Generic (macro)	
	Interest Rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale	3,649	-	-	423	-	X	-	X	X
2. Loans and receivables	8,801	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total Assets	**12,450**	**-**	**-**	**423**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	679,582	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	**679,582**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 97,187 thousand for hedging own bonds issued and Euro 582,395 thousand for macrohedging of fixed-rate demand deposits.

Section 9 – Fair value change of financial assets in macro hedge portfolios – Item 90

9.1 FAIR VALUE CHANGE OF HEDGED ASSETS: COMPOSITION BY HEDGED PORTFOLIO

Fair value change of hedged assets/Group components	31.12.2015	31.12.2014
1. Positive adjustment	**11,191**	**11,144**
1.1 of specific portfolios:	11,191	11,144
a) loans	11,191	11,144
b) financial assets available for sale	-	-
1.2 total	-	-
2. Negative adjustment	**-**	**-**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) financial assets available for sale	-	-
2.2 total	-	-
Total	**11,191**	**11,144**

9.2 ASSETS SUBJECT TO MACRO-HEDGING FOR INTEREST RATE RISK

Type of transaction/Values	31.12.2015	31.12.2014
Loans and Receivables	508,669	399,972
Assets available for sale	-	-
Portfolio	-	-
Total	**508,669**	**399,972**

Section 10 – Equity investments – Item 100

10.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	Type of Equity investment	Equity investment		Available % of votes
				Investor	% held	
A. Joint ventures						
B. Investees subject to significant influence						
1. Glassfin S.r.l.	San Vito al Tagliamento (PN)		associate	Friuladria	31.66	x
2. Gefil S.p.A.	La Spezia		associate	Carispezia	25.83	x

10.2 SIGNIFICANT EQUITY INVESTMENTS: BOOK VALUE, FAIR VALUE AND DIVIDENDS RECEIVED

As at 31 December 2015, no significant equity investments have been recognized.

10.3 SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

As at 31 December 2015, no significant equity investments were recognized.

10.4 NON-SIGNIFICANT EQUITY INVESTMENTS: ACCOUNTING DATA

Name	Book value Of equity investments	Total Assets	Total Liabilities	Total revenues	Gain (Loss) after taxes continuing operations	Gain (Loss) on disposal groups after taxes	Gain (Loss) components (1)	Other income after taxes (2)	Comprehensive income (3) = (1) + (2)
A. Joint ventures									
B. Companies subject to significant influence	**2,583**	**18,205**	**6,473**	**8,160**	**758**	**-**	**453**	**-**	**453**
1. Glassfin S.r.l.	-	1,611	1,788	-	-8	-	-8	-	-8
2. Gefil S.p.A.	2,583	16,594	4,685	8,160	766	-	461	-	461

The data reported have been taken from the latest Annual Report and Financial Statements (31 December 2014) approved by each company.

10.5 EQUITY INVESTMENTS: CHANGES FOR THE PERIOD

	31.12.2015	31.12.2014
A. Opening balance	**18,909**	**-**
B. Increases	**-**	**19,263**
B.1 Purchases	-	-
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	**-16,326**	**354**
C.1 Sales	-16,326	351
C.2 Adjustments	-	-
C.3 Other changes	-	3
D. Closing balance	**2,583**	**18,909**
E. Total writebacks	**-**	**-**
F. Total adjustments	**-**	**-**

10.6 MEASUREMENTS AND SIGNIFICANT ASSUMPTIONS TO ASSESS WHETHER JOINT CONTROL OR SIGNIFICANT INFLUENCE EXISTS

The existence of significant influence was assessed based on IFRS 10.

10.7 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN JOINT-VENTURES

As at 31 December 2015, there were no joint ventures and, therefore, no commitments referring to the same.

10.8 COMMITMENTS REFERRING TO EQUITY INVESTMENTS IN ENTITIES SUBJECT TO SIGNIFICANT INFLUENCE

As at 31 December 2015, there were no equity investments in entities subject to significant influence and, therefore, no commitments referring to the same.

10.9 DISCLOSURE OF SIGNIFICANT RESTRICTIONS

As at 31 December 2015, there were no significant restrictions pursuant to IFRS 12, paragraphs 13 and 22 a).

● *Section 12 – Property, plant and equipment – Item 120*

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

Assets/Values	31.12.2015	31.12.2014
1. Owned	**459,487**	**441,292**
a) land	122,618	117,299
b) buildings	271,568	265,784
c) furniture	18,133	16,059
d) electronic equipment	8,751	7,177
e) other	38,417	34,973
2. Assets acquired under finance leases	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**459,487**	**441,292**

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

Assets/Values	31.12.2015				31.12.2014			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**28,069**	**-**	**-**	**51,108**	**18,877**	**-**	**-**	**35,598**
a) land	7,139	-	-	16,371	4,558	-	-	12,241
b) buildings	20,930	-	-	34,737	14,319	-	-	23,357
2. Assets acquired under finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**28,069**	**-**	**-**	**51,108**	**18,877**	**-**	**-**	**35,598**

12.5 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE PERIOD

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**117,299**	**511,043**	**109,985**	**65,826**	**214,178**	**1,018,331**
A.1 Total net writedowns	-	245,259	93,926	58,649	179,205	577,039
A.2 Opening net balance	**117,299**	**265,784**	**16,059**	**7,177**	**34,973**	**441,292**
B. Increases	**5,355**	**19,893**	**6,342**	**6,250**	**12,236**	**50,076**
B.1 Purchases	5,355	6,817	6,342	6,250	12,236	37,000
B.2 Capitalized improvement costs	-	13,076	-	-	-	13,076
B.3 Writebacks	-	-	-	-	-	-
B.4 Fair value gains recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
A. Decreases	**36**	**14,109**	**4,268**	**4,676**	**8,792**	**31,881**
C.1 Sales	36	7,004	2,856	-	-	9,896
C.2 Depreciation	-	4,496	1,322	4,481	8,581	18,880
C.3 Writedowns for impairment recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.4 Fair value recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to	-	1,605	-	-	-	1,605
a) Investment property	-	1,605	-	-	-	1,605
b) discontinuing operations	-	-	-	-	-	-
C.7 Other changes	-	1,004	90	195	211	1,500
B. Closing net balance	**122,618**	**271,568**	**18,133**	**8,751**	**38,417**	**459,487**
D.1 Total net writedowns	-	254,761	98,076	63,131	187,787	603,755
D.2 Closing gross balance	**122,618**	**526,329**	**116,209**	**71,882**	**226,204**	**1,063,242**
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

12.6 INVESTMENT PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE PERIOD

	31.12.2015	
	Land	Buildings
A. Opening balance	**4,558**	**14,319**
B. Increases	**2,581**	**8,839**
B.1 Purchases	-	67
B.2 Capitalized improvement costs	-	-
B.3 Fair value gains	-	-
B.4 Writebacks	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfers from operating assets	-	1,605
B.7 Other changes	2,581	7,167
C. Decreases	**-**	**2,228**
C.1 Sales	-	51
C.2 Depreciation	-	559
C.3 Fair Value losses	-	-
C.4 Writedowns for impairment	-	-
C.5 Negative exchange rate differences	-	-
C.6 Transfers to other assets portfolios	-	-
a) operating assets	-	-
b) discontinuing operations	-	-
C.7 Other changes	-	1,618
D. Closing balance	**7,139**	**20,930**
E. Carried at fair value	**16,371**	**34,737**

Section 13 – Intangible assets – Item 130

13.1 INTANGIBLE ASSETS: COMPOSITION BY TYPE OF ASSET

Assets/Values	31.12.2015		31.12.2014	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**1,575,536**	**X**	**1,575,536**
A.1.1 attributable to parent company shareholders	X	1,575,536	X	1,575,536
A.1.2 attributable to minority shareholders	X	-	X	-
A.2 Other intangible assets	**318,490**	**-**	**331,143**	**-**
A.2.1 Assets measured at cost:	318,490	-	331,143	-
a) Intangible assets developed in-house	7,524	-	6,567	-
b) Other assets	310,966	-	324,576	-
A.2.2 Assets designated at fair value:	-	-	-	-
a) Intangible assets developed in-house	-	-	-	-
b) Other assets	-	-	-	-
Total	**318,490**	**1,575,536**	**331,143**	**1,575,536**

The cost of intangible assets with finite life is amortized on a straight-line basis over the useful life of the asset, which, for all software has been set at 5 years. The useful life of some types of software, specifically identified, has been estimated in 10 years.

In-house generated intangible assets were recognized for Euro 1 million. These assets resulted from staff expenses borne for in-house development of software and are amortized over a 5-year period.

Intangible assets representing business with customers have been assigned a finite useful life set at 15 years, based on the time series available on the rate of customer turnover in the retail segment.

13.2 INTANGIBLE ASSETS: CHANGES FOR THE PERIOD

	Goodwill	Other intangible assets: developed in-house		Other intangible assets: other		Total
		with finite life	with indefinite life	with finite life	with indefinite life	
A. Opening balance	**1,575,536**	**8,868**	**-**	**702,267**	**-**	**2,286,671**
A.1 Total net writedowns	-	2,301	-	377,691	-	379,992
A.2 Opening net balance	1,575,536	6,567	-	324,576	-	1,906,679
B. Increases	**-**	**2,824**	**-**	**46,199**	**-**	**49,023**
B.1 Purchases	-	2,824	-	46,199	-	49,023
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- in the Income Statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**1,867**	**-**	**59,809**	**-**	**61,676**
C.1 Sales	-	702	-	13,113	-	13,815
C.2 Adjustments	-	1,165	-	46,622	-	47,787
- Amortization	-	1,165	-	46,622		47,787
- Write-downs:	X	-	-	-	-	-
+ Equity	-	-	-	-	-	-
+ Income Statement	X	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- in equity	-	-	-	-	-	-
- in the Income Statement	X	-	-	-	-	-
C.4 Transfers to discontinuing operations	X	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	74	-	74
D. Closing net balance	**1,575,536**	**7,524**	**-**	**310,966**	**-**	**1,894,026**
D.1 Total net writedowns	-	4,168	-	429,251		433,419
E. Closing gross balance	**1,575,536**	**11,692**	**-**	**740,217**	**-**	**2,327,445**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**

13.3 OTHER INFORMATION

Impairment test on intangible assets with finite useful life

At the end of 2015 it was verified that the value of each of the elements making up intangible assets, which were recognized within the scope of transactions made in 2007 and calculated as the present value of future cash flows, was still higher than the recognized value and specifically:

- for the component relating to loans to Customers, the present value was calculated taking into account the rate of early repayment of mortgage loans between March 2008 and November 2015, the cost of credit (the 2012-2015 average) and the long-term taxation level;
- for the component relating to demand deposits, a progressive increase in volumes (and therefore of their stable component) was observed from the time of purchase;
- for the component relating to net commission Income, the present value of commission income was recalculated taking account of the expected level of commission income from “banking services”.

The analysis had a favourable outcome.

Therefore, the overall value of these intangible assets was found to be higher than the value recognized as at 31 December 2015 amounting to:

- Banca Popolare FriulAdria: Euro 37,745 thousand;
- 180 Cariparma Branches purchased in 2007: Euro 69,664 thousand;
- 29 Banca Popolare FriulAdria Branches purchased in 2007: Euro 6,791 thousand;
- For a total of Euro 114,200 thousand.

At the end of 2015 it was verified that the value of each of the elements making up intangible assets, which were recognized within the scope of transactions made in 2011 and calculated as the present value of future cash flows, was still higher than the recognized value and specifically:

- for the component relating to demand deposits, volumes were essentially in line with the date of purchase and their measurement took into account the introduction of the Multiple ITR System;
- with regard to Net Commission Income, the changes in Wealth Management commission income for Assets under Administration and Assets under Management for 2011, 2012, 2013, 2014, 2015 and 2016 budget, as well as the relevant perspective forecasts to 2026 were analyzed.

Therefore, the overall value of these intangible assets, which were recognized within the scope of the transactions made in 2011, was found to be higher than the value recognized as at 31 December 2015 amounting to:

- Carispezia: Euro 20,511 thousand;
- 81 Cariparma Branches purchased in 2011: Euro 58,600 thousand;
- 15 Banca Popolare FriulAdria Branches purchased in 2011: Euro 11,656 thousand;
- For a total of Euro 90,767 thousand.

Impairment test on goodwill

As required by the IASs/IFRSs, the goodwill resulting from the purchases of Banca Popolare FriulAdria, of the 180 Cariparma branches and the 29 Banca Popolare FriulAdria branches (made in 2007), of the 81 Cariparma branches and of the 15 Banca Popolare FriulAdria branches (made in 2011), of CALIT (made in 2009) and of Carispezia (made in 2011) was tested for impairment. The goodwill paid within the four transactions described above was allocated as follows:

CGU	Goodwill (€/thousand)
Retail+Private segment	1,502,324
Mid-Corp+Large- Corp segment	73,212

These CGUs have been identified consistently with the Segment Reporting made in the Annual Report and Consolidated Financial Statements. The value in use of each CGU has been determined in accordance with the method adopted by the Crédit Agricole S.A. Group, i.e. using the Discounted Cash Flow Method ((discount of future profits and losses), and compared with the relevant carrying amount (book value), which was calculated as the sum of goodwill, intangible assets and equity absorbed.

For the calculation of future cash flows, starting from the 2015 performance, a model has been used, which consists of two stages:

- for the first stage (2016-2020) the following forecasts were used: the 2016 Budget and, for the years from 2017 to 2017, the forecasts made within the preparation of the Medium- and Long-Term Plan; for 2020, growth rates have been taken into account which are subsequent to the internal development of every aggregate and to the economic cycle phase;
- the second stage considers the Terminal Value: the cash flow after taxes for the last year was, therefore, projected into perpetuity using a long-term growth rate "g" (2.00%). This rate is consistent with the sector measurement practices.

Specifically, the following assumptions on plan development are pointed out:

- Increase in the average lending and funding volumes: 2-6% per year;
- Market rates scenario: market rates stable at all-time low levels;
- Operating expenses slightly increasing and reflecting, on the one hand, the continuation of effective policies implemented to increase efficiency on the ordinary component in the previous periods, and, on the other hand, higher resources needed to support strategic actions;
- Cost of risk progressively improving (at the end of the forecast period, the level, expressed as a percentage of total loans, has been estimated as coming to the values recorded in 2007-2008);

Allocated equity has been measured based on a 9.5% rate of RWA, in line with Crédit Agricole SA.

The cash flows (after taxes) thus determined have then been discounted at a rate (ke) calculated based on the Capital Asset Pricing Model (i.e. based on a risk-free rate plus the product of the beta coefficient multiplied by the risk premium), totalling 9.11% (vs. 9.56% used for the impairment test for the 2014 Annual Report and Financial Statements).

The ke rate applied is the same for all CGUs identified, since no appreciable differences have been detected between them in terms of risks taken.

The components of the discount rate ke and the relating comparison with the parameters used in 2014 are reported below:

	2015	2014
Remuneration of capital (ke)	9.11%	9.56%
- of which risk-free rate	4.10%	4.49%
- of which Beta	1.2	1.2
- of which risk premium	4.18%	4.22%

With Beta yields being equal, the risk-free rate – calculated as the long-term average yield of the ten-year Italian Treasury Bonds (Italian acronym; BTP) – decreased, mainly subsequent to the gradual decrease in the average yield of government securities, combined with a slight decrease in the risk premium that was calculated as the 10-year average of the risk premium in the Italian stock exchange.

For all CGUs (Retail/Private Banking and Mid-Corporate/Large-Corporate) the calculation produced a CGU value higher than its book value.

It was also found that the result for the Retail-Private Banking and Mid-Corporate/Large-Corporate CGUs was obtained even with changes (within a reasonable range of oscillation) in the elements making up the discount rate. More specifically, the sensitivity analysis was carried out varying the parameters as follows:

- risk-free rate: variation range between 0.47% (rate of 10-year Bunds in December 2015) and 4.10% (average yield in the last 10 years of the Italian Government bond 10Y BTP);
- beta: variation range between 0.99 (average Beta of a sample of medium-sized listed Italian Banks) and 1.20;
- risk premium: variation range between 3.10% (1900-2014 geometric mean, source "Equity Risk Premiums (ERP): Determinants, Estimation and Implications – The 2015 Edition", Aswath Damodaran, March 2015) and 4.18%.

Also in these cases the outcome of the sensitivity analysis was favourable.

Lastly, it was verified at which discounting rate or at which long-term growth rate “g” the value in use becomes equal to the book value.

This analysis showed that the book value is equal to the value in use only with a marked increase in the discounting rate ke (11.0% for the Retail/Private Banking CGU and 12.7% for the Mid-Corporate/Large-Corporate CGU). As to the long-term growth rate, should it be set to zero, the value in use would remain higher than the book value for both CGUs.

● *Section 14 – Tax Assets and Tax Liabilities – Item 140 of Assets Item 80 of Liabilities*

14.1 DEFERRED TAX ASSETS: COMPOSITION

	31.12.2015	31.12.2014
A. Deferred tax assets:	**803,400**	**821,194**
A1. Loans and receivables (including securitization)	338,665	311,694
A2. Other financial instruments	26	8,299
A3. Goodwill	403,041	437,680
A4. Long-term liabilities	-	-
A5. Property, plant and equipment	-	-
A6. Provisions for risks and charges	39,336	43,843
A7. Entertainment expenses	-	-
A8. Staff expenses	-	-
A9. Tax losses	-	-
A10. Unused tax receivables to be deducted	-	-
A11. Other	22,332	19,678
B. Offset against deferred tax liabilities	**-**	**-**
C. Net deferred tax assets:	**803,400**	**821,194**

14.2 DEFERRED TAX LIABILITIES: COMPOSITION

	31.12.2015	31.12.2014
A. Gross deferred tax liabilities:	**126,409**	**121,754**
A1. Capital gains spreading	8,925	7,047
A2. Goodwill	-	-
A3. Property, plant and equipment	14,327	18,505
A4. Financial Instruments	-	-
A5. Staff expenses	-	-
A6. Other	103,157	96,202
B. Offset against prepaid tax assets	**-**	**-**
C. Net deferred tax liabilities	**126,409**	**121,754**

14.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN THE INCOME STATEMENT)

	31.12.2015	31.12.2014
1. Opening balance	**806,345**	**793,158**
2. Increases	**43,641**	**117,590**
2.1 Deferred tax assets recognized in the period	41,556	113,229
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	41,556	113,229
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	2,085	4,361
3. Decreases	**56,001**	**104,403**
3.1 Deferred tax assets derecognized in the period	55,610	95,929
a) reversals	54,974	95,929
b) write-downs for supervening non-recoverability	-	-
c) change in accounting policies	-	-
d) other	636	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	391	8,474
a) conversion into tax receivables pursuant to L. 214/2011	-	376
b) other	391	8,098
4. Closing balance	**793,985**	**806,345**

The increases and other decreases under points 2.3 and 3.3 refer to the increases or decreases resulting from more accurate recognition of deferred tax assets after the Group filed its income tax return. The related balancing item is not represented by income statement items, but by current tax liabilities.

14.3.1 CHANGES IN DEFERRED TAX ASSETS PURSUANT TO ITALIAN LAW 214/2011 (RECOGNIZED IN THE INCOME STATEMENT)

	31.12.2015	31.12.2014
1. Opening balance	**742,962**	**718,471**
2. Increases	**27,181**	**102,905**
3. Decreases	**34,624**	**78,414**
3.1 Reversals	34,444	73,152
3.2 Conversion into tax receivables	-	376
a) from loss for the period	-	376
b) from tax losses	-	-
3.3 Other decreases	180	4,886
4. Closing balance	**735,519**	**742,962**

Deferred tax assets pursuant to Italian Law 214/2011 were also recognized in equity for an amount of Euro 2,785 thousand.

Therefore, total deferred tax assets that can be converted into tax receivables pursuant to Italian Law 214/2011 came to Euro 738,304 thousand; an analysis was carried out to verify recoverability of the residual inconvertible portion.

14.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN THE INCOME STATEMENT)

	31.12.2015	31.12.2014
1. Opening balance	**71,782**	**66,661**
2. Increases	**4,474**	**8,712**
2.1 Deferred tax liabilities recognized in the period	4,132	3,405
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) other	4,132	3,405
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	342	5,307
3. Decreases	**2,475**	**3,591**
3.1 Deferred tax liabilities derecognized in the period	2,420	3,195
a) reversals	2,420	3,195
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	55	396
4. Closing balance	**73,781**	**71,782**

The “other increases” and “other decreases” items also report the increases or decreases resulting from more accurate recognition of deferred taxes after the Group filed its income tax return. The related balancing item is not represented by income statement items, but by current tax liabilities.

14.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN EQUITY)

	31.12.2015	31.12.2014
1. Opening balance	**14,849**	**43,006**
2. Increases	**4,048**	**673**
2.1 Deferred tax assets recognized in the period	71	500
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) other	71	500
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	3,977	173
3. Decreases	**9,482**	**28,830**
3.1 Deferred tax assets derecognized in the period	9,482	27,448
a) reversals(*)	9,482	27,448
b) write-downs for supervening non-recoverability	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	1,382
4. Closing balance	**9,415**	**14,849**

(*) Taxes derecognized in 2015 essentially referred to the measurement and sale of AFS securities.

14.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN EQUITY)

	31.12.2015	31.12.2014
1. Opening balance	**49,972**	**26,863**
2. Increases	**23,213**	**32,887**
2.1 Deferred tax liabilities recognized in the period	23,213	32,887
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) other	23,213	32,887
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**20,557**	**9,778**
3.1 Deferred tax liabilities derecognized in the period	20,557	9,778
a) reversals	20,557	9,778
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**52,628**	**49,972**

(*) The increase and decrease in taxes mainly referred to the measurement of AFS securities and any re-attribution in case of transfers.

Section 16 – Other assets – Item 160

16.1 OTHER ASSETS: COMPOSITION

	31.12.2015	31.12.2014
Sundry debits in process	77,540	41,634
Stamp duty and other assets	192	22
Items being processed	26,751	28,029
Accrued income not allocated to other items	3,799	4,463
Prepaid expenses not allocated to other items	81,788	63,810
Protested bills and cheques	1,604	2,091
Leasehold improvements	23,769	18,653
Tax advances paid on behalf of third parties	85,692	90,629
Sundry items	168,071	191,701
Total	**469,207**	**441,032**

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 DUE TO BANKS: COMPOSITION BY TYPE

Type of transactions/Group component	31.12.2015	31.12.2014
1. Due to central banks	**1,402,561**	**2,200,489**
2. Due to banks	**2,887,066**	**4,580,921**
2.1 Current accounts and demand deposits	251,326	424,683
2.2 Fixed-term deposits	1,632,035	2,567,422
2.3 Loans	1,002,417	1,584,776
2.3.1 Repurchase agreements for funding purposes	-	483,416
2.3.2 Other	1,002,417	1,101,360
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	-
2.5 Other payables	1,288	4,040
Total	**4,289,627**	**6,781,410**
Fair value – Level 1	-	-
Fair value – Level 2	4,289,627	6,781,410
Fair value – Level 3	-	-
Total fair value	**4,289,627**	**6,781,410**

1.2 BREAKDOWN OF ITEM 10 “DUE TO BANKS”: SUBORDINATED LIABILITIES

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value Currency	Book value
Subordinated deposit	17.12.2008	17.12.2018	5 units from 17.12.2014	3M Euribor + 334 b.p.	euro	250,000	150,187
Subordinated deposit	30.03.2011	30.03.2021	5 units from 30.03.2017	3M Euribor + 220 b.p.	euro	400,000	400,023

1.3 BREAKDOWN OF ITEM 10 “DUE TO BANKS”: STRUCTURED LIABILITIES

As at 31 December 2015, there were no structured liabilities to banks.

1.4 DUE TO BANKS SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

As at 31 December 2015, there were no dues to banks subject to micro-hedging.

1.5 LIABILITIES IN RESPECT OF FINANCE LEASES

As at 31 December 2015, there were no due to banks resulting from finance lease transactions.

Section 2 – Due to customers – Item 20

2.1 DUE TO CUSTOMERS: COMPOSITION BY TYPE

Type of transactions/Group component	31.12.2015	31.12.2014
1. Current accounts and demand deposits	27,298,650	24,165,910
2. Fixed-term deposits	908,378	914,092
3. Loans	27,928	71,311
3.1 Repurchase agreements for funding purposes	1,000	59,579
3.2 other	26,928	11,732
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other due and payables	167,495	163,108
Total	**28,402,451**	**25,314,421**
Fair value – Level 1	-	-
Fair value – Level 2	28,371,884	25,301,213
Fair value – Level 3	30,567	13,208
Total fair value	**28,402,451**	**25,314,421**

2.2 BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: SUBORDINATED LIABILITIES

As at 31 December 2015, there were no subordinated liabilities to Customers.

2.3 BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: STRUCTURED LIABILITIES

As at 31 December 2015, there were no structured liabilities to Customers.

2.4 DUE TO CUSTOMERS SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

As at 31 December 2015, there were no dues to customers subject to micro-hedging.

2.5 LIABILITIES IN RESPECT OF FINANCE LEASES

As at 31 December 2015, there were no due to customers resulting from finance lease transactions.

Section 3 – Debt securities issued – Item 30

3.1 DEBT SECURITIES ISSUED: COMPOSITION BY TYPE

Type of securities/values	31.12.2015				31.12.2014			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	9,688,813	-	9,583,319	120,048	10,335,705	-	10,238,476	120,049
1.1 Structured	132,600	-	133,418	-	169,828	-	171,814	-
1.2 other	9,556,213	-	9,449,901	120,048	10,165,877	-	10,066,662	120,049
2. Other securities	908,321	-	2,756	905,669	1,495,904	-	6,634	1,489,601
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	908,321	-	2,756	905,669	1,495,904	-	6,634	1,489,601
Total	**10,597,134**	**-**	**9,586,075**	**1,025,717**	**11,831,609**	**-**	**10,245,110**	**1,609,650**

3.2 BREAKDOWN OF ITEM 30 "DEBT SECURITIES ISSUED": SUBORDINATED SECURITIES

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value currency	Book value
Subordinated loan	29.06.2011	31.12.2100	perpetual with call from 28.06.2016	3M Euribor + 729 b.p.	euro	120,000	120,048
Subordinated loan	14.12.2007	14.12.2017	5 units from 14.12.2013	3M Euribor + 30 b.p.	euro	30,000	11,404
Subordinated loan	30.06.2009	30.06.2016	50% as at 30.06.2015 and 50% as at 30.06.2016	Up to 30.06.2012 5%; afterwards 50% 6M Euribor + 100 b.p.	euro	77,250	38,515
Subordinated loan	30.06.2009	30.06.2016	50% as at 30.06.2015 and 50% as at 30.06.2016	5% fixed	euro	222,750	110,749

3.3 BREAKDOWN OF ITEM 30 "DEBT SECURITIES ISSUED": SECURITIES SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

As at 31 December 2015, securities subject to micro-hedging for interest rate risk amounted to Euro 8,840 million.

Section 4 – Financial liabilities held for trading – Item 40

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

Type of transactions/Group component	31.12.2015					31.12.2014				
	VN	Fair Value			FV *	VN	Fair Value			FV *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-		-	-	-	-	-
3.1 Bonds	-	-	-	-		-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-		-	-	-	-	
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial Derivatives		-	117,465	7			-	209,264	10,329	
1.1 For trading	X	-	116,268	7	X	X	-	204,690	9,907	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	1,197	-	X	X	-	4,574	422	X
2. Credit Derivatives		-	-	-			-	-	-	
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B		**-**	**117,465**	**7**			**-**	**209,264**	**10,329**	
Total (A+B)	**X**	**-**	**117,465**	**7**	**X**	**X**	**-**	**209,264**	**10,329**	**X**

Key:
FV = fair value
FV = fair value calculated excluding changes in value resulting from changes in the issuer's credit rating after the date of issue*
NV: nominal or notional value

Section 6 – Hedging derivatives – Item 60

6.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND BY LEVEL

	Fair value 31.12.2015			Notional Value as at 31.12.2015	Fair value 31.12.2014			Notional Value as at 31.12.2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial Derivatives	**-**	**276,169**	**393,986**	**7,118,514**	**-**	**339,658**	**363,297**	**7,288,078**
1) Fair value	-	276,169	393,986	7,118,514	-	339,658	363,297	7,288,078
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**276,169**	**393,986**	**7,118,514**	**-**	**339,658**	**363,297**	**7,288,078**

6.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value						Cash flows		Investments Non-Italy
	Specific (micro)					Generic (macro)	Specific (micro)	Generic (macro)	
	Interest Rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale	608,427	-	-	17	-	X	-	X	X
2. Loans and receivables	35,831	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other transactions	-	-	-		-	X	-	X	
Total Assets	**644,258**	**-**	**-**	**17**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	25,113	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	767	X	-	X
Total liabilities	**25,113**	**-**	**-**		**-**	**767**	**-**	**-**	
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The "Hedging Derivatives" item referring to financial liabilities consisted of Euro 6,712 thousand for hedging own bonds issued and Euro 18,401 thousand for macrohedging of fixed-rate demand deposits.

Section 7 – Fair value change of financial liabilities in macro-hedge portfolios – Item 70

7.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES

Fair value change of hedged liabilities /Group components	31.12.2015	31.12.2014
1. Positive adjustment of	-	-
financial liabilities	536,339	655,095
2. Negative adjustment	-	-
financial liabilities	-	-
Total	**536,339**	**655,095**

The part of demand deposits that is considered stable by the internal model adopted by the Group is subject to macro-hedging.

7.2 LIABILITIES SUBJECT TO MACRO-HEDGING FOR INTEREST RATE RISK COMPOSITION

Type of transaction/Values	31.12.2015	31.12.2014
Financial liabilities	8,644,200	7,976,800

Section 8 – Tax Liabilities – Item 80

See Section 14 – Assets.

Section 10 – Other liabilities – Item 100

10.1 OTHER LIABILITIES: COMPOSITION

	31.12.2015	31.12.2014
Payables to suppliers	168,667	184,902
Amounts due to third parties	185,550	275,027
Credit transfers ordered and being processed	35,246	53,194
Amounts payable to tax authorities on behalf of third parties	98,097	69,871
Advances on loans	53	201
Adjustments for illiquid items	214,446	176,532
Staff costs	68,361	71,254
Uncapitalized accrued expenses	16,257	17,828
Deferred income not allocated to other items	85,536	75,345
Risk hedging with guarantees issued and commitments	8,107	7,003
Sundry items	110,241	82,200
Total	**990,561**	**1,013,357**

Section 11 – Employee severance benefits – Item 110

11.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE PERIOD

	31.12.2015	31.12.2014
A. Opening balance	**156,011**	**151,648**
B. Increases	**13,534**	**23,087**
B.1 Provision for the period	1,615	3,817
B.2. Other changes	11,919	19,270
C. Decreases	**25,227**	**18,724**
C.1 Severance payments	5,589	12,692
C.2 Other changes	19,638	6,032
D. Closing balance	**144,318**	**156,011**
Total	**144,318**	**156,011**

11.2 OTHER INFORMATION

Information explaining the characteristics of defined benefit plans and risks associated with them (IAS 19, paragraph 139)

Employee Severance Benefits

Pursuant to the Italian legislation (Article 2120 of the Italian Civil Code), at the date of termination of his/her employment with a company, each employee is entitled to a severance package called “Trattamento di Fine Rapporto” (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer.

The benefit accrued each year is calculated dividing the ordinary pay by 13.5 (in percentage terms, this accrued benefit is equal to 7.41% of the pay; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution. Therefore, net benefit allocated to provision on a yearly basis is equal to 6.91% of the ordinary pay.

As at 31 December of each year, the Provision for Employees’ Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year. The revalued amount as calculated above is taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on the Severance Benefits accrued when the employment is still going on.

For the allocation of the employee severance benefits accrued in the year, no contributions are to be paid by the employer and/or by the employee and no asset covering accrued liabilities are provided for.

With the entry into force of Italian 2007 Finance Act, concerning the Reform of Supplementary pension Schemes, the measurement of Employees Severance Benefits, in accordance with IAS 19, must take account of the impacts of the new legislation.

Specifically, for the Companies of the Crédit Agricole Italia Group[17] (hereinafter referred to as the Group), having less than 50 employees, effective from 31 December 2006, the employee severance benefits accrued have been paid to external supplementary pension schemes or to the State Treasury Fund managed by INPS.

17 Specifically, reference is made to Cassa di Risparmio di Parma e Piacenza (Cariparma), Banca Popolare FriulAdria (FriulAdria), Cassa di Risparmio di La Spezia (Carispezia), Crédit Agricole Leasing (CALIT) and Crédit Agricole Group Solutions (CAGS).

In the light of the above new legislation, the Company's obligation refers to the employee severance benefits accrued before 1 January 2007 (and not yet paid as at the reporting date) which increase on a yearly basis by the revaluation rate only as applied on the existing amounts.

Seniority bonus

The employees of Cariparma, Carispezia and CAGS[18] are awarded the right to an additional amount when certain seniority levels are reached and this amount is calculated based on their remuneration at the time when such right becomes effective.

0.5% supplement to employee severance benefits

For the employees of Cariparma, who were formerly employees of the Intesa San Paolo Group (hereinafter referred to as "formerly Intesa") and were already on staff as at 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, amounting to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Additional 2.75% revaluation of the employee severance benefits

For employees of Cariparma and Carispezia formerly Intesa, in case of employment termination, a supplementary amount is granted, which is obtained by applying to the employee severance benefits accrued since 1992, on a yearly basis, an additional fixed revaluation equal to 2.75%.

This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index.

Changes for the period in net liabilities (assets) serving the defined-benefit plan and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2015 of the present value of the plan obligation for the Cariparma Crédit Agricole Group is given below:

Actuarial value of the obligation as at 01.01.2015		**156,011**
a	Service cost	65
b	Interest cost	1,550
c	Transfer in/out	-
d.1	Actuarial gains/losses from changes in financial assumptions	-4,860
d.2	Actuarial gains/losses from changes in demographic assumptions	-
d.3	Actuarial gains/losses from demographic experience	-2,708
e	Payments provided for by the Plan	-5,740
Actuarial value of the obligation as at 31.12.2015		**144,318**

18 Three of the employees of Cariparma that have been transferred to the new consortium company CAGS have the right to the seniority bonus; therefore, on 1 September 2015, the relevant IAS19 liability has been transferred to CAGS fiinancial statements.

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering Employees' Severance Benefits have been provided for.

Description of the main actuarial assumptions (IAS 19, paragraph 144)

In order to be able to make the required measurement, appropriate demographic and economic assumptions must be used on:

- mortality;
- invalidity;
- company termination (resignation or dismissal);
- requests for advances;
- the workers' future economic career (including the assumptions on promotion to higher positions);
- performance of the actual purchasing power of money.

Specifically, based on the data supplied by Carispezia, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 ANNUAL PROBABILITIES OF EXCLUSION DUE TO DEATH OF EMPLOYEES ON STAFF were calculated based on RGS48;

a.2 ANNUAL PROBABILITIES OF EXCLUSION DUE TO CAUSES OTHER THAN DEATH OF EMPLOYEES ON STAFF were calculated based on an average annual frequency of turnover of 3.25%;

a.3 the PERCENTAGE OF ANNUAL PROMOTION TO A HIGHER POSITION (for age and seniority) was calculated based on the Group historical data;

a.4 the ANNUAL PROBABILITY OF REQUEST FOR ADVANCES ON THE ACCRUED EMPLOYEE SEVERANCE BENEFITS was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3.00%;

a.5 RETIREMENT is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the Present Value, in compliance with the instructions of the Parent Company Crédit Agricole S.A., the rate adopted was IBOXX AA 1.39% (IBOXX duration 7-10 years);

b.2 the COST OF LIVING INDEX FOR WHITE-COLLAR AND BLUE-COLLAR WORKERS, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 1.75%;

b.3 the PAY LINE, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to Carispezia employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 the AVERAGE ANNUAL RATE OF INCREASE IN PAY for changes in the minimum wage, is to be seen as related to the fluctuation in the value of money and, therefore, its appreciation, especially in a long-term perspective, is technically difficult; a 1.75% rate was assumed;

b.5 PERCENTAGE OF ACCRUED EMPLOYEE SEVERANCE BENEFITS REQUESTED AS ADVANCES: 60% This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147)

The results of the sensitivity analyses are given below:

Discount rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+50 bp	-50 bp
144,318	139,113	149,837

Turnover rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+100 bp	-100 bp
144,318	143,766	144,921

Inflation rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+50 bp	-50 bp
144,318	147,714	141,113

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a Multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150).

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 12 – Provision for risks and charges – Item 120

12.1 PROVISIONS FOR RISKS AND CHARGES COMPOSITION

Items/Components	31.12.2015	31.12.2014
1 Company pension plans	20,117	22,873
2. Other provisions for risks and charges	131,425	153,179
2.1 legal disputes	50,730	52,244
2.2 staff expenses	48,509	80,731
2.3 other	32,186	20,204
Total	**151,542**	**176,052**

12.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE PERIOD

Items/Components	31.12.2015	
	Pension plans	Other provisions
A. Opening balance	**22,873**	**153,179**
B. Increases	**729**	**44,029**
B.1 Provision for the period	234	43,117
B.2 Changes due to time passing	-	249
B.3 Changes due to alterations in the discount rate	-	12
B.4 Other changes	495	651
C. Decreases	**3,485**	**65,783**
C.1 Use in the period	2,589	63,074
C.2 Changes due to alterations in the discount rate	-	156
C.3 Other changes	896	2,553
D. Closing balance	**20,117**	**131,425**

12.3 DEFINED-BENEFIT COMPANY PENSION PLANS

1. Information explaining the characteristics of defined-benefit plans and risks associated with them

Through its Defied-Benefit Pension Plans, the Group provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulations of the Pension Funds.

As at today's date, in accordance with the above Regulations, the employees on staff are not entitled to the benefits provided by the Pension Funds.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2015, 331 people were the beneficiary of the Pension Plans (148 women and 183 men).

2. Changes for the period in defined-benefit net liabilities (assets) and in rights to refunds from the plan

The statement of reconciliation (expressed in Euro) for 2015 is given below:

Actuarial value of the obligation as at 01.01.2015		**22,873**
a	Service cost	-
b	Interest cost	233
c.1	Actuarial gains/losses from changes in financial assumptions	-770
c.2	Actuarial gains/losses from changes in demographic assumptions	-
c.3	Actuarial gains/losses from demographic experience	370
d	Payments provided for by the Plan	-2,589
Actuarial value of the obligation as at 31.12.2015		**20,117**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken to the participants in the plan.

3. Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the various plans under examination have been provided for.

4. Description of the main actuarial assumptions

In order to be able to make the required measurement, appropriate demographic and economic assumptions must be used, including:
- mortality;
- probability to have a family;
- performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:
- ANNUAL PROBABILITIES OF EXCLUSION DUE TO DEATH OF EMPLOYEES ON STAFF were calculated based on SIM 2006;
- for ASSIGNMENT TO THE SURVIVING FAMILY in case of the pensioner’s death, differentiated technical bases were used according to the age and gender of the member;
- the COST OF LIVING INDEX for white-collar and blue-collar workers, required for smoothing the annual pension instalments, was assumed at 1.75%;
- the ANNUAL INCREASE IN THE PLAN BENEFITS is governed by the relevant regulation, and, therefore, by the applicable regulations in force for INPS (Italian National Social Security Institute) pensions (automatic smoothing pursuant to paragraph 1, Article 34 of Italian Law No. 448/1998, as amended by paragraph 1, Article 69 of Italian Law No. 388/2000);
- to calculate the Present Value, in compliance with the instructions issued by the Parent Company, the rate used was IBOXX AA (duration 7-10 years) of 1.39%.

5. Disclosure of amount, timing and uncertainty of future cash flows

The results of the sensitivity analyses for each one of the main assumptions reported in point 4 are given below:

Discount rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+50 bp	-50 bp
20,117	19,421	20,863

Demographic table

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+100 bp	-100 bp
20,117	18,289	22,515

6. Multi-employer plans

This point does not apply because no one of the plans is a Multi-employer plan.

7. Defined-benefit plans that share risks between various entities under common control

This point does not apply because no one of the plans under examination is a plan that shares risks between various entities under common control.

12.4 PROVISIONS FOR RISKS AND CHARGES – OTHER PROVISIONS

Sub-item 2.2 “Other provisions – staff expenses” of Table 12.1 also reports:
- the amounts allocated in previous periods by the Cariparma Crédit Agricole Group for liabilities relating to the trade union agreement of 11 January 2007 allowing interested employees to opt for early retirement or for the voluntary redundancy plan using the Solidarity Fund for employees of the banking sector: this procedure was closed on 31 December 2007;
- the amounts allocated in 2012, by the Cariparma Crédit Agricole Group for the liabilities resulting from the framework agreement signed with the Group Trade Union representatives on 2 June 2012, which has defined a voluntary redundancy plan (Solidarity Fund) and gives the possibility to voluntarily terminate with incentives their employment to those that are already eligible for pension or will become eligible in the next three years.

Sub-item 2.3 “Other provisions – others” also includes accruals for risks made to protect, despite the lack of a legal obligation, Customers who engaged in transactions involving derivatives and have suffered from the impact of the world financial crisis.

Sub-item 2.3 also included provisions for Credit Protection insurance policies pursuant to ISVAP (Italian Private Insurance Supervisory Institute) regulation No. 35 obliging insurance companies to pay back the portion of the advanced single premium, which was not used following early repayment of the loan linked to the policy itself, to Customers. The provision is an estimate of the possible future expenses to be borne by the Cariparma Crédit Agricole Group to reimburse the insurers for the portion of commissions received on premiums paid by Customers.

A disputed is pending on registration taxes with the *Agenzia delle Entrate*, the Italian Inland Revenue Service. The *Agenzia delle Entrate* has reclassified the transfers of branches from Intesa Sanpaolo to Cariparma and FriulAdria carried out in 2007 and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units. Based on this reclassification, the total amount jointly due by the various parties involved on various grounds in the specific transactions would be approximately Euro 40 million, plus interest. A similar dispute arose for a transaction carried out by CALIT with the Intesa Group for Euro 2.2 million. On this dispute, favourable decisions were issued by the competent Courts of second instance, against which the *Agenzia delle Entrate* filed appeal with the Italian Court of Cassation. On the other hand, the *Agenzia delle Entrate* did not file appeal for the dispute with CALIT.

Also in the light of the opinions, obtained at the beginning of these disputes, from leading Law Firms, as well as in the light of the favourable Court decisions issued, no provisions were allocated for these disputes

In 2014, a dispute started, again on registration taxes and based on the same grounds, regarding a similar transaction carried out in 2011, once again with the Intesa Sanpaolo Group. This dispute entails a request to pay taxes for a total amount of approximately Euro 13.5 million, plus interest. The considerations set forth above cannot but apply also to this latest dispute.

A tax-related dispute is pending concerning Cariparma as regards the sale of loans made in 2005 on a non-recourse basis to an unrelated securitization firm, for a disputed amount of taxes of Euro 5.5 million, plus penalties and interest. In the light of both the opinions obtained from leading Law Firms and of the latest issued administrative law practices that are relevant for this dispute, the Group believes that no provision is necessary.

A new dispute started in 2014 subsequent to non-payment to Cariparma of part of the specific tax account receivable provided for by Italian Decree-Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008.

With the above Law, the Italian State provided a contribution to tax payers that took out floating-rate mortgage loans for the purchase of their home amounting to the interest paid by the same tax payers in 2009 at a rate of over 4%. This amount was to be credited directly by the lending banks that would recover it through a tax account receivable.

The Italian Inland Revenue Service has refused to acknowledge the portion of this tax account receivable relating to amounts actually credited to Customers in 2010 and issued the relevant tax payment form. Consequently, Cariparma had to pay an amount of Euro 1.3 million and started a specific dispute, without allocating any provision, since it believes to have acted lawfully.

However, the fist-instance judgement has confirmed the claim of the *Agenzia delle Entrate* as to the tax amount, while it overruled the penalty claim. However, the Bank will continue this dispute, believing that its position has valid grounds, as partially upheld in the fist-instance judgement.

In 2013, Banca Popolare FriulAdria was subject to a general audit by the *Agenzia delle Entrate*, which was followed by a Verification Report (Italian acronym PVC). Based on the allegations made in the Verification Report, in order to reduce the dispute cost, the case was resolved in the past years, within a specific settlement with acceptance petition, thus reducing the subsequent liability to an amount close to Euro 0.1 million. The petition did not include the allegations relating to transfer prices applied in transactions with foreign companies and contained in the verification report; these could lead to an assessment in terms of taxes amounting to approximately Euro 0.5 million, plus penalties and interest. The allegations are deemed groundless, since there are valid arguments supporting the Bank's conduct. Consequently, no provision was allocated for this reason.

As regards Carispezia, in the year, the *Agenzia delle Entrate* filed appeal against the second instance judgement, which was in favour of the Bank, on the dispute concerning registration taxes for an amount of approximately Euro 0.6 million regarding the tax rate applicable to the purchase of a business unit made in 2006 by Carifirenze, at the time Carispezia's Controlling Company. Also in the light of the previous judgements, no provision was allocated for this dispute.

● *Section 15 – Group Shareholders' Equity – Items 140, 160, 170, 180, 190, 200 and 220*

15.1 CAPITAL AND TREASURY SHARES: COMPOSITION

The Parent Company's share capital, fully paid-up, consists of 876,761,620 ordinary shares.

No treasury shares were held as at the reporting date.

15.2 CAPITAL – NUMBER OF SHARES OF THE PARENT COMPANY: CHANGES FOR THE PERIOD

Items/Types	Ordinary	Other
A. Shares at start of the year	**876,761,620**	**-**
- Fully paid-up	876,761,620	-
- Partially paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	876,761,620	-
B. Increases	**-**	**-**
B.1 New issues	-	-
- For a consideration:	-	-
- Business combinations	-	-
- Conversion of bonds	-	-
- Exercise of warrants	-	-
- Other	-	-
- Free of charge:	-	-
- To employees	-	-
- To directors	-	-
- Other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**876,761,620**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the year	876,761,620	-
- Fully paid-up	876,761,620	-
- Partially paid-up	-	-

15.3 CAPITAL: OTHER INFORMATION

The Parent Company’s share capital , fully paid-up, consists of 876,761,620 ordinary shares, with a nominal value of Euro 1 each.

15.4 INCOME RESERVES: OTHER INFORMATION

Items/Types	Amounts
Legal reserve	140,936
Reserves provided for by the Articles of Association	729,025
Reserve pursuant to Art. 13 of It. Leg. D. 124/93 (*)	314
Other reserves	158,953
Total	**1,029,228**
Reserve from share-based payments (**)	2,980
Other reserves	-18,136
Total reserves	**1,014,072**

(*) Reserve made pursuant to Art.13 of Italian Legislative Decree to take advantage of tax relief on the portions of Employees' severance benefits to be used for supplementary pension schemes.

(**) Reserve recognizing the increase in equity resulting from payments based on shares of the controlling company Crédit Agricole SA. made to employees and directors.

Section 16 – Minority interests – Item 210

16.1 BREAKDOWN OF ITEM 210 "MINORITY INTERESTS"

Company name	31.12.2015
Equity investments in consolidated companies with significant minority interests	
1. Banca Popolare FriulAdria S.p.A.	153,956
2. Cassa di Risparmio della Spezia S.p.A.	48,539
3. Crédit Agricole Leasing S.r.l.	12,068
Other equity investments	39
Total	**214,602**

16.2 EQUITY INSTRUMENTS: COMPOSITION AND CHANGES FOR THE PERIOD

Items/Components	31.12.2015	31.12.2014
1. Share Capital	61,502	61,477
2. Share premium reserve	102,913	102,913
3. Reserves	34,816	35,067
4. (Treasury Shares)	-	-
5. Valuation reserves	5,123	2,305
6. Equity instruments	-	-
7. Net profit (loss) pertaining to minority shareholders	10,248	8,927
Total	**214,602**	**210,689**

OTHER INFORMATION

1. GUARANTEES ISSUED AND COMMITMENTS

Transactions	31.12.2015	31.12.2014
1) Financial guarantees issued	942,256	891,953
a) Banks	291,450	289,004
b) Customers	650,806	602,949
2) Commercial guarantees issued	1,091,300	865,506
a) Banks	78,390	65,797
b) Customers	1,012,910	799,709
3) Irrevocable commitments to disburse funds	270,272	472,768
a) Banks	142,203	298,865
i) certain use	142,203	298,865
ii) uncertain use	-	-
b) Customers	128,069	173,903
i) certain use	3,626	20,683
ii) uncertain use	124,443	153,220
4) Commitments underlying credit derivatives: protection sales	-	-
5) Assets pledged as collaterals for third-party debts	-	-
6) Other commitments	104,999	74,926
Total	**2,408,827**	**2,305,153**

2. ASSETS PLEDGED AS COLLATERAL FOR OWN LIABILITIES AND COMMITMENTS

Portfolios	31.12.2015	31.12.2014
1. Financial assets held for trading	-	-
2. Financial assets designated at fair value	-	-
3. Financial assets available for sale	254,349	859,981
4. Investments held to maturity	-	-
5. Loans to banks	1,005	62,266
6. Loans to Customers	2,918,144	2,811,940
7. Property, plant and equipment	-	-

As at 31 December 2015, the following guarantees and collaterals were in force.

- Euro 1.0 million worth of securities used for repurchase agreements for funding purposes, acquired within repurchase agreement transactions for lending purposes, which have not been recognized as assets in the Balance Sheet;
- Euro 3,314 million worth of senior securities resulting from internal securitization transactions and not recognized as assets in the Balance Sheet.

3. INFORMATION OF OPERATING LEASES

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER A/B

Future minimum payments due under non-cancellable leases	< 1 year	1<> 5 years	> 5 years	unspecified maturity	Total
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture	-	-	-	-	-
Electronic systems – Hardware	-	-	-	-	-
Electronic systems – other	-	-	-	-	-
Other – motor-vehicles (including cars)	1,715	1,844	-	-	3,559
Other – office machinery	86	-	-	-	86
Other – telephones (landline and mobile)	-	-	-	-	-
Other – other	-	-	-	-	-
Software	-	-	-	-	-
Total	**1,801**	**1,844**	**-**	**-**	**3,645**

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER C

Expenses for the period	Minimum payments	Potential lease fees	Payments from subleases	Total
Land	-	-	-	-
Buildings	-	-	-	-
Furniture	-	-	-	-
Electronic systems – Hardware	-	-	-	-
Electronic systems – other	-	-	-	-
Other – motor-vehicles (including cars)	2,087	-	-	2,087
Other – office machinery	491	-	-	491
Other – telephones (landline and mobile)	-	-	-	-
Other – other	-	-	-	-
Software	-	-	-	-
Total	**2,578**	**-**	**-**	**2,578**

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER D

Contract description	Criteria for determining lease fees	Renewal or purchase option clauses	Indexing clauses
Other – motor-vehicles (including cars)	Fee determined based on brand, model, engine size and accessories of each vehicle and including additional services	The Customer shall have the right to request an extension of the agreement, with prior acceptance by the renting Company, at a fee that the renting Company may review	-
Other – office machinery	Photocopiers: fixed monthly fee for single machine Stamper: fixed monthly fee	Photocopiers: purchase option at the end of the lease Stamper: lease contract expiry 2013	-

5. MANAGEMENT AND INTERMEDIATION SERVICES

Type of services	Amounts
1. Trading on behalf of customers	**-**
a) purchases	-
1. settled	-
2. not yet settled	-
b) sales	-
1. settled	-
2. not yet settled	-
2. Asset management	**876,057**
a) individual	876,057
b) collective	-
3. Custody and administration of securities	**-**
a) third-party securities on deposit held for depository bank services (excluding asset management)	-
1. securities issued by the companies included in the consolidation	-
2. other securities	-
b) other securities of third parties on deposit (excluding asset management): other	60,756,966
1. securities issued by the companies included in the consolidation	10,990,783
2. other securities	49,766,183
c) third-party securities deposited with third parties	57,140,614
d) proprietary securities deposited with third parties	5,601,399
4. Other transactions	**-**

6. FINANCIAL ASSETS SUBJECT TO OFFSETTING, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR ARRANGEMENTS

Technical forms	Gross amount of financial assets (a)	Gross amount of financial liabilities assets offset (b)	Net amount of financial Assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31.12.2015	Net amount 31.12.2014
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	810,614	-	810,614	711,841	55,046	43,727	76,764
2. Repurchase agreements	1,005	-	1,005	-	-	1,005	-
3. Securities loan	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total 31.12.2015	**811,619**	**-**	**811,619**	**711,841**	**55,046**	**44,732**	**X**
Total 31.12.2014	**1,134,123**	**-**	**1,134,123**	**847,024**	**210,335**	**X**	**76,764**

7. FINANCIAL LIABILITIES SUBJECT TO OFFSETTING, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR ARRANGEMENTS

Technical forms	Gross amount of financial liabilities (a)	Gross amount of financial assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31.12.2015	Net amount 31.12.2014
				Financial Instruments (d)	Cash deposits received as (e)		
1. Derivatives	798,622	-	798,622	711,841	-	86,781	58,525
2. Repurchase agreements	2,005	-	2,005	-	-	2,005	159,430
3. Securities loan	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total 31.12.2015	**800,627**	**-**	**800,627**	**711,841**	**-**	**88,786**	**X**
Total 31.12.2014	**1,465,542**	**-**	**1,465,542**	**847,024**	**400,563**	**X**	**217,955**

PART C INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Section 1 – Interests – Items 10 and 20

1.1 INTEREST INCOME AND SIMILAR REVENUES: COMPOSITION

Items/Technical forms		Debt securities	Loans	Other transactions	31.12.2015	31.12.2014
1	Financial assets held for trading	737	-	-	737	41
2	Financial assets designated at fair value	2,382	-	-	2,382	2,129
3	Financial assets available for sale	118,263	-	-	118,263	146,469
4	Investments held to maturity	-	-	-	-	-
5	Loans to banks	8,056	31,046	-	39,102	34,367
6	Loans to Customers	5,368	891,691	1,874	898,933	1,042,033
7	Hedging derivatives	X	X	184,961	184,961	166,946
8	Other assets	X	X	749	749	737
Total		**134,806**	**922,737**	**187,584**	**1,245,127**	**1,392,722**

1.2 INTEREST INCOME AND SIMILAR REVENUES: DIFFERENCES ON HEDGING TRANSACTIONS

Items/Values	31.12.2015	31.12.2014
A. Positive differences on hedging transactions	419,275	475,069
B. Negative differences on hedging transactions	(234,314)	(308,123)
C. Balance (A-B)	184,961	166,946

1.3 INTEREST INCOME AND SIMILAR REVENUES: OTHER INFORMATION

1.3.1 Interest income on foreign-currency financial assets

As at 31 December 2015, interest income on foreign-currency financial assets came to Euro 4,770 thousand.

1.3.2 Interest income on finance lease transactions

As at 31 December 2015, interest income on finance lease transactions came to Euro 45,696 thousand.

1.4 INTEREST EXPENSES AND SIMILAR CHARGES: COMPOSITION

Items/Technical forms	Due	Securities	Other transactions	31.12.2015	31.12.2014
1. Due to Central Banks	(2,173)	X	-	(2,173)	(489)
2. Due to Banks	(28,069)	X	-	(28,069)	(42,733)
3. Due to Customers	(67,754)	X	(1)	(67,755)	(95,602)
4. Debt securities issued	X	(205,525)	-	(205,525)	(311,151)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value	-	-	-	-	-
7. Other liabilities and provisions	X	X	(321)	(321)	(1,176)
8. Hedging Derivatives	X	X	-	-	-
Total	**(97,996)**	**(205,525)**	**(322)**	**(303,843)**	**(451,151)**

1.6 INTEREST EXPENSES AND SIMILAR CHARGES: OTHER INFORMATION

1.6.1 Interest expense on foreign-currency liabilities

As at 31 December 2015, interest expense on foreign-currency financial liabilities came to Euro 1,256 thousand.

1.6.2 Interest expenses on liabilities for finance lease transactions

In 2015, there were no interest expenses resulting from finance lease transactions.

Section 2 – Commissions – Items 40 and 50

2.1 COMMISSION INCOME: COMPOSITION

Type of services / Amounts	31.12.2015	31.12.2014
a) guarantees issued	15,811	14,676
b) credit derivatives	-	-
c) Management, intermediation and advisory services:	365,324	340,660
1. trading in financial instruments	-	-
2. foreign exchange trading	4,016	3,751
3. asset management	7,757	6,567
3.1. Individual	7,757	6,567
3.2. collective	-	-
4. custody and administration of securities	5,037	5,777
5. depositary bank services	-	-
6. placement of securities	139,883	129,450
7. receipt and transmission of orders	11,109	14,220
8. advisory services	302	271
8.1 on investments	-	-
8.1 on financial structure	302	271
9. distribution of third-party services	197,220	180,624
9.1. asset management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2 insurance products	184,292	179,022
9.3. other products	12,928	1,602
d) collection and payment services	44,712	45,886
e) servicing activities for securitizations	-	-
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral exchange systems	-	-
i) keeping and managing current accounts	184,982	187,995
j) other services	89,545	86,899
Total	**700,374**	**676,116**

Sub-item “j) other services” includes commissions on debit and credit cards and e-money services amounting to Euro 42,757 thousand, commissions for loans granted amounting to Euro 18,210 thousand, and other residual items.

2.2 COMMISSION EXPENSE: COMPOSITION

Services/Values	31.12.2015	31.12.2014
a) guarantees received	(6,816)	(6,751)
b) credit derivatives	-	-
c) management and intermediation services:	(6,688)	(6,176)
1. trading in financial instruments	(2,053)	(2,241)
2. foreign exchange trading	-	-
3. asset management:	(1,592)	(1,262)
3.1 own portfolio	-	-
3.2 third-party portfolio	(1,592)	(1,262)
4. custody and administration of securities	(1,122)	(1,025)
5. placement of financial instruments	(1,921)	(1,648)
6. off-premises distribution of financial instruments, products and services	-	-
d) collection and payment services	(3,132)	(3,242)
e) other services	(11,618)	(10,603)
Total	**(28,254)**	**(26,772)**

Sub-item “j) other services” includes commissions on debit and credit cards and e-money services amounting to Euro 6,380 thousand and other residual items.

● *Section 3 – Dividends and similar revenues – Item 70*

3.1 DIVIDENDS AND SIMILAR REVENUES: COMPOSITION

Items/Revenues	31.12.2015		31.12.2014	
	Dividends	Income from units Of collective investment undertakings	Dividends	Income from units of collective investment undertakings
A. Financial assets held for trading	3	-	3	-
B. Financial assets available for sale	7,567	-	8,397	-
C. Financial assets designated at fair value	-	-	-	-
D. Equity investments	-	X	-	X
Total	**7,570**	**-**	**8,400**	**-**

Section 4 – Net gains (losses) on trading activities – Item 80

4.1 NET GAINS (LOSSES) ON TRADING ACTIVITIES: COMPOSITION

Transactions/Income components	Capital gains (A)	Trading losses (B)	Capital losses (C)	Trading profits (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	**1**	**1,688**	**(110)**	**(880)**	**699**
1.1 Debt securities	1	1,065	(109)	(642)	315
1.2 Equity securities	-	-	(1)	(1)	(2)
1.3 Units in collective investment undertakings	-	1	-	-	1
1.4 Loans	-	-	-	-	-
1.5 Other	-	622	-	(237)	385
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Other financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**7,020**
4. Derivative instruments	**115,614**	**124,221**	**(112,495)**	**(124,788)**	**2,701**
4.1 Financial derivatives:	115,614	124,221	(112,495)	(124,788)	2,701
- on debt securities and interest rates	115,468	123,157	(112,358)	(123,777)	2,490
- on equity securities and equity indices	-	-	-	-	-
- on foreign currencies and gold	X	X	X	X	149
- Other	146	1,064	(137)	(1,011)	62
4.2 Credit derivatives	-	-	-	-	-
Total	**115,615**	**125,909**	**(112,605)**	**(125,668)**	**10,420**

Section 5 – Net gains (losses) on hedging activities – Item 90

5.1 NET GAINS (LOSSES) ON HEDGING ACTIVITIES: COMPOSITION

Income components/Values	31.12.2015	31.12.2014
A. Income from:	**-**	**-**
A.1 Fair value hedging derivatives	313,642	657,198
A.2 Hedged financial assets (fair value)	43,254	213,776
A.3 Hedged financial liabilities (fair value)	146,092	42,118
A.4 Cash flow hedging financial derivatives	-	-
A.5 Assets and liabilities in foreign currencies	-	-
Total income on hedging (A)	**502,988**	**913,092**
B. Expenses from:	**-**	**-**
B.1 Fair value hedging derivatives	(464,967)	(554,031)
B.2 Hedged financial assets (fair value)	(41,750)	(7,831)
B.3 Hedged financial liabilities (fair value)	(10,727)	(355,986)
B.4 Cash flow hedging financial derivatives	-	-
B.5 Assets and liabilities in foreign currencies	-	-
Total expenses on hedging (B)	**(517,444)**	**(917,848)**
C. Net gain (loss) on hedging (A - B)	**(14,456)**	**(4,756)**

Section 6 – Gains (losses) on disposal/repurchase – Item 100

6.1 GAINS (LOSSES) ON DISPOSAL/REPURCHASE: COMPOSITION

Items/Income components	31.12.2015			31.12.2014		
	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Loans to banks	-	-	-	-	-	-
2. Loans to Customers	1,817	(15,848)	(14,031)	3,161	(4)	3,157
3. Financial assets available for sale	67,821	(16,810)	51,011	60,266	(30,894)	29,372
3.1 Debt securities	66,523	(16,810)	49,713	59,978	(30,823)	29,155
3.2 Equity securities	1,298	-	1,298	288	(71)	217
3.3 Units in collective investment undertakings	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total Assets	**69,638**	**(32,658)**	**36,980**	**63,427**	**(30,898)**	**32,529**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	815	(3,029)	(2,214)	1,492	(5,706)	(4,214)
Total liabilities	**815**	**(3,029)**	**(2,214)**	**1,492**	**(5,706)**	**(4,214)**

● Section 7 – Net profit (loss) on financial assets and liabilities designated at fair value – Item 110

7.1 NET CHANGE IN VALUE OF FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE: COMPOSITION

Transactions/Income components	Capital gains (A)	Realization gains (B)	Capital losses (C)	Realization losses (D)	Net gain (loss) [(A+B) - (C+D)]
1. Financial assets	**-**	**-**	**-**	**(421)**	**(421)**
1.1 Debt securities	-	-	-	(421)	(421)
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange rate differences	**X**	**X**	**X**	**X**	
4. Credit and financial derivatives	**-**	**-**	**-**	**-**	**-**
Total	**-**	**-**	**-**	**(421)**	**(421)**

● Section 8 – Net losses/recoveries on impairment – Item 130

8.1 NET IMPAIRMENT ADJUSTMENTS OF LOANS: COMPOSITION

Transactions/ income components	Adjustments			Writebacks				Total (31.12.2015)	Total (31.12.2014)
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Other		A	B	A	B		
A. Loans to Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- loans	-	-	-	-	-	-	-	-	-
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(9,280)**	**(443,456)**	**(41,371)**	**68,604**	**65,955**	**-**	**47,800**	**(311,748)**	**(391,010)**
Non-performing loans purchased	-	-	-	-	-	-	-	-	-
- loans	-	-	X	-	-	X	X	-	-
- debt securities	-	-	X	-	-	X	X	-	-
Other loans and receivables	**(9,280)**	**(443,456)**	**(41,371)**	**68,604**	**65,955**	**-**	**47,800**	**(311,748)**	**(391,010)**
- loans	(9,280)	(443,456)	(41,371)	68,604	65,955	-	47,800	(311,748)	(391,010)
- debt securities	-	-	-	-	-	-	-	-	-
C. Total	**(9,280)**	**(443,456)**	**(41,371)**	**68,604**	**65,955**	**-**	**47,800**	**(311,748)**	**(391,010)**

Key:
A= from interest
B= other writebacks

8.2 NET IMPAIRMENT ADJUSTMENTS OF FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION

Transactions/Income components	Adjustments		Writebacks		31.12.2015	31.12.2014
	Specific		Specific			
	Writeoffs	Other	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	(878)	X	X	(878)	(301)
C. Units of Collective Investment Undertakings	-	-	X	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(878)**	**-**	**-**	**(878)**	**(301)**

Key:
A= from interest
B= other writebacks

8.4 NET IMPAIRMENT ADJUSTMENTS OF OTHER FINANCIAL TRANSACTIONS: COMPOSITION

Transactions/Income components	Adjustments			Writebacks				31.12.2015	31.12.2014
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Other		A	B	A	B		
A. Guarantees issued	-	(2,794)	(409)	-	1,579	-	520	(1,104)	851
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(2,794)**	**(409)**	**-**	**1,579**	**-**	**520**	**(1,104)**	**851**

Key:
A= from interest
B= other writebacks

Section 11 – Administrative expenses – Item 180

11.1 PERSONNEL EXPENSES: COMPOSITION

Type of expenses/Sectors	31.12.2015	31.12.2014
1) Employees	(581,044)	(577,080)
a) wages and salaries	(416,878)	(414,384)
b) social security contributions	(111,015)	(107,675)
c) severance benefits	(197)	(239)
d) pensions	-	-
e) allocation to employee severance benefit provision	(1,615)	(3,817)
f) allocation to provision for Post-employment benefits:	(234)	(484)
- defined contribution	-	-
- defined benefit	(234)	(484)
g) payment to external supplementary pension schemes:	(39,735)	(37,716)
- defined contribution	(39,735)	(37,716)
- defined benefit	-	-
h) costs from share-based payment agreements	-	-
i) other employee benefits	(11,370)	(12,765)
2) Other staff	(1,804)	(1,248)
3) Directors and Auditors	(2,762)	(2,606)
4) Retired staff	-	-
Total	**(585,610)**	**(580,934)**

11.2 AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY

Employees:	8,226
a) Senior Managers	96
b) Junior Managers	3,694
c) other Employees	4,436
Other staff	53

The figures reporting the number of employees take account of incoming and outgoing secondments; the “Other staff” figure refers exclusively to non-employees.

11.3 COMPANY DEFINED-BENEFIT PENSION PLANS COSTS AND REVENUES

Type of expenses/Values	31.12.2015	31.12.2014
Provision for the period	-	-
Changes due to passing of time	(234)	(484)

11.4 OTHER EMPLOYEES' BENEFITS

These consisted of costs for the voluntary redundancy plan (Solidarity Fund) non-occupational policies, incentives for voluntary redundancy, other fringe benefit, as well as to the contribution to the bank employees' cultural and recreational club.

11.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Direct and indirect taxes	(107,295)	(111,261)
Data processing	(40,298)	(38,508)
Facility rental and management	(49,485)	(54,109)
Expenses for advisory services	(28,076)	(22,694)
Mail, telegraph and delivery services	(8,816)	(10,076)
Telephone and data transmission	(9,668)	(9,337)
Legal expenses	(7,516)	(5,426)
Property maintenance	(3,094)	(4,098)
Furnishing and plant maintenance	(14,934)	(12,534)
Marketing, promotion and entertainment expenses	(8,479)	(8,670)
Transport services	(22,085)	(20,812)
Lighting, heating and air conditioning	(14,083)	(16,476)
Office supplies, printed material, print subscriptions, photocopying, etc	(6,482)	(5,935)
Staff training expenses and reimbursements	(7,025)	(7,547)
Security services	(3,326)	(3,340)
Information and title searches	(6,171)	(5,901)
Insurance	(160,262)	(137,782)
Cleaning services	(5,738)	(5,733)
Leasing of other property, plant and equipment	(7,467)	(7,417)
Management of archives and document handling	(1,568)	(1,164)
Reimbursement of costs to Group companies	(30,759)	(32,299)
Contributions to SRF/DGS/SPS	(41,676)	-
Sundry expenses	(11,994)	(10,726)
Total	**(596,297)**	**(531,845)**

● *Section 12 – Net provisions for risks and charges – Item 190*

12.1 NET PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

Net provisions for risks and charges posted a significant decrease coming close to Euro 13 million vs. Euro 19.5 million in 2014. This decrease resulted from: lower provisioning for non-lending-related legal and other disputes (down by Euro -5.4 million, i.e. -30.8%) and from the recognition of approximately Euro 1 million worth of release of provisions accrued in previous years for risks of repayment to Customers of defaulted securities.

Section 13 – Net adjustment to (recoveries on) property, plant and equipment – Item 200

13.1 NET VALUE ADJUSTMENTS OF PROPERTY, PLANT AND EQUIPMENT: COMPOSITION

Assets/Income components	Depreciation (a)	Impairment adjustments (b)	Writebacks (c)	Net gain (loss) (a + b - c)
A. Property, plant and equipment:				
A.1 Owned	(29,564)	-	-	(29,564)
- Operating assets	(28,954)	-	-	(28,954)
- Investment property	(610)	-	-	(610)
A.2 acquired under finance leases	-	-	-	-
- Operating assets	-	-	-	-
- Investment property	-	-	-	-
Total	**(29,564)**	**-**	**-**	**(29,564)**

Section 14 – Net adjustment to (recoveries on) intangible assets – Item 210

14.1 NET VALUE ADJUSTMENTS OF INTANGIBLE ASSETS: COMPOSITION

Assets/Income components	Depreciation (a)	Impairment adjustments (b)	Writebacks (c)	Net gain (loss) (a + b - c)
A. Intangible assets				
A.1 Owned	(61,636)	-	-	(61,636)
- Generated in-house	(1,867)	-	-	(1,867)
- Other	(59,769)	-	-	(59,769)
A.2 acquired under finance leases	-	-	-	-
Total	**(61,636)**	**-**	**-**	**(61,636)**

Section 15 – Other operating expenses and income – Item 220

15.1 OTHER OPERATING EXPENSES: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Expenses for finance lease transactions	(6,447)	(5,536)
Currency/monetary adjustments	-	-
Integrations and reorganization expenses	-	-
Amortization of expenditure for leasehold improvements	(8,830)	(6,340)
Other expenses	(8,810)	(8,048)
Consolidation adjustments	-	-
Total	**(24,087)**	**(19,924)**

15.2 OTHER OPERATING INCOME: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Rental income and recovery of expenses on real estate	622	678
Income from finance lease contracts	1,449	1,547
Recovery of rental expenses	-	-
Recovery of taxes and levies	95,366	98,969
Recovery of insurance costs	158,417	136,413
Recovery of other expenses	10,489	9,003
Service recovery	520	28
Other income	44,097	54,890
Consolidation adjustments	-	-
Total	**310,960**	**301,528**

● *Section 16 – Gains (losses) on equity investments – Item 240*

16.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: COMPOSITION

Income components/Sectors	31.12.2015	31.12.2014
1) Joint ventures		
A. Income	11,626	-
1. Writebacks	-	-
2. Gains on disposal	-	-
3. Writebacks	-	-
4. Other income	11,626	-
B. Expenses	(2,009)	-
1. Writedowns	-	-
2. Impairment adjustments	(20)	-
3. Losses on disposal	(1,989)	-
4. Other expenses	-	-
Net gain (loss)	**9,617**	**213**
2) Investees subject to significant influence		
A. Income	1,173	233
1. Writebacks	-	-
2. Gains on disposal	1,173	233
3. Writebacks	-	-
4. Other income	-	-
B. Expenses	-	(23)
1. Write-downs	-	(3)
2. Impairment adjustments	-	(20)
3. Losses on disposal	-	-
4. Other expenses	-	-
Net gain (loss)	**1,173**	**210**
Total	**10,790**	**210**

Section 18 – Impairment on goodwill – Item 260

18.1 IMPAIRMENT ON GOODWILL: COMPOSITION

In 2015, the goodwill that emerged from the various business combinations made by the Group starting from 2007 was tested for impairment: for no one of the Cash Generating Units (i.e. Retail + Private Banking and Mid-Corporate+ Large- Corporate), the test showed evidence of impairment.

Section 19 – Gains (losses) on disposal of investments – Item 270

19.1 GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS: COMPOSITION

Income components/Sectors	31.12.2015	31.12.2014
A. Real estate	136	(4)
- Gains on disposal	136	-
- Losses on disposal	-	(4)
B. Other assets	-	-
- Gains on disposal	-	-
- Losses on disposal	-	-
Net gain (loss)	**136**	**(4)**

Section 20 – Income taxes for the period on continuing operations – Item 290

20.1 INCOME TAXES FOR THE PERIOD ON CONTINUING OPERATIONS: COMPOSITION

Income components/Sectors		31.12.2015	31.12.2014
1.	Current taxes (-)(*)	(106,227)	(148,257)
2.	Changes in current taxes for previous periods (+/-)	-	356
3.	Reduction in current taxes for the period (+)	63	369
3.bis	Reduction in current taxes for the period for tax receivables pursuant to Law No. 214/2011 (+)	-	376
4.	Change in deferred tax assets (+/-)	(13,604)	17,437
5.	Change in deferred tax liabilities (+/-)	1,123	6,183
6.	Taxes for the period (-) (-1+/-2+3+3bis+/-4+/-5)	(118,645)	(123,536)

(*) This amounts reports the excess provisioning for taxes allocated in the previous periods amounting to Euro 2,000 thousand.

20.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUALTAX LIABILITY RECOGNIZED

	31.12.2015
Net profit before taxes from continuing operations	349,529
Net profit from disposal groups (before taxes)	-
Theoretical taxable income	349,529

	31.12.2015
Income tax – Theoretical tax liability	(96,120)
- effect of expenses that are fully or partially non-deductible and income that is fully or partially non-taxable	7,879
- consolidation effect	(10,250)
Income tax – actual tax liability	(98,491)
- provision for tax to recognize the higher value of Bank of Italy shares L. 147/2013	-
- use of excess tax provisioning in previous periods	2,000
- reversal of deferred tax liabilities for previous periods to be recognized in equity	-
- effect of tax credits and deduction	86
IRAP – Theoretical tax liability	(19,240)
- effect of revenues/expenses that do not form taxable income	(71,403)
- effect of other changes	70,621
- consolidation effect	(2,218)
IRAP – Actual tax liability	(22,240)
Other taxes	-
Actual tax liability recognized	**(118,645)**

● *Section 22 – Net profit (Loss) for the period attributable to Minority Shareholders – Item 330*

22.1 BREAKDOWN OF ITEM 330 “NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MINORITY SHAREHOLDERS”

The net profit attributable to minority shareholders came to Euro 10,248 thousand; this amount referred to Banca Popolare FriulAdria S.p.A., Cassa di Risparmio della Spezia S.p.A. and Crédit Agricole Leasing S.r.l.

● *Section 24 – Earnings per share*

24.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

The Parent Company’s share capital consists of 876,761,620 ordinary shares, with a nominal value of Euro 1 each.

PART D CONSOLIDATED COMPREHENSIVE INCOME

Breakdown statement of consolidated comprehensive income

Items		Gross amount	Income tax	Net amount
10.	**Profit (Loss) for the period**	**X**	**X**	**230,884**
	Other income components with no reversal to Income Statement			
20.	Property, plant and equipment	-	-	-
30.	Intangible Assets	-	-	-
40.	Actuarial gains (losses) on defined-benefit plans	7,969	-2,191	5,778
50.	Disposal groups	-	-	-
60.	Portion of Valuation Reserves of equity investments measured using the equity method	-	-	-
	Other income components after taxes with reversal to income statements			
70.	Hedging of foreign investments:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
80.	Exchange rate differences:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
90.	Cash flow hedges:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
100.	Financial assets available for sale:	44,779	-14,377	30,402
	a) changes in fair value	79,199	-26,050	53,149
	b) reversals to Income Statement	-34,420	11,673	-22,747
	- impairment adjustments	879		879
	- profit/loss from realization	-35,299	11,673	-23,626
	c) other changes	-	-	-
110.	Disposal groups	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
120.	Share of Valuation Reserves of equity investments measured using the equity method	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	- adjustments on impairment	-	-	-
	- profit/loss from transfers	-	-	-
	c) other changes	-	-	-
130.	**Total other income components after taxes**	**52,748**	**-16,568**	**36,180**
140.	**Comprehensive income (10+130)**	**52,748**	**-16,568**	**267,064**
150.	Consolidated comprehensive income attributable to minority Shareholders	-	-	-13,066
160.	**Total comprehensive income attributable to the Parent Company**	**52,748**	**-16,568**	**253,998**

PART E – INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

Section 1 – The Banking Group Risk Management

The Cariparma Crédit Agricole Group attaches great importance to the measurement, management and control of risks, as an essential factor to achieve sustainable growth.

In Italy, Cariparma is the operating Parent Company of the Cariparma Crédit Agricole Group and is engaged in overall risk management and control, acting both as coordinator and in its capacity as commercial bank with its own Distribution Network. In turn, the system set by Cariparma is based on the Supervisory regulations and on the directions issued by Credit Agricole S.A. concerning its subsidiaries.

As a Group largely operating in the Retail Banking business, its approach to risks takes account of the features of its main reference market and of the guidelines issued by the French Parent Company on the Group's vocation as customer-focused proximity bank, which results in services designed to build and consolidate priority relations with local Customers, by fully understanding their specificities and enhancing their potential for development and growth, as well as by offering lines of dedicated products and services, specialist Branches throughout the geographical areas of operations, by making product specialists available to Customers and by providing training programs that involve also Trade Associations.

The Group companies have their own risk management and control structures in compliance with the Group's guidelines, benefit from the functions directly performed by Cariparma, when centralized, and operate in their respective reference perimeters.

RISK APPETITE AND CULTURE DISSEMINATION

Within the process for upgrading to the Supervisory regulations, in 2014 the Cariparma CA Group also completed a process for the definition of its Risk Appetite Framework (RAF), consistently with the guidelines and with the strategic plan of the Parent Company.

This framework entails a set of limits and indicators that are provided for by the Group Risk Strategy, on a yearly basis. Then, these limits are submitted to the Boards of Directors of the Parent Company Cariparma and of the single Entities of the Group for their approval.

The Risk Strategy has the objective to provide for and steer credit risk, operational risk, market and financial risks.

In order to constantly ensure effective risk measurement and effective integration of risk management in the Group's governance and operations, as well as dissemination and sharing of risk culture, the Group's organization includes, on a permanent and fully structured basis, specific Committees and Interdepartmental Working Groups, which consist of the reference roles of all relevant corporate Departments.

To be noted are the Internal Control Committee and the Risk Committees (Risk Management and ALM), which, within their different Risk scopes (Credit Risk, Operational Risk, Financial Risk and Compliance Risk) are responsible for designing and formalizing risk management policies, for structuring and assigning tasks and responsibilities to corporate bodies and departments, for monitoring risk trends and steering the relevant action plans, consistently with the Group's risk appetite and with the guidelines issued by the Parent Company Crédit Agricole and adopted by the Board of Directors.

Going downstream in the organization, important drivers for the dissemination of risk culture are provided by:
- the Operational Risk Manager (ORM), a key role for activity and support, within the reference perimeter, on the identification of operational risks and processing of the relevant practices;
- preparation of 2.1 controls, which directly involves the relevant structures in defining the scopes to be monitored;
- scenario analysis and RSA (Risk Self-Assessment, with subsequent implementation of risk mapping), which directly involve the relevant structures in identifying risk and their possible consequences;
- management support on the outsourcing of important operating functions;
- specific training.

RISK APPETITE FRAMEWORK

The Cariparma Crédit Agricole Group set down its Risk Appetite Framework - "RAF" at the BoD meeting held on 10 February 2015. This risk appetite statement is an integral part and plays a pivotal role in the definition of the Governance framework, since, consistently with the maximum risk that may be taken, it includes the business model and the strategic plan, the risk appetite, tolerance thresholds, risk limits, risk governance policies and the reference processes required to define and implement them.

The Risk Appetite of the Cariparma CA Group expresses the risk level that the Group is willing to take for every type of risk.

The Group's risk appetite has been determined especially based on its financial policy and on its risk management policy and is expressed through:

- A policy for selective and responsible lending within a prudent lending policy that takes all due account of the risk policy, of the corporate social responsibility policy and of the system of decision-making powers in force;
- Keeping exposure to market risk to a minimum level;
- Strict oversight on exposure to operational risk;
- A system of controls aimed at controlling non-compliance risk (identified and monitored);
- Careful measurement of risk-weighted assets;
- Integrated management of the Group's assets and liabilities.

The RAF structure consists in activities for the monitoring and control of risks, in order to ensure that they are managed, driving continuous development and improvement of the methods and models for their measurement.

For this purpose, the Cariparma Crédit Agricole Group uses methods, measurement standards and risk control tools that are consistent throughout the Group and adequate to the type and extent of the risks taken, involving and informing the corporate bodies of the subsidiaries about the choices made as regards risk management procedures and policies.

Within the RAF, limits and alert thresholds are set on Solvency, Liquidity, Asset Quality and Profitability main indicators, which are fit to verify the affordability of the Group's Budget and MTP on a continuous basis, as well as to identify the first alerts in case such indicators worsen, in order for all corrective actions to be triggered and to return to normal operation.

Moreover, the Group's risk appetite is also expressed by the management of qualitative risks, concerning the Group's strategy and operations, especially based on the Company's will to pursue sustainable development and effective management of risks.

The Cariparma Crédit Agricole Group has implemented a set of Risk Strategy operational limits that allow the risks taken to be identified and monitored in detail, thus ensuring full penetration of the RAF model.

Finally, in 2015, within the RAF ordinary operation, prior and advisory opinions were given regarding the consistency of the Most Relevant Transactions (*Operazioni di Maggior Rilievo* – MRT or with the Italian acronym OMR) with the risk management policy at the Cariparma CA Group level.

The Risk Appetite Framework of the Cariparma CA Group is expressed as:

- Risk Appetite (risk objective or risk appetite): level of risk (overall and by type) that the Bank is willing to take in order to pursue its strategic objectives.
- Risk Tolerance (tolerance threshold): maximum allowed deviation from the risk appetite; the tolerance threshold has been set in order to ensure that, in all cases, the Bank has sufficient margins to operate, also in stress scenarios, within its risk capacity.
- Risk Capacity (maximum risk that can be taken): the maximum level or risk a bank is technically able to take without violating any regulatory requirements or other restrictions set down by its Shareholders or by the Supervisory Authority.

The Group's risk profile is monitored and submitted, with periodic reports, to the Risk Management Committee and to the Board of Directors of the Parent Company and of the other Entities of the Group.

In case the Tolerance and Capacity levels of the RAF indicators are exceeded, an escalation process is provided for, which is fit to propose the relevant corrective actions to return to the normal risk levels (Recovery Plan).

As at 31 December 2015, the Group main indicators were found good and consistent with the Risk Appetite set by the Group. They never exceeded the set tolerance levels.

In the first months of 2016, the Risk Appetite Framework has been strengthened even further with the finalization of the Risk Appetite Statement document and with the renewal of the RAF Policies and of the Most Relevant Transactions.

INTERNAL CONTROL SYSTEM

In accordance with the applicable regulations in force and with the guidelines issued by the Parent Company Crédit Agricole S.A., the internal control system of the Cariparma Crédit Agricole Group is structured so as to ensure, when fully operating, detection, measurement, verification and control of risks associated to the performance of corporate operations.

In general, the internal control system is implemented with two modes of control, permanent and periodic; the control structure consists of three different levels and is implemented based on the French legislation and CASA guidelines:

Control type	Control level		Structures involved	Control frequency
Permanent control	1st Degree		Employees, Information Systems, involved in the start-up or validation of the transaction	
		1st Level	Employees other than those that started the transaction	
	2nd Degree	2nd Level	- Central Compliance Department - Risk Management and Permanent Controls Department (DRCP) - Validation Unit within the DRCP	Constant
Periodic control	3rd Degree		Internal Audit Department	Periodic

Consistently with the guidelines issued by the Parent Company Crédit Agricole SA, the Permanent Controls System is part of the wider scope of review of the Banks' operations, in the light of the Supervisory regulations, to ensure full capital soundness.

Permanent control is structured as follows:

- Automatic first degree
  - controls: carried out by automated systems;
  - line-based:
    - direct: manual controls made by the employee;
    - hierarchic: Branch manager and higher decision-making roles;
- Second degree controls
  - first-level controls: employees other than those who started the transaction and authorised to carry out operational activities (for example, back office);
  - second-level controls: employees exclusively engaged in specialist last-level permanent control (e.g. risk monitoring, verification of adequacy and effectiveness of permanent controls): Central Compliance Department/ Risk Management and Permanent Controls Department/Validation Unit.

Periodic control (called "*third degree*" control), refers to specific auditing and verification of all activities (including permanent control and non-compliance control) by the Internal Audit Department, based on an audit plan.

The internal control tool adopted by the Cariparma Crédit Agricole Group results from a process involving:

- the definition of the scope of control and the areas of responsibility of the different players appointed;
- the identification of the main risk zones, based on the risk mapping;
- the implementation of the classification of operating activities, decision-making powers and controls;
- the carrying out of permanent controls at the different degrees and levels envisaged, monitoring correct implementation of the procedures and detection of any early warnings and non-performing instances;
- the carrying out of periodic control by the Internal Audit Department;
- the implementation of a specific system for reporting to corporate bodies and top management engaged in governance and control functions.

The configuration of the internal control system is shared and formalized in the entire Group through the internal regulation system.

The organization of the Cariparma Crédit Agricole includes three main structures that are engaged in control functions and are independent; within their scope of action and in accordance with their functions, these structures ensure constant control on all corporate operations and on the risks generated by such operations:
- the Risk Management and Permanent Controls Department (who includes the Validation Unit);
- the Compliance Department, (who is responsible for second-degree – second-level controls);
- the Internal Audit Department, (who is responsible for third-degree controls).

Moreover, in accordance with the provisions of Article 154-*bis* of the Italian Consolidated Act on Finance, the Manager in Charge has the task of monitoring and overseeing the internal controls system relating to accounting and financial reporting.

THE RISK MANAGEMENT AND PERMANENT CONTROLS FUNCTION

In 2015 the Risk Management and Permanent Controls Department was engaged in the main projects listed below:
- Verification of the adequacy of the processes and controls relating to the operations of the new consortium company of the Group who was incorporated in 2015;
- Review of the controls on the processes for the management of non-performing loans and bad debts;

In 2016, the main projects will concern:
- The definition of the process for the management and control of reputational risk;
- The upgrading of the structures for the control of IT risk to the supervisory regulations and to the recommendations issued by the Internal Audit Department, consistently with the CARS (C.A. Reinforcement of Security) Project;

The above activities will be carried out also in cooperation with the relevant structures of the French Parent Company.

THE COMPLIANCE FUNCTION

The Compliance Function has been established in accordance with regulatory provisions, with the main aim of overseeing and controlling compliance of the various activities with the applicable legislation and regulations, including self-regulation, abiding by the guidelines issued by the Parent Company Crédit Agricole SA.

The aim of this Function is to ensure full compliance of operations with directives issued by Crédit Agricole S.A. and by the Regulators, identifying the rules and regulations applying to the Companies of the Group, measuring and assessing their impact in terms of compliance on the processes and procedures, as well as to ensure, over time, the implementation of rules, procedures and operational practices that are fit to effectively prevent violations and breaches of the legislation provisions in force, of the self-regulation rules and of the code of conduct, requesting, where necessary, changes to the organization and to the procedures.

This Function supports and advises the Company’s Top Management in order to prevent situations which could lead to penalties, generate losses or cause significant reputational damage.

In this scope, Compliance activities are also an opportunity to develop the Company’s value for the benefit of all stakeholders.

The Compliance function of the Parent Company Cariparma is the task of the Central Compliance Department, which reports on a solid line to Cariparma Chief Executive Officer and on a dotted line to the Direction de la Conformité of Crédit Agricole S.A.

Since the single control functions for the Companies of the Group have been outsourced to the Parent Company, the latter’ Central Compliance Department manages, centrally and consistently, all compliance activities for all the Companies of the Group, measuring on such broad range any potential risk of non-compliance.

THE INTERNAL AUDIT FUNCTION

The Internal Audit Department is independent of any and all departments and roles engaged in management and decision-making functions that entail risk-taking: indeed, its organizational placement provides for its reporting on a dotted line directly to the Chief Executive Officer of the Cariparma Crédit Agricole Group and for its solid-line reporting to the Group Internal Audit Department of the Parent Company Crédit Agricole SA.

The Internal Audit Department
- Performs periodic controls on the processes and on the organizational units of all the Companies of the Cariparma Crédit Agricole Group, as well as on Outsourced Important Operational Functions, through constant and independent supervision on the regular course of operations, in order to prevent or detect any behaviours or situations that are irregular and/or risky.
- Assesses whether the overall internal controls system operates effectively and whether it is fit to ensure:
  - The effectiveness and efficiency of the corporate processes as implemented;
  - The protection of the value of Group's assets;
  - Protection from losses;
  - The reliability and integrity of accounting and management data;
  - Compliance of operations with both the policies set down by the corporate governance bodies and with all applicable internal and external regulations;
  - Provides the Top Management, the Corporate Bodies and the Parent Company Crédit Agricole S.A.with prompt and systematic reporting on the activities carried out.

THE MANAGER IN CHARGE

Pursuant to above-mentioned Article 154-*bis*, in a specific document attached to the Annual Report and Separate Financial Statements, the Annual Report and Consolidated Financial Statements and the Interim Condensed Financial Report:, jointly with the Chief Executive Officer, the Manager in Charge shall state:
- the adequacy and actual application of the administrative and accounting procedures;
- the consistency of the corporate and accounting documents with the records in the corporate boos and with the accounts;
- that the above Reports and Financial Statements are fit to provide a true and correct representation of the financial and cash flow position, as well as of the performance of the Bank and of the Group;

The Manager in charge shall also state that the Management Report includes a reliable analysis of the performance and profit (loss) from operations, as well as of the situation of the Bank and of the Group, and the description of the main risks and uncertainties to which they are exposed.

LENDING POLICIES AND STRATEGIES

Section 1 – Credit Risk

QUALITATIVE DISCLOSURES

GENERAL ASPECTS

The Credit Central Department (Italian acronym DC) is responsible for the lending operations of the Cariparma Crédit Agricole Group. It has the task of setting, in accordance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group, giving direct authorization within its decision-making powers.

This Central Department has also the following responsibilities:

- To coordinate, fully respecting the independence of every Company of the Cariparma Crédit Agricole Group, lending to ordinary Customers and to Customers entailing significant exposures.
- To set and oversee the implementation of the Cariparma Crédit Agricole Group strategies and guidelines as required to control the cost of credit, by directly and indirectly steering the lending chain of the companies of the Group and the Distribution Channels;
- To define and promote, consistently with the Group strategies and objectives, an appropriate standardization of models, lending instruments and lending governance rules.
- To verify, through appropriate operating control mechanisms, compliance with the lending guidelines and policies within the Cariparma Crédit Agricole Group. The Credit Department has the task of setting, in compliance with the corporate strategies and objectives, the lending policies directions and the guidelines on taking and managing credit risk, coordinating their implementation by the relevant structures of the Bank and of the Group.

CREDIT RISK MANAGEMENT POLICIES

Organisational aspects

Lending operations are performed by the different dedicated structures of the Parent Company and of the Group Banks and investee Companies; these dedicated structures report on both a solid and dotted line to the Credit Department.

Cariparma organization includes the Loan Authorization Division, the Loan Management and Protection Division and the Special Loan Division:

- Cariparma Loan Authorization Division is responsible, as regards the relevant Customer perimeter, for loan performance and quality in Cariparma within the lending processes and policies that fall in the Credit Department scope; the Loan Authorization Division comprises Loan Authorization Services, every one of which specializes in the assessment of loan applications that are subdivided by Customer segment (Retail and Corporate Banking) and regard specific "production chains", which amount to economic activity sectors that are deemed particularly significant for the Group strategy;
- The Loan Management and Protection Division is responsible, for the relevant Customer perimeter, for ensuring management, recovery and/or collection of non-performing exposures, in close contact and cooperation with Cariparma Network for prompt and effective action to prevent loan impairment. Moreover, for all exposures entailing low amounts and falling within its scope, this Division is responsible for the monitoring and general steering of recovery/collection activities, as well as for regulating collection services outsourced to specialist companies.
- The Special Loan Division is responsible for the performance and quality of loans to:
    - Real Estate and Building Companies, as well as to Companies that are subject to debt restructuring agreements, with reference to the remedial actions provided for by Articles 67,182, 160 and 161 of the Italian Bankruptcy Law.
    - Companies with revenue higher than Euro 3.5 million, showing evidence of being non-performing and included in the early warnings or non-performing exposures perimeter (except for bad debts);
    - To Customers that have lease contracts in force and show evidence of being non-performing (except for bad debts).

The M/L Term Loans Service, the Credit Secretary Service and Credit Intelligence Service also report on a solid line to the Credit Department.

The Credit Intelligence Service, which was set up in 2015, has, among others, the tasks of:

- Periodically reviewing the risk management strategies, in cooperation with the CD Divisions and with the Risk Management and Permanent Controls Department.
- Providing management estimates on the cost of credit for the Group, in order to include them in the budget and estimate processes.

The Group Banks and Investee Companies have also the following structures, which report on a dotted line to the CD: Loan Division, Loan Management and Protection Division, Special Loan Service (FriulAdria), Loan Division, Loan Management and Protection Service, Special Loan Service (Carispezia), Credit Function of CALIT, Credit Advisory Division of Cariparma for the relevant perimeter and the Credit and Finance Division for the relevant perimeter.

MANAGEMENT, MEASUREMENT AND CONTROL SYSTEMS

Lending policies and strategies

As regards Businesses and Individuals, Lending Policies have the objective of fostering a balanced growth of loans to worthy Customers, as well as of controlling and re-qualifying exposures to risky Customers.

Lending Policies are defined at a Group level and constantly monitored. They fall within the scope of the Risk Strategy, which is set every year in agreement with the Parent Company Crédit Agricole S.A., and are an integral part of the Group's strategic planning process, since they are designed to ensure optimal allocation of capital and liquidity and, therefore, of loans themselves.

Lending policies steer the Bank's strategy, since:
- They are based on the Probabilities of Default (PD) calculated using rating models;
- They provided for general requirements in order for mortgage loans to be granted, also to achieve appropriate risk mitigation in determining the Economic Capital;
- They set rules for credit-risk taking towards Customers, both in the short- and medium-/long-term;
- They subdivide Customers based on the expected loss, so as to prepare specific and different lending strategies to which the Distribution Network refers in order make loan proposals.

Lending policies are differentiated based on the categories of Customers, as follows:
- Lending policies for Businesses, production chains and State Bodies;
- Lending policies for Individuals.

Lending policies for Businesses, Production Chains and State Bodies pursue the objectives set forth below:
- To set the credit risk management strategy on the basis of higher differentiation in accordance with the specific creditworthiness (Customer Risk);
- To identify the positioning of each economic activity sector in terms of risk/growth prospects;
- To associate a specific "view" to each sector and micro-sector, separating high-risk sectors from low-risk ones with potential opportunities for growth;

Consistently with the above objectives, the lending policies are based on:
- The consolidation of the selective criteria already in force, based on which the Banks of the Group manage credit risk: the structure of the "Policies" features higher differentiation both in terms of specific creditworthiness (Customer risk) and in terms of different lending strategies specific for the Large-Corporate (revenue higher than Euro 7.5 million) and Retail (revenue up to Euro 7.5 million) Regulatory Segments, in accordance with the specific features of the respective Customers;
- The strengthening of the actions already implemented to control the exposures to economic activity sectors that feature higher risk, both present and perspective, specifically as regards Customers operating in the "Real Estate", "Building" and "Stores/Restaurants – Hotels", for whom differentiated "Policies" have already been set down implementing directions and "limits" that are consistent with the Risk Strategy set on a yearly basis with the Parent Company Crédit Agricole SA;
- The identification, in larger detail, of specific micro-sectors of economic activity, in order to take account of higher variability of the risk profile and attractiveness of the same, vs. the relevant macro-sectors;
- The definition of specific criteria dedicated to certain economic activities (such as the agri-food industrial sector and the sector of renewable energy), as well as to Companies with high vocation for export, which offer interesting opportunities for the development of loans, and with State Bodies and Confidi ((Italian mutual loan-guarantee consortia);

Lending policies for Business Customers apply to the legal-economic Group identified, or to single Businesses not belonging to the Group, resident and non-resident, and are structured based on the Customer risk and on the risk associated to the economic activity sectors.

Lending Policies for Individuals are defined at Banking Group level and apply to Natural Persons that take out loans for purposes other than those relating to business activities, excluding all Customers falling in the Non-performing positions perimeter. Lending Policies are structured based on Customer risk, on the rating of the counterparty and/or the relevant legal/economic Group, as well as on the type of product that has been applied for by the Customer.

The application processing and authorization of loans to Individuals uses the Rating System, which has been validated by the Supervisory Body, both for choosing the Decision-Making Body responsible for authorizing the loan, and for the definition of the creditworthiness of the same Customer.

Lending Policies are integrated in an Expert Decision-Making System (the so-called "Lending Strategies") in the Electronic Loan Application Processing, which steers decision-making processes, and are different for the following products:

- Mortgage loans;
- Unsecured loans and Personal Loans;
- Opening of credit lines on current accounts, mortgage current accounts, signature loans, products for international transactions or Derivatives.

Lending Policies and Strategies assign a summary rating/assessment to Retail Customers, using the three categories here below which set the relevant procedure and a different decision-making body:

- "Favourable" file (GREEN): in this case the loan application is submitted to the relevant Decision-Making Body, within a streamlined decision-making process;
- File "to be assessed" (YELLOW): in this case the loan application processing can go on, but requires more exhaustive information and closer examination but still within an ordinary decision-making process;
- File "to be rejected" (RED): the loan application must be rejected. Only in "exceptional" cases - and having exhaustive additional information that shows such suitable good elements as to lead to a favourable creditworthiness assessment – the Proposal may be submitted to a Higher Decision-Making Body (at least the Head of the Retail Banking Area), still within an ordinary decision-making process and in accordance with the lending decision-making powers and responsibilities in force.

Within the Lending Policies for Retail Customers, the general principles on which the loan application processing and loan authorization must based for each single product, which translate into parameters to be taken into account and to be complied with in all lending operations, specifically: the definition of monthly net income, financial commitments, debt sustainability, the instalment/income ratio, the maximum age of applicants and third party guarantors, the documentation to be obtained for the loan application assessment.

Moreover, each product is associated to different objectives, features and contents, which are deemed suitable to foster a balanced growth of Loans to worthy Customers and to mitigate credit risk in lending to risky Customers, with specific reference to setting the duration of the transaction, maximum amount of the loan and acquisitions of guarantees.

Lending processes

In the present economic scenario, in order to ensure protection of the overall quality of the Loan Portfolio and control of the cost for its management, risk exposures must be promptly and effectively monitored and proactively managed as early as upon early warnings. Based on the above requirements, in 2015, the review of the lending model, which was started in 2014, was completed and consolidated, in order to optimize the performances and abilities to manage Non-performing Loans, implementing actions in the macro-scopes set forth below:

- Full separation of responsibilities in the lending chains, between the Loan Authorization chain on the one hand and the Loan Management and Protection chain on the other (the latter being responsible for the management of all categories of non-performing loans, except for bad debts);
- Consolidation of operating responsibilities and perimeter of action of the Special Loan chain;
- Enhancement of the Credit Intelligence control operations;
- Strengthening of the internal controls system by reviewing the portfolio with a specific focus on Early Warnings and Non-performing loans.

Based on the above, the contents of the "*Lending Regulations*" have been aligned to the changes that were made to the Credit organizational structure and the relevant operating processes for lending management.

The rules governing the authorization of Ordinary Loans to applicants provide for their classification into:

- A structure based on counterparty risk level, resulting from the Customer's rating and the relevant authorization decision-making powers;
- that are scaled up as the customer riskiness increases.

Non-performing loans are all loans showing problems, even potential ones which – where not promptly and fully solved – could lead to the worsening of the quality of the risks taken by the Bank. The tool used to identify the positions falling within this category is the Performance Monitoring Indicator (the so-called PMI, or with the Italian acronym IMA).

The PMI has been defined by the Risk Management and Permanent Controls Department, in cooperation with the Credit Department, and is the indicator triggering the monitoring and management of positions showing early warnings; this indicator has 5 colours, representing 5 levels of early warning, with risk decreasing levels, to which a creditworthiness status is associated:

BLUE	= HIGH risk	(Non-performing loans)
RED	= MEDIUM risk	(Non-performing loans)
ORANGE	= LOW risk	(Performing Loans)
YELLOW	= LOW risk	(Performing Loans)
GREEN	= LOW risk	(Performing Loans)

For every type of loan, specific responsibilities have been determined in terms of both authorization and management.

The main changes made in the authorization and management of loans concern:

- The identification of a single central Lending Chain responsible for all accounts of a single Legal-Economic Group: in order to ensure single direction and timeliness of the management of accounts referring to a single Legal-Economic Group, the prevalence principle applies (amount of the loans to at least one of the counterparties > 50% of the total amount lent to the Group) – exclusively referring to Performing and Early Warning positions – in order to identify a single central reference lending chain, for all counterparties belonging to the Group, having loan authorization powers and management responsibilities, in accordance with the decision-making powers in force at the relevant time;
- Streamlining and strengthening of the Process for the Management of Early Warnings, Non-performing exposures;
- Implementation of the Management Electronic Process (Italian acronym PEG): a tool that steers the loan management process and supports all players involved, with pre-set and automated procedures.

These changes resulted in:

a) The streamlining and optimization of the process for the management of Process for the Management of Early Warnings, Non-performing exposures, through:
   - Full separation between the Loan Authorization Chain and the Loan Management and Protection Chain (the latter being responsible for the management of both early warnings and non-performing loans, before they enter the bad debt status, in the perimeter that does fall within the responsibility of the Special Loan Division);
   - Significant streamlining and optimization of the number of the Active Monitoring Statuses, as a tool to identify the position within the non-performing exposures perimeter to be subject to special monitoring over time;

b) The possibility to display, quickly and in a bottom-up mode, from the Account Manager in charge of the position to the central validation Bodies, all positions to be managed for their recovery and/or collection, by consulting, in a single workflow, all management information as required;

c) The possibility to guide and steer the Account Manager in the actions to be implemented, with a precise action plan, set by the Procedure for every position, supporting the Account Manager also in identifying any alternative actions, to be scaled up for validation to the higher validation Body, automatically set forth by the PEG;

d) Important support in the management of positions, setting down and enhancing the responsibility of the Account Manager and of the higher validation Bodies, to carry out and certify the actions planned, in full compliance with the set timeframe;

e) Maximization of action effectiveness while reducing the relevant timeframe, relying on the prevailing full validation of the action plans proposed by the procedure, especially for cases where the process can be subject to automated management;

f) Effective monitoring of outcomes and compliance with the set timeframe, of the implemented actions, with the possibility of aggregate displaying both for the Channel area coordination structures and for the central credit functions.

In order to effectively and timely manage positions showing early warnings and, thus, to reduce credit risk, the Cariparma Crédit Agricole Group had to fully review the process for the "Collection of Loans having non-significant amounts", reviewing the procedures for the assignment and management of exposures to be collected to external collection Companies. The main changes in this process, for which the Loan Management and Protection Division is responsible, were:

- Standardization for all the Banks of the Group of the collection activity perimeter:
- Extension of the exposure top limit;
- Increase in the number of external companies involved;
- Review of the procedures to assign positions, to monitor outcomes and to manage providers on an overall basis.

The operation of the implemented management processes is summarized below.

The loan-authorization process in force uses methods based on rating systems and sets the lending decision-making powers based on the Probability of Default assigned to the counterparty and reassessed at least one a year. Therefore:

- It is compliant with the provisions issued by the Supervisory Body, according to which the processes for loan authorization and counterparty creditworthiness assessment shall use the tools set down for the determination of the economic capital;
- It allows lending decision-making powers to be fine-tuned in accordance with the Customers' riskiness and, therefore, their extension for creditworthy counterparties and their scaling up for weaker ones, triggering, where required, the appropriate mitigation actions. They are differentiated based upon "Decision-making classes" set by the combining the parameters of Probability of Default assigned to the customers and the riskiness of the technical forms based on the presence or absence of certain and enforceable guarantees. For every decision-making class, a maximum limit to the authorized loan has been set.

The loan authorization process is managed by the Company Information System, within the scope of the dedicated specific procedures ("Electronic Loan Application procedure – PEF").

After the first loan has been authorized and disbursed, i.e. after the beginning of the credit relation, the position is periodically reviewed, at regular intervals or in response to an alert from/ initiative of dedicated structures, both peripheral and central, for the following purposes:

- Verifying that the borrower and the relevant guarantors, where any, remain solvent;
- Verifying that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure);
- Verifying that concentration limits are complied with;
- Verifying the information on which the counterparty's risk rating is based on and possible changes over time.

The review process described above shall lead to confirming (increasing or decreasing) the authorized loans or to their revocation in compliance with the contract provisions and/or to increasing the guarantees securing the exposure. There are cases in which the loan review is carried out automatically with the support of an expert system applied to positions with low and ascertained risk profiles, by thoroughly examining appropriate and preset indicators.

In order to improve the quality of loan-authorization and loan-review processes, in 2015 the "Expert System" was extended to all Business Accounts. This tool supports the account manager in the loan application processing, automatically generates a commentary on the quality of financial statements and suggests further analyses, in order to support the manager for thorough and complete understanding of the enterprise's financial position and to provide him/her with support for meetings with the Enterprise representatives.

The implemented process for the monitoring and management of non-performing loans also uses methods based on rating systems. Customers are subdivided based on risk profile rated monthly using the prescribed tools (performance rating) and combining the parameters of internal rating models (Probability of Default) and other indicators that can be immediately detected and useful to notice a sudden down-grading of counterparty risk, as well as a procedure ("PEF – Electronic Loan Application Process") that has been designed to steer the process.

Development, management and updating of Models – Roles and responsibilities

The process for the development, management and updating of the models, consistently with the guidelines issued by Crédit Agricole S.A., consists in the activities and procedures aimed at defining, at the initial stage, or at later updating the rating models that apply to loan exposures, that is to say, statistical models that have been designed to support credit assessment and to allow the capital requirements to be calculated in terms of risks of unexpected losses for the Cariparma Crédit Agricole Group.

The models for the measurement of risk parameters aim at achieving – for both reporting and management purposes – risk measures that are:

- fit to grasp the key elements at the basis of assessment of the creditworthiness of the parties with whom the Group has or intends to assume loan exposures;
- relatively stable over time over time in order to reflect at all times and in every Customer segment, long-term riskiness (measured by the rate of default) of the Group's exposures, both present and potential;
- fit to prevent uncontrolled growth of risk in the positive cycle phases and – as a reaction – indiscriminate crunch in lending in negative phases (reverse cycle).

The function responsible for the development, management and updating of the models is the RAF, Models and Reporting Division, which is part of the Risk Management and Permanent Controls Department.

Specifically, the RAF, Models and Reporting Division is responsible for the development of internal rating models and of the LGD model, for the Cariparma Crédit Agricole Group as a whole, ensuring compliance with the regulatory requirements provided for by the National and European Regulators, with the guidelines issued by the French Parent Company and constant alignment to the international best practices. Moreover, this Division is responsible for producing documentation on the structuring and operating details of the adopted models, especially of the rating system, formalizing the features and methods adopted, as well as any alterations in the components and overall structure of the model, setting forth the reasons for such alterations.

In 2014, the Model Development Function issued a Model Development Policy, which was approved by the Board of Directors of the Parent Company and adopted by the Boards of Directors of the other Banks in the Group.

This Policy, which was updated in 2015 and approved by the Board of Directors of the Parent Company, defines the "guidelines" for the development and maintenance of the internal measurement of risks, valid for all the entities in the Cariparma Crédit Agricole Group and describes the processes through which the Model Development Function periodically assesses/updates the internal systems for the measurement of first and second Basel Pillar risks.

Moreover, all the internal models used by the Cariparma Crédit Agricole Group are submitted for approval to the "*Comité Normes et Méthodes*" of the Parent Company Crédit Agricole S.A., are internally validated by Cariparma Validation Service and are subject to the Internal Audit activities carried out by the IGL (*Inspection Générale Groupe*) Department of Crédit Agricole S.A.

Cost of credit

In the present ongoing negative economic situation, the Cariparma Crédit Agricole Group has enhanced its systematic control on the developments in the quality of the Loans-to Customers Portfolio, increasing and making even more selective the monitoring on the loan positions, from early warnings on, to promptly detect any sign of their being non-performing, and to take effective action to control the cost of credit.

Thanks to these actions, the increasing trend of the cost of credit, as detected in the last few years, could be reversed.

The traditional policy of the Cariparma Crédit Agricole Group was confirmed, which provides for prudential provisioning for non-performing exposures (NPE).

Stress test

Within the management and control of credit risk, on a yearly basis, strategies are defined to act on overall exposures to sectors, products or types of customers that have been identified as belonging to sectors that are not fully in line with the corporate objectives in terms of risk control. The performance of the perimeters thus identified is monitored on a quarterly basis.

In 2015, the focus was on the “Real Estate Players” and the Hotel sector, as well as on loans for Renewable Energy (Non-Investment Grade Customers).

Moreover, the monitoring of the diversification of risk in loans was fully implemented, by controlling the limits to portfolio concentration, with different values for “Investment Grade” and “Non-Investment Grade” Counterparties.

The periodic audits reported compliance with the set strategies.

Within the ICAAP process, the stress test analyses on credit risk were carried out with a factorial model that links the endogenous variables (adjusted bad debt flow) to the macroeconomic variables that have proven to have higher explanatory power and allow the estimated effects to be transferred to the portfolio PDs. Based on forecast scenarios (baseline and stress, historical or worst case), as defined by the user functions or by international forecasters, the PD are estimated as impacted by the above scenarios, broken down by geographical-sector clusters of customers.

The estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes and increase in risk.

In 2015, the ordinary stress testing activity carried out by the Group was extended to the budget and MTP stress exercise (*Stress Test Budgetaire*) requested by Crédit Agricole S.A.. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main variables.

Moreover, as reported in the section on projects, the outcomes of the stress test exercise are taken into account within the definition and management of the Risk Appetite Framework.

CREDIT RISK MITIGATION TECHNIQUES

The Group pursues the mitigation of credit risk by entering into ancillary agreements or by adopting other and specific tools and techniques designed to mitigate this risk. In this regard, collection and management of guarantees is focused on within a control process and system which provide for the identification of specific Responsibilities in order to verify and ensure compliance with the legal requirements and the update of the underlying values. The outcome of control activities are subject to reporting.

NON-PERFORMING FINANCIAL ASSETS

The process to monitor performance allows the procedures for the management and control of the loan portfolio to be triggered; the organizational logic of these procedures is based on the following principles:

- the use of probability of default and of a number of management indicators differentiated by segment and type of Customers to support decision-making activities;
- the diversification of processes depending on the Customer’s level of risk.

Monitoring procedures and systems have been further enhanced in order to allow:

- Overlimit positions to be identified in their very early days, in order for the relevant Corporate Departments, Divisions and Services to define and implement the required management remedial actions, where possible;
- The analysis of the files showing statistical real estate revaluations with significant changes compared with the previous values.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship;
- acquiring additional guarantees, whether collaterals and/or personal guarantees, or other credit risk mitigation tools and techniques;
- scheduling and monitoring loan workout plans agreed with Customers;
- enforcement and/or court-ordered acquisition of guarantees for enforced recovery of exposures.

● *QUANTITATIVE DISCLOSURES*

A. CREDIT QUALITY

A.1 PERFORMING AND NON-PERFORMING EXPOSURES: AMOUNTS, VALUE ADJUSTMENTS, CHANGES IN, BREAKDOWN BY ECONOMIC SECTOR AND GEOGRAPHICAL AREA

A.1.1 Breakdown of financial assets by portfolio and credit quality (book values)

	Bad debts	Unlikely -To-Pay	Non-performing past due exposures	Performing past due exposures	Performing Exposures	Total
1. Financial assets available for sale	5,776	-	-	-	5,573,867	5,579,643
2. Investments held to maturity	-	-	-	-	-	-
3. Loans to banks	-	-	-	-	2,869,109	2,869,109
4. Loans to Customers	1,159,328	1,814,603	90,812	1,535,962	31,861,796	36,462,501
5. Financial assets designated at fair value	-	-	-	-	-	-
6. Financial assets being divested	-	-	-	-	-	-
Total 31.12.2015	**1,165,104**	**1,814,603**	**90,812**	**1,535,962**	**40,304,772**	**44,911,253**
Total 31.12.2014	**1,140,896**	**1,693,627**	**215,197**	**1,867,315**	**42,783,336**	**47,700,371**

All financial assets are classified by credit quality with the exception of equity securities and units in collective investment undertakings. Loans to Banks and loans to Customers include both loans and other technical forms (securities, etc.).

Performing financial assets: analysis of age of past due positions

	Net exposure
1. Non past-due exposures	31,861,796
2. Up to 90 days	1,273,240
3. From 91 to 180 days	121,516
4. From 181 to 1 year	103,219
5. More than 1 year	37,987
Total 31.12.2015	**33,397,758**

A.1.2 Breakdown of exposures by portfolio and credit quality (gross and net values)

Portfolio/quality	Non-performing exposures			Performing exposures			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets available for sale	5,776	-	5,776	5,573,867	-	5,573,867	5,579,643
2. Investments held to maturity	-	-	-	-	-	-	-
3. Loans to banks	-	-	-	2,869,109	-	2,869,109	2,869,109
4. Loans to Customers	5,154,477	2,089,734	3,064,743	33,605,068	207,310	33,397,758	36,462,501
5. Financial assets designated at fair value	-	-	-	X	X	-	-
6. Financial assets being divested	-	-	-	-	-	-	-
Total 31.12.2015	**5,160,253**	**2,089,734**	**3,070,519**	**42,048,044**	**207,310**	**41,840,734**	**44,911,253**
Total 31.12.2014	**4,950,037**	**1,908,961**	**3,041,076**	**43,725,943**	**217,782**	**43,524,133**	**46,565,209**

All financial assets are classified by credit quality with the exception of equity securities and net units in collective investment undertakings.

Portfolios/quality	Asset with clear poor Credit quality		Other assets
	Accumulated capital losses	Gross exposure	Net exposure
1. Financial assets held for trading	3,011	13,129	94,797
2. Hedging derivatives	-	-	692,455
Total 31.12.2015	**3,011**	**13,129**	**787,252**
Total 31.12.2014	**3,079**	**8,644**	**1,127,518**

Financial assets held for trading classified as non-performing refer to securities maturing on 4 November 2010 and issued by Glitnir Banki Hf, put into liquidation by order of the District Court of Reykjavik on 22 November 2010.

A.1.3 Banking Group – On-balance-sheet and off-balance-sheet exposures to banks: gross and net values and past due ranges

Type of exposures/values	Gross exposure					Specific adjust.	Portfolio adj.	Net exp.
	Non-perf. assets				Perf.			
	Up to three months	Over 3 months up 6 months	From over 6 M to 1 year	Over 1 year				
A. ON-BALANCE SHEET EXPOSURES								
a) Bad debts	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
b) Unlikely to Pay	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
c) Non-performing past due exposures	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
d) Performing past due exposures	X	X	X	X	-	X	-	-
- of which: forborne exposures	X	X	X	X	-	X	-	-
e) Other performing exposures	X	X	X	X	2,869,197	X	-	2,869,197
- of which: forborne exposures	X	X	X	X	-	X	-	-
TOTAL A	**-**	**-**	**-**	**-**	**2,869,197**	**-**	**-**	**2,869,197**
B. OFF-BALANCE SHEET EXPOSURES								
a) Non-performing	-	-	-	-	X	-	X	-
b) Performing	X	X	X	X	1,171,769	X	-	1,171,769
TOTAL B	**-**	**-**	**-**	**-**	**1,171,769**	**-**	**-**	**1,171,769**
TOTAL A+B	**-**	**-**	**-**	**-**	**4,040,966**	**-**	**-**	**4,040,966**

On-balance sheet exposures summarize all financial assets within business with banks as recognized in items 20 “Financial Assets held for trading”, 40 “Financial assets available for sale” and 60 “Loans to Banks”, except for derivatives that, in this section, are considered off-balance-sheet.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives, including hedging derivatives) for which credit risk is taken.

A.1.6 Banking Group – On-balance-sheet and off-balance-sheet exposures to customers: gross and net values and past due ranges

Type of exposures/values	Gross exposure					Specific adjust.	Portfolio adj.	Net exp.
	Non-perf. assets				Perf.			
	Up to three months	Over 3 months up 6 months	From over 6 M to 1 year	Over 1 year				
A. ON-BALANCE SHEET EXPOSURES								
a) Bad debts	3,172	-	5,345	2,726,940	X	1,576,129	X	1,159,328
- of which: forborne exposures	3,169	-	5,344	437,260	X	238,839	X	206,934
b) Unlikely to Pay	849,928	59,263	229,809	1,182,933	X	507,330	X	1,814,603
- of which: forborne exposures	734,288	30,625	135,084	587,424	X	265,268	X	1,222,153
c) Non-performing past due exposures	10,044	23,635	34,059	29,349	X	6,275	X	90,812
- of which: forborne exposures	1,306	3,481	10,220	13,709	X	1,952	X	26,764
d) Performing past due exposures	X	X	X	X	1,548,208	X	12,246	1,535,962
- of which: forborne exposures	X	X	X	X	314,566	X	2,544	312,022
e) Other performing exposures	-	X	-	-	37,630,728	X	195,064	37,435,664
- of which: forborne exposures	X	X	X	X	703,537	X	6,395	697,142
TOTAL A	**863,144**	**82,898**	**269,213**	**3,939,222**	**39,178,936**	**2,089,734**	**207,310**	**42,036,369**
B. OFF-BALANCE SHEET EXPOSURES								
a) Non-performing	40,429	-	-	-	X	6,721	X	33,708
b) Performing	-	X	-	-	1,944,508	X	1,386	1,943,122
TOTAL B	**40,429**	**-**	**-**	**-**	**1,944,508**	**6,721**	**1,386**	**1,976,830**
TOTAL A+B	**903,573**	**82,898**	**269,213**	**3,939,222**	**41,123,444**	**2,096,455**	**208,696**	**44,013,199**

Specifically, on-balance sheet exposures summarize all financial assets within business with customers as recognized in items 20 “Financial Assets held for trading”, 40 “Financial assets available for sale” and 70 “Loans to Customers”, except for derivatives that, in this section, are considered off-balance-sheet.

Net non-performing forborne exposures that, in the “cure period” do not have any past due falling within the “Up to 3 months” past due range, came to Euro 506,901 thousand.

A.1.7 Banking Group – On-balance sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad debts	Unlikely-To-Pay	Non-performing past due exposures
A. Opening gross exposure	**2,623,098**	**2,104,696**	**222,294**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**424,269**	**816,359**	**242,812**
B.1 from performing loans	29,641	485,623	220,916
B.2 transfers from other categories of non-performing exposures	377,436	241,169	10,295
B.3 other increases	17,192	89,567	11,601
C. Decreases	**311,910**	**599,122**	**368,019**
C.1 to performing loans	3,093	96,043	93,392
C.2 writeoffs	136,896	20,623	4,324
C.3 collections	89,425	102,593	21,305
C.4 realization on disposals	15,015	619	-
C.5 losses on disposals	14,608	1,145	-
C.6 transfers to other categories of non-performing exposures	3,319	376,890	248,692
C.7 other decreases	49,554	1,209	306
D. Closing gross exposure	**2,735,457**	**2,321,933**	**97,087**
- of which: sold exposures not derecognized	-	-	-

A.1.8 Banking Group – On-balance sheet exposures to Customers: changes in total value adjustments

Reasons/Categories	Bad debts		Unlikely to Pay		Non-performing past-due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	**1,482,966**	**-**	**417,966**	**-**	**8,029**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**317,389**	**-**	**246,667**	**-**	**11,005**	**-**
B.1 value adjustments	223,207	-	220,215	-	6,923	-
B.2 losses on disposals	14,608	-	1,145	-	-	-
B.3 transfers from other categories of non-performing exposures	79,445	-	6,831	-	2,833	-
B.4 other increases	129	-	18,476	-	1,249	-
C. Decreases	**224,226**	**-**	**157,303**	**-**	**12,759**	**-**
C.1 writebacks from valuations	60,235	-	54,015	-	1,191	-
C.2 writebacks from collections	8,414	-	5,539	-	189	-
C.3 gains on disposal	1,732	-	-	-	-	-
C.4 derecognition	135,622	-	10,570	-	4,288	-
C.5 transfers to other categories of non-performing exposures	750	-	81,959	-	6,398	-
C.6 other decreases	17,473	-	5,220	-	693	-
D. Total closing adjustments	**1,576,129**	**-**	**507,330**	**-**	**6,275**	**-**
- of which: sold exposures not derecognized						

A.2 CLASSIFICATION OF EXPOSURES BASED ON EXTERNAL AND INTERNAL RATINGS

A.2.1 Banking Group – Breakdown of on-balance-sheet and off-balance-sheet exposures by external rating grades

Exposures	External rating grades						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. On-balance-sheet exposures	**4,683**	**4,569,442**	**1,588,383**	**2,160,963**	**158,715**	**129,433**	**36,293,946**	**44,905,565**
B. Derivatives	**-**	**8,444**	**13,665**	**12,528**	**1,284**	**1,236**	**762,453**	**799,610**
B.1 Financial Derivatives	-	8,444	13,665	12,528	1,284	1,236	762,453	799,610
B.2 Credit Derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	**35**	**701,077**	**270,810**	**285,359**	**11,650**	**9,361**	**800,425**	**2,078,717**
D. Commitments to disburse funds	**1**	**143,595**	**4,176**	**14,435**	**31**	**994**	**107,040**	**270,272**
E. Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**4,719**	**5,422,558**	**1,877,034**	**2,473,285**	**171,680**	**141,024**	**37,963,864**	**48,054,164**

The above breakdown by rating grades refers to measurements made by Cerved Group S.p.A. and DBRS (which are ECAI – External Credit Assessment Institutions – recognized by the Bank of Italy and used for Corporate Customers and exposures to Banks, respectively).

The “without rating” column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	ECAI – Lince by Cerved Group	DBRS
Grade 1		from AAA to AAL
Grade 2	from A1.1 to A3.1	from AH to AL
Grade 3	B1.1	from BBBH to BBBL
Grade 4	from B1.2 to B2.2	from BBH to BBL
Grade 5	C1.1	from BH to BL
Grade 6	from C1.2 to C2.1	from CCCH to D

A.2.2 Banking Group – Breakdown of on-balance-sheet and off-balance-sheet exposures by internal rating grades

Exposures	Internal rating grades				Without rating	Total
	from AAA to BBB+	from BBB to BBB-	from BB+ to B	from B- to D		
A. On-balance-sheet exposures	**6,939,425**	**12,955,492**	**6,288,139**	**4,721,136**	**14,001,373**	**44,905,565**
B. Derivatives	**3,626**	**22,058**	**20,789**	**34,180**	**718,957**	**799,610**
B.1 Financial Derivatives	3,626	22,058	20,789	34,180	718,957	799,610
B.2 Credit derivatives	-	-	-	-	-	-
C. Guarantees issued	**417,385**	**737,944**	**307,910**	**119,187**	**496,291**	**2,078,717**
D. Commitments to disburse funds	**-**	**565**	**17**	**-**	**269,690**	**270,272**
E. Other	**-**	**-**	**-**	**-**	**-**	**-**
Total	**7,360,436**	**13,716,059**	**6,616,855**	**4,874,503**	**15,486,311**	**48,054,164**

The breakdown by rating grade given below refers to Cariparma Crédit Agricole Group internal models, used for Retail and Corporate Customers. The “Without rating” column mainly shows exposures to Banks, State bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 65% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 20% falls within the BB+/B grades and 15% in the B-/D grades.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Banking group – Secured exposures to Banks

		Collaterals (1)				Personal guarantees (2)									
						Credit derivatives					Signature loans				
							Other derivatives								
	Net value of exposure	Real estate mortgage	Real estate - Finance leases	Securities	Other collaterals	CLN	Governments and central banks	Other public entities	Banks	Other	Governments and central banks	Other public entities	Banks	Other	Total (1)+(2)
1. Secured on-balance-sheet exposures:	**585,162**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**582,020**	**-**	**582,020**
1.1 fully secured	82,020	-	-	-	-	-	-	-	-	-	-	-	82,020	-	82,020
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	503,142	-	-	-	-	-	-	-	-	-	-	-	500,000	-	500,000
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**4,030**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**267**	**3,763**	**4,030**
2.1 fully secured	4,030	-	-	-	-	-	-	-	-	-	-	-	267	3,763	4,030
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Banking group – Secured exposures to Customers

		Collaterals (1)				Personal guarantees (2)									
						Credit derivatives					Signature loans				
							Other derivatives								
	Net value of exposure	Real estate mortgage	Real estate - Finance leases	Securities	Other collaterals	CLN	Governments and central banks	Other public entities	Banks	Other	Governments and central banks	Other public entities	Banks	Other	Total (1)+(2)
1. Secured on-balance-sheet exposures:	**29,381,107**	**20,161,480**	**1,131,091**	**224,060**	**1,227,895**	**-**	**-**	**-**	**-**	**-**	**9,461**	**77,151**	**2,437,265**	**3,030,423**	**28,298,826**
1.1 fully secured	25,843,052	19,967,489	692,475	144,609	747,824	-	-	-	-	-	9,461	76,562	1,035,854	2,661,566	25,335,840
- of which non-performing	2,420,605	1,922,180	118,859	1,317	7,525	-	-	-	-	-	-	28,434	4	270,557	2,348,876
1.2 partially secured	3,538,055	193,991	438,616	79,451	480,071	-	-	-	-	-	-	589	1,401,411	368,857	2,962,986
- of which non-performing	269,439	54,580	70,065	1,200	12,588	-	-	-	-	-	-	92	3	49,592	188,120
2. Off-balance-sheet secured exposures:	**556,362**	**91,170**	**-**	**39,926**	**103,731**	**-**	**-**	**-**	**-**	**-**	**-**	**2**	**12,777**	**254,637**	**502,243**
2.1 fully secured	427,569	88,206	-	27,843	80,348	-	-	-	-	-	-	2	973	229,268	426,640
- of which non-performing	10,684	-	-	106	1,780	-	-	-	-	-	-	-	-	8,730	10,616
2.2 partially secured	128,793	2,964	-	12,083	23,383	-	-	-	-	-	-	-	11,804	25,369	75,603
- of which non-performing	2,876	-	-	25	1,452	-	-	-	-	-	-	-	-	575	2,052

On-balance-sheet exposures, totally or partially secured, include loans and other financial assets that are secured, with the exclusion of derivative contracts and equity securities. Off-balance-sheet transactions include financial transactions (guarantees issued, commitments, derivatives) entailing the assumption of credit risk. The value of exposures is net of uncertain outcomes and of portfolio adjustments.

In compliance with Bank of Italy Circular No. 262, 4th update, in the “Collaterals” and “Personal guarantees” columns, the fair value of the collaterals or guarantee is reported, estimated as at the reporting date or, where not available, its contractual value. It is pointed out that, unlike for previous years, in compliance with the above 4th update, both the above values may be higher than the book value of secured exposures.

B. BREAKDOWN AND CONCENTRATION OF EXPOSURES

B.1 BANKING GROUP – BREAKDOWN BY SECTOR OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS (BOOK VALUE)

Exposures/Counterparties	Governments			Other State Bodies			Financial Companies			Insurance undertakings			Non-financial corporations			Other parties		
	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments
A. On-balance-sheet exposures																		
A.1 Bad debts	-	-	X	-	-	X	3,417	14,090	X	5,779	119	X	870,434	1,406,491	X	279,698	155,429	X
- of which: forborne exposures			X			X	536	2,939	X			X	201,694	234,871	X	4,704	1,029	X
A.2 Unlikely to Pay	-	-	X	4,834	55	X	40,675	11,416	X	-	-	X	1,582,444	406,380	X	186,650	89,479	X
- of which: forborne exposures			X	4,831	50	X	33,668	10,057	X			X	1,117,696	238,860	X	65,958	16,301	X
A.3 Non-performing past-due exposures	-	-	X	-	-	X	38	4	X	-	-	X	65,150	4,827	X	25,624	1,444	X
- of which: forborne exposures			X			X			X			X	17,712	1,468	X	9,052	484	X
A.4 Performing exposures	5,598,777	X	-	285,646	X	-	2,980,784	X	4,465	230,710	X	1	15,156,461	X	100,876	14,719,248	X	101,968
- of which: forborne exposures		X			X		5,362	X	40		X		773,680	X	7,200	230,122	X	1,699
Total A	**5,598,777**	**-**	**-**	**290,480**	**55**	**-**	**3,024,914**	**25,510**	**4,465**	**236,489**	**119**	**1**	**17,674,489**	**1,817,698**	**100,876**	**15,211,220**	**246,352**	**101,968**
B. Off-balance-sheet exposures																		
B.1 Bad debts	-	-	X	-	-	X	354	25	X	-	-	X	8,853	1,350	X	28	-	X
B.2 Unlikely to Pay	-	-	X	-	-	X	28	28	X	-	-	X	23,699	5,092	X	143	161	X
B.3 Other non-performing exposures	-	-	X	-	-	X	-	-	X	-	-	X	565	64	X	38	1	X
B.4 Performing exposures	4,922	X	-	8,890	X	-	16,349	X	15	33,608	X	32	1,794,708	X	1,294	84,645	X	45
Total B	**4,922**	**-**	**-**	**8,890**	**-**	**-**	**16,731**	**53**	**15**	**33,608**	**-**	**32**	**1,827,825**	**6,506**	**1,294**	**84,854**	**162**	**45**
Total (A+B) 31.12.2015	**5,603,699**	**-**	**-**	**299,370**	**55**	**-**	**3,041,645**	**25,563**	**4,480**	**270,097**	**119**	**33**	**19,502,314**	**1,824,204**	**102,170**	**15,296,074**	**246,514**	**102,013**
Total (A+B) 31.12.2014	**6,203,625**	**-**	**-**	**289,208**	**303**	**-**	**3,697,811**	**22,293**	**3,101**	**153,391**	**22**	**24**	**20,083,828**	**1,683,854**	**113,073**	**14,884,229**	**209,622**	**103,079**

On-balance-sheet exposures include loans as well as financial assets, such as debt securities, with the exception of derivative contracts and equity securities.

Off-balance sheet transactions include all financial transactions.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or goods are excluded.

B.2 BANKING GROUP – BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS (BOOK VALUE)

Exposures/Geographical areas	North-West Italy		North-East Italy		Central Italy		South Italy and Islands	
	Net exposure	Total net adjustments	Net exposure	Total net adjustments	Net exposure	Total net adjustments	Net exposure	Total net adjustments
A. On-balance-sheet exposures								
A.1 Bad debts	457,405	619,269	513,089	669,774	116,849	161,926	70,606	118,203
A.2 Unlikely to Pay	624,609	185,414	885,650	202,336	226,853	64,347	74,285	54,161
A.3 Non-performing past-due exposures	30,309	2,549	41,895	2,527	8,384	582	10,202	615
A.4 Performing exposures	14,334,598	86,208	12,688,670	74,527	9,626,690	30,363	1,980,716	15,085
Total	**15,446,921**	**893,440**	**14,129,304**	**949,164**	**9,978,776**	**257,218**	**2,135,809**	**188,064**
B. Off-balance-sheet exposures								
B.1 Bad debts	1,728	73	6,862	1,234	602	68	43	-
B.2 Unlikely to Pay	3,493	780	19,620	3,730	710	710	48	60
B.3 Other non-performing exposures	429	14	117	46	33	3	23	3
B.4 Performing exposures	744,056	367	905,239	928	236,706	21	51,407	69
Total	**749,706**	**1,234**	**931,838**	**5,938**	**238,051**	**802**	**51,521**	**132**
Total (A+B) 31.12.2015	**16,196,627**	**894,674**	**15,061,142**	**955,102**	**10,216,827**	**258,020**	**2,187,330**	**188,196**
Total (A+B) 31.12.2014	**17,035,402**	**805,457**	**15,128,139**	**902,243**	**10,753,930**	**244,441**	**2,083,930**	**168,609**

B.3 BANKING GROUP – BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO BANKS (BOOK VALUE)

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total net adjustments	Net exposure	Total net adjustments	Net exposure	Total net adjustments	Net exposure	Total net adjustments	Net exposure	Total net adjustments
A. On-balance-sheet exposures										
A.1 Bad debts	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	938,424	-	1,897,684	-	17,648	-	10,525	-	4,916	-
Total	**938,424**	**-**	**1,897,684**	**-**	**17,648**	**-**	**10,525**	**-**	**4,916**	**-**
B. Off-balance-sheet exposures										
B.1 Bad debts	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to Pay	-	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	271,446	-	838,898	-	908	-	34,510	-	26,007	-
Total	**271,446**	**-**	**838,898**	**-**	**908**	**-**	**34,510**	**-**	**26,007**	**-**
Total 31.12.2015	**1,209,870**	**-**	**2,736,582**	**-**	**18,556**	**-**	**45,035**	**-**	**30,923**	**-**
Total 31.12.2014	**792,684**	**-**	**3,839,605**	**1,576**	**23,951**	**-**	**24,370**	**-**	**12,765**	**-**

B.4 LARGE RISKS

As at 31 December 2015, positions showing large risk features as defined in Circular No. 258/2013 (as updated) were:

- of a total nominal amount of Euro 17,118,240 thousand;
- of a total weighted amount of Euro 1,390,620 thousand;
- a total number of 5.

C. SECURITIZATION

C.8 BANKING GROUP – ACTIVITIES AS SERVICER – COLLECTION OF SECURITIZED LOANS AND REPAYMENT OF SECURITIES ISSUED BY THE SPECIFIC-PURPOSE VEHICLE DEALING WITH SECURITIZATION

Servicer	Special-purpose entity	Securitized assets (closing figures)		Loan collections in the period		% share of repaid securities (closing figure)					
						senior		mezzanine		junior	
		Non-performing	Performing	Non-performing	Performing	Non-performing assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets
Cariparma	MondoMutui Cariparma S.r.l. – securitization 1	46,164	1,961,170	20,119	390,732						
Cariparma	MondoMutui Cariparma S.r.l. – securitization 2	18,356	1,962,496	12,179	249,058						

C.9. BANKING GROUP – SUBSIDIARY SPECIAL-PURPOSE ENTITIES

As at 31 December 2015, the Parent Company Cariparma was carrying out two so-called “internal” securitization transactions transferring receivables deriving from mortgage loans so called “*fondiari*” secured by first mortgage.

As at 31 December 2015, the residual debt of securitized loans amounted to Euro 4,027 million.

Following the mortgage loans transfer, the Parent company has subscribed all the securities issued by the special-purpose entity.

The “senior” tranche securities have been accepted for trading at the Luxembourg Stock Exchange (nominal value Euro 3,315 million).

The “junior” tranche is unrated and has a nominal value of Euro 843 million.

E. ASSET DISPOSALS

FINANCIAL ASSETS DISPOSED OF AND NOT FULLY DERECOGNIZED

Qualitative disclosures

Financial assets disposed of and not derecognized mainly consisted of securities relating to repurchase agreements; whereas financial liabilities for financial assets disposed of and not derecognized (reported in the “Loans to Banks” column) refer to repurchase agreements for funding purposes with securities recognized as assets.

Quantitative disclosures

E.1 BANKING GROUP – FINANCIAL ASSETS DISPOSED AND NOT DERECOGNIZED: BOOK VALUE AND FULL VALUE

Technical forms/Portfolio	Financial assets held for trading			Financial assets designated at fair value			Financial assets available for sale			Investments held to maturity			Loans to banks			Loans to Customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31.12.2015	31.12.2014
A. On-balance-sheet assets	-	-	-	-	-	-	-	-	-	-	-	-	999	-	-	-	-	-	999	491,495
1. Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	999	-	-	-	-	-	999	491,495
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
3. collective investment undertakings	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Derivatives	-	-	-	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	-	-
Total 31.12.2015	-	-	-	-	-	-	-	-	-	-	-	-	999	-	-	-	-	-	999	-
of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total 31.12.2014	-	-	-	-	-	-	487,498	-	-	-	-	-	3,997	-	-	-	-	-	-	491,495
of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key:
A = disposed financial assets fully recognized (book value)
B = disposed financial assets partially recognized (book value)
C = disposed financial assets partially recognized (full value)

E.2 BANKING GROUP – FINANCIAL LIABILITIES IN RESPECT OF FINANCIAL ASSETS DISPOSED AND NOT DERECOGNIZED: BOOK VALUE

Liabilities/ Assets portfolio	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for sale	Investments held to maturity	Loans to banks	Loans to Customers	Total
1. Due to Customers	-	-	-	-	-	-	-
a) in respect of assets fully recognized	-	-	-	-	-	-	-
b) in respect of assets partially recognized	-	-	-	-	-	-	-
2. Due to banks	-	-	-	-	-	-	-
a) in respect of assets fully recognized	-	-	-	-	-	-	-
b) in respect of assets partially recognized	-	-	-	-	-	-	-
3. Debt securities issued	-	-	-	-	-	-	-
a) in respect of assets fully recognized	-	-	-	-	-	-	-
b) in respect of assets partially recognized	-	-	-	-	-	-	-
Total 31.12.2015	-	-	-	-	-	-	-
Total 31.12.2014	-	-	483,417	-	4,029	-	487,446

E.4 BANKING GROUP – COVERED BOND TRANSACTIONS

In order to increase its liquidity reserves, in 2013 the Cariparma Crédit Agricole Group designed its program for the issue of Covered Bonds. These bonds are secured, i.e. "covered" both by the issuing bank and by a pool of high-quality loans, whose "separate" administration is assigned to a special-purpose vehicle (Cariparma OBG srl – the Special Purpose Vehicle selected to participate in the Program, in which Cariparma holds a 60% stake), which acts as the "depositary of loans used as collaterals". The program requires effective organizational control and significant capital soundness. It is also emphasized that the above program has no effect on the regulatory risk profile of the disposing Banks (and of the Group) and does not generate the obligation for the Banks to derecognize the assets used as collaterals.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities.

The Banks of the Cariparma Crédit Agricole Group (Cariparma, Banca Popolare FriulAdria and Carispezia) transfer a "Pool" of mortgage loans to Cariparma OBG S.r.L. The assets transferred to the Special-Purpose Entity are separated from the SPE's assets and are to be used to the benefit of the holders of the covered bonds issued and of other parties in favour of whom the guarantee has been given. The Banks grant a subordinated loan to Cariparma OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Cariparma issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the transaction is secured by unconditional and irrevocable collateral issued by Cariparma OBG exclusively to the benefit of the Covered Bond subscribers (Cariparma) and of unrelated counterparties.

In addition to creating further eligible liquidity reserves with the European Central Bank by issuing internal Covered Bonds, this transaction allowed the covered bonds to be placed with external investors.

This transaction, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments. This decision was made considering that the Covered Bond market allows Cariparma to have access to funding instruments with higher maturity than the securities placed with its Retail customers, to diversify its investor base and to stabilize the cost of funding.

The disposal pool

The loan pool that, each time, is transferred to the Special-purpose entity must have some common features.

In May 2013 and June 2015, accounts receivable based on mortgage loans contracts were selected, which, as at their respective transfer date, had, by way of an example and not limited to, the following common features:

- Accounts receivable based on Mortgage loans agreements:
  - Which are Home mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
  - Which are Mortgage loans authorized or purchased by the Cariparma Crédit Agricole Group;
  - Which are performing with no instalments past due for over 30 days from the due date;
  - Which do not include clauses restricting the Group Banks' right to sell the loans resulting from the relevant contract or providing for the borrower's consent to the transfer and the Group Banks have obtained such consent;
  - for which any pre-amortization time provided for by the contract has fully expired and at least one instalment has matured and has been paid;
  - which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
  - which provide for the borrower to pay floating-rate interest (determined each time by the Group Banks) or fixed-rate interest.

Upon the first disposal, made by signing, on 20 May 2013, a specific loan sale master agreement, the Banks in the Cariparma Crédit Agricole Group transferred an initial pool to Cariparma OBG S.r.l. for a total principal amount of approximately Euro 3.2 billion (the “Initial Pool”, of which Euro 1.9 billion transferred by Cariparma, Euro 1.0 billion by Banca Popolare FriulAdria and Euro 0.3 billion by Carispezia).

Upon the second disposal, made on 20 June 2015, the Banks in the Cariparma Crédit Agricole Group transferred a second pool to Cariparma OBG S.r.l. for a total principal amount of approximately Euro 2.3 billion (the “Second Pool”, of which Euro 1.5 billion transferred by Cariparma, Euro 0.4 billion by Banca Popolare FriulAdria and Euro 0.4 billion by Carispezia).

As at 31 December 2015, the Cover Pool consisted of accounts receivable resulting from 51,464 mortgage loans, with a total residual debt of approximately Euro 4.4 billion (Euro 2.8 billion transferred by Cariparma, Euro 1.1 billion by Banca Popolare FriulAdria and Euro 0.5 billion by Carispezia).

F. BANKING GROUP – MODELS FOR CREDIT RISK MEASUREMENT

To complete the actions referring to the First Pillar and concomitantly with the adoption of the IRB Advanced approach to calculate capital requirements, in 2014, the Cariparma Crédit Agricole Group started an important project for the upgrading of its systems and models in view of advanced risk management.

This upgrading, which is required for banks in Class 1 has entailed the development and implementation of internal models for the measurement and integration of risks, scenario analysis for stress testing/planning and falls within a wider action that the Cariparma Crédit Agricole Group has started for the implementation and integration, on a single IT platform, of advanced control and simulation tools.

● 1.2 BANKING GROUP – MARKET RISKS

1.2.1 Interest rate risk and price risk – Supervisory Trading Book

● *QUALITATIVE DISCLOSURES*

A. General aspects

The Cariparma Crédit Agricole Group does not engage in significant proprietary trading in financial and capital markets.

Therefore, trading is essentially instrumental and made on behalf of Customers based on the concept of intermediation, which allows the Cariparma Group to take only residual financial risk positions.

The Cariparma Crédit Agricole Group trading book is historically composed of securities (mainly bonds issued by Banks) and of over-the-counter derivatives (matched trading). Cariparma, in its capacity as Parent Company, coordinates the interest rate risk and price risk of the Group’s trading book, centrally managing banking operations as well as the risk assessment and control activities.

The control of market risk implemented on the trading book ensures that a risk level consistent with the Group’s objectives is continuously maintained.

In 2015, the Cariparma CA upgraded it operational process, being a subsidiary of the Crédit Agricole SA Group, in order to comply with the Volcker Rule and the “*Loi francaise de séparation et de régulation des activitès bancaires*” (LBF), which prohibit the Group from carrying out any transactions having speculation purposes on its own behalf. The above regulations have applied to the Cariparma Crédit Agricole Group since July 2015.

The set organizational controls and the residual riskiness ensure that the any capital absorption is reported using standard methods.

B. Management and measurement of interest rate and price risks

Organisational aspects

The market risk in the Group's trading book is managed as part of each bank's risk policies. This document defines the internal regulatory system for the management of market risk with reference to operations in financial instruments, foreign currencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules on which the market risk management processes are based.

The Market Risk Policy is one of the components of the overall risk governance model implemented by the Group, consistently with Crédit Agricole guidelines.

Within the process for market risk management, primary responsibility is assigned to corporate bodies/department, according to their respective areas, and they must be completely aware of the Bank's level of exposure:

- the Board of Directors is tasked with strategic overseeing and is therefore responsible for defining market risk governance policies and management processes;
- Cariparma's Deputy General Manager, delegating the relevant powers to the Corporate Banking Department, is the officer responsible for market risk management, and, therefore, defines and steers the Group's mechanism for the management of market risk, in compliance with the instructions and resolutions issued by the Risk Management Committee;
- The Risk Management and Permanent Controls Department is responsible for control. In compliance with the instructions and resolutions issued by the Risk Management Committee, it verifies the corporate risk management process and supervises compliance of the treatment of market risk with the legislation in force and with the Group risk strategy.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The framework system for market risk regarding the Trading book of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The global limits system must be able to ensure a controlled development of the business. The limits are set so as to contain losses within a level deemed acceptable Crédit Agricole Group as a whole. Global limits on market risk are defined on the basis of the maximum mark-to-market variation compared to the initial value, are validated by the Crédit Agricole Group Risk Committee (CRG) and approved by the Board of Directors.

Operational limits are specifically adjusted for each Bank in the Group and are validated by their Boards of Directors.

Operational limits are defined on the basis of the nominal value of the open position (that is after clearing of identical purchase and sale positions). Therefore, operational limits are, consistently with global limits, adaptations of the latter by type of asset, product, portfolio, and risk factors.

Control System

Risk monitoring is a task assigned to the Risk Management and Permanent Controls Department. Reporting on compliance with the set limits is included in monthly Risk, which is fed by automated daily reporting based on an internal procedure. It is sent to the Group's Top Management Bodies (CFO), to the Departments engaged in market risk management (Corporate Banking Department), to the Internal Audit Department and to Crédit Agricole (*Direction Risques Groupe*).

A summary of this report is the basis for quarterly risk reporting to the Group's Executive and Control collective Bodies (ALM Committee, Risk Management Committee, Internal Control Committee, Board of Auditors, Board of Directors).

If certain events occur (the limits are exceeded, there are significant changes in the markets, significant losses, etc. …) the Group activates the alert procedure, reporting the event and a remedial action plant, as soon as possible, to the Top Management Bodies and to the *Direction Risques Groupe* of Crédit Agricole S.A.

The Risk Management and Permanent Controls Department also validates the approaches adopted for the pricing models for Over-The-Counter (OTC) derivatives hedging interest rate, exchange rate and commodity risks, if such derivatives are not traded on regulated markets. These instruments, which are bilaterally traded with market counterparties, are measured with specific pricing models that are fed with input parameters (such as interest rate, exchange rate and volatility curves) observed on the market and subject to monitoring processes.

In order to better assess the counterparty risk on market transactions, a policy was approved which provides for the adjustment of the method to measure management add-ons to the guidelines issued by Crédit Agricole SA.

Fair Value Option Book

In 2014, the Group exercised the so-called "fair value option", that is to say, it exercised the option to measure the financial asset coming from a loan restructuring at fair value taking the results of such measurement to the Income Statement. On 31 December 2015, the Unipol Sai bond, which had been received subsequent to the Premafin debt restructuring was converted. The resulting equity investment was classified in the AFS portfolio. As at the reporting date, the Fair value option book included no security.

● *QUANTITATIVE DISCLOSURES*

1. Supervisory Trading Book: breakdown by residual maturity (repricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

	Euro							
Type/Residual maturity	On demand	Up to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From more than 1 year to 5 years	From more than 5 year to10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**102**	**657**	**-**	**1**	**-**	**2**	**-**
1.1 Debt securities	-	102	657	-	1	-	2	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	102	657	-	1	-	2	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**39**	**4,051,298**	**1,036,211**	**2,327,903**	**2,383,135**	**571,189**	**104,160**	**-**
3.1 With underlying security	-	12,325	9,785	527	1,437	-	20	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	12,325	9,785	527	1,437	-	20	-
+ long positions	-	5,343	4,999	492	1,200	-	10	-
+ short positions	-	6,982	4,786	35	237	-	10	-
3.2 Without underlying security	39	4,038,973	1,026,426	2,327,376	2,381,698	571,189	104,140	-
- Options	39	1,358	2,204	1,603,862	138,083	54,643	7,552	-
+ long positions	20	679	1,102	801,931	69,041	27,321	3,776	-
+ short positions	19	679	1,102	801,931	69,042	27,322	3,776	-
- Other	-	4,037,615	1,024,222	723,514	2,243,615	516,546	96,588	-
+ long positions	-	2,017,383	512,103	361,728	1,121,841	258,273	48,294	-
+ short positions	-	2,020,232	512,119	361,786	1,121,774	258,273	48,294	-

Type/Residual maturity	Other currencies On demand	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	From over 5 years up to 10 years	Over 10 years	Indefinite duration
1. On-balance-sheet assets	**-**	**-**	**1**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	1	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	1	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**200,282**	**65,031**	**32,878**	**8,090**	**452**	**26**	**-**
3.1 With underlying security	-	672	-	-	190	452	26	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other	-	672	-	-	190	452	26	-
+ long positions	-	487	-	-	95	75	13	-
+ short positions	-	185	-	-	95	377	13	-
3.2 Without underlying security	-	199,610	65,031	32,878	7,900	-	-	-
- Options	-	42	230	72	-	-	-	-
+ long positions	-	21	115	36	-	-	-	-
+ short positions	-	21	115	36	-	-	-	-
- Other	-	199,568	64,801	32,806	7,900	-	-	-
+ long positions	-	101,245	32,420	16,403	3,950	-	-	-
+ short positions	-	98,323	32,381	16,403	3,950	-	-	-

2. Supervisory Trading Book: breakdown of exposures in equity securities and equity indices by the main Countries of the listing market

Type of Transaction/ Stock Market Index	Listed						Non Listed
	Country 1	Country 2	Country 3	Country 4	Country 5	Rest of the world	
A. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**	**7**
- long positions	-	-	-	-	-	-	7
- short positions	-	-	-	-	-	-	-
B. trading of equity securities not yet settled	**-**	**-**	**-**	**-**	**-**	**-**	**74**
- long positions	-	-	-	-	-	-	37
- short positions	-	-	-	-	-	-	37
C. Other derivatives on equity securities	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-
D. Equity Index Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-

1.2.2 Interest rate risk and price risk – Banking book

● *QUALITATIVE DISCLOSURES*

General aspects

Asset Liability Management activities refer to all on-balance-sheet and off-balance-sheet transactions (Banking Book), excluding from this perimeter the positions in the supervisory Trading Book. Fluctuations in interest rates impact the Group's profits by reducing net interest income and net banking income and also affect capital by causing changes in the net present value of future cash flows.

The Banking Book price risk is generated by financial-type assets held for various trading objectives.

Organisational aspects

The process for the management of interest rate risk and price risk regarding the Group Banking Book is regulated within the relevant risk policies.

Cariparma, in its capacity as Parent Company, coordinates the interest rate risk and price risk profiles of the Group's Banking Book, centrally managing banking operations, as well as the activities for risk measurement and control.

The Governance model adopted by the Cariparma Crédit Agricole Group vests:
- the ALM Committee, on which the Top Officers of the Group entities sit, with the task of setting the strategic and direction lines for the management, of validating the methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Financial Management Division, as well as to resolve on any measures to be implemented;
- the Risk Management Committee with the task to examine the outcomes of controls of compliance with the RAF and Risk Strategy limits and alert thresholds, as well as of any alert procedures that started.

The CFO, through the Financial Management Division, has the powers and responsibilities for management and, specifically, for the management of interest rate risk for the entire Cariparma Crédit Agricole Group, in compliance with the guidelines issued by the Controlling Company Crédit Agricole SA.

The Risk Management and Permanent Controls Department is responsible for control and, therefore, it verifies the corporate risk management process and supervises compliance of the treatment of market risk with the legislation in force and with the Group risk strategy. Moreover, on a monthly basis, the Risk Management and Permanent Controls Department carries out the reperforming of the risk indicators set down by Crédit Agricole S.A. within the implemented Risk Strategy.

The framework system for price risk regarding the Banking Book of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

Risk policy and management

The processes for the management of interest rate and price risks are governed by the respective risk policies.

These documents define the internal regulatory system for the management of risks with reference to operations in financial instruments, in terms of:
- The principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the risk management and stress testing processes are based.

The risk management policy aims at risk mitigation, protecting the profitability of the single entities in the Group, in compliance with the limits and with the guidelines set by the Group Risks Committee of Crédit Agricole S.A., by the

Board of Directors of the Parent Company and implemented by the Boards of Directors of the Banks of the Group. The main financial instruments for the management of interest risk hedges are Interest Rate Swaps, which, for their very nature, are contracts referring to "pure" interest rate risk.

The policy for the management of the Banking Book is designed to hold liquidity reserves in a LCR perspective. The management of price risk aims at monitoring the impacts on the book value of capital generated by changes in value of the financial instruments held in the Banking Book, consistently with the acceptable risk level as set by the Board of Directors, by the Group Risk Committee of Crédit Agricole S.A. and as implemented by the Banks' Boards of Directors.

Control System

Independent control on the system for the management of interest rate risk is performed by Cariparma's Risk Management and Permanent Controls Department, for the Group and for the single entities, by verifying the compliance of such system with the CASA internal model. Specifically, within the scope of its tasks, the Risk Management and Permanent Controls Department:

- controls the risk measurement and models, consistently with the guidelines issued by the Supervisory Body and with the procedures set by Crédit Agricole S.A.;
- assesses, within the validation and update process, the results of quantitative and qualitative analysis of the models, expressing its opinion in this regard;
- independently verifies the outcomes of the stress tests on the Banking Book;
- informs the Board of Directors and Crédit Agricole S.A. (within the control process) where the limits set for risk management have been breached since the last communication and recommends remedial actions to be implemented, after obtaining the opinion of the Financial Management Division.

The Risk Management and Permanent Controls Department is responsible for control of compliance with the set limits (global, operational and alert thresholds); therefore, it prepares and send to the corporate Bodies its Financial Risk Report, covering the control outcomes, any breaches of limits and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk Management Committee, as well as to the Internal Control Committee. A summary of the above Report is the basis for quarterly reporting on risks to the Boards of Directors of the Group Banks.

Risk measurement: methodological aspects

For measuring interest rate risk, the Group has adopted an interest-rate gap model, according to which, at each future maturity date, the cumulative gap generated by sensitive fixed-rate assets and liabilities existing as at the relevant date is measured. To calculate the fixed-rate gap, on-balance-sheet exposures to interest rate risk must be identified, as well as the stable component of demand items, the effects of the "optionality" underlying some Banking Book positions must be estimated (e.g. early repayment of mortgage loans), as well as the maturity of some balance sheet items that have no certain contractual maturity, in accordance with the proprietary models of the Group and of Crédit Agricole S.A.

In 2015, as provided for by CAsa regulations, the Interest Rate Risk internal model underwent its annual updating, which essentially reasserted the stability components of demand deposits.

In line with the instructions issued by Crédit Agricole S.A., a set of limits for the gaps was defined, which represents the maximum acceptable level of interest rate risk for the Group. These limits are calculated with reference to a series of risk indicators that measure the impact of a change in interest rates on equity, gross income and gross operating margin. The ALM Committee and the Risk Management Committee approved the new limits proposed, which were then submitted to the Group Risk Committee of Crédit Agricole S.A. and to the Boards of Directors of the Banks.

In line with the Group management profile, the limit structure was approved and confirmed within the Risk Strategy.

Consistently with the guidelines issued by the Crédit Agricole S.A. Group, the limit system consists of global limits and operational limits (that are then adapted to each single entity of the Group). As regards global limits on interest rate risk, the Risk Strategy has confirmed:

- For the Group: global limit in terms of Net Present Value (NPV);
- For the Banks: gap global limits subdivided into different time ranges.

As regards price risk for the proprietary portfolio, global limits have been set, based on the type of instruments that can be held (Italian, German and French Government securities), which are expressed with reference to the maximum nominal value, and further global limits and alert thresholds have been identified regarding the stress testing of the portfolio.

Operational limits have the same structure and are then adapted to each single Bank. Operational limits are submitted for approval to the Boards of Directors of the Group's Banks and must not exceed the global limits set for the Group.

Fair value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability. Specifically, Fixed-rate debenture loans have been hedged (micro-hedging), mortgage loans with cap to Customers (macro-hedging) and fixed-rate gaps detected by the internal model, which have been subject to macro hedging. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

In compliance with the IAS/IFRS, the effectiveness of the hedges was assessed by the Financial Management Division, which carries out the relevant tests on a monthly basis; within the procedures, formal documentation for every hedging transaction is kept.

Cash flow hedging

There is no current cash flow hedging.

● QUANTITATIVE DISCLOSURES

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities

	Euro							
Type/Residual maturity	On demand	Up to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From more than 1 year to 5 years	From more than 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**7,866,853**	**22,117,366**	**1,893,608**	**1,869,134**	**3,725,714**	**2,854,369**	**4,042,647**	**161,138**
1.1 Debt securities	-	3,009,909	206,623	154,415	1,184,087	1,396,921	32	161,138
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	3,009,909	206,623	154,415	1,184,087	1,396,921	32	161,138
1.2 Loans to banks	744,320	1,554,405	3,586	8,117	2,367	-	1	-
1.3 Loans to customers	7,122,533	17,553,052	1,683,399	1,706,602	2,539,260	1,457,448	4,042,614	-
- c/c	717,002	644,960	39,427	293,460	211,148	32,398	1,335,165	-
- other loans	6,405,531	16,908,092	1,643,972	1,413,142	2,328,112	1,425,050	2,707,449	-
- with early repayment option	5,361	436,691	93,708	58,510	84,172	4,362	2,061	-
- Other	6,400,170	16,471,401	1,550,264	1,354,632	2,243,940	1,420,688	2,705,388	-
2. On-balance-sheet liabilities	**24,121,599**	**4,442,338**	**1,504,077**	**1,485,439**	**5,914,493**	**2,003,411**	**3,271,340**	**-**
2.1 Due to customers	23,852,209	618,341	321,419	2,023	3,415	5	3,271,340	-
- c/c	20,799,346	600,009	300,000	-	-	-	3,271,340	-
- other due	3,052,863	18,332	21,419	2,023	3,415	5	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	3,052,863	18,332	21,419	2,023	3,415	5	-	-
2.2 Due to banks	252,243	2,147,865	147,528	-	1,623,231	-	-	-
- c/c	57,941	-	-	-	-	-	-	-
- other due	194,302	2,147,865	147,528	-	1,623,231	-	-	-
2.3 Debt securities	17,147	1,676,132	1,035,130	1,483,416	4,287,847	2,003,406	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	17,147	1,676,132	1,035,130	1,483,416	4,287,847	2,003,406	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**10**	**22,986,786**	**453,802**	**2,299,895**	**10,268,819**	**8,464,077**	**92,440**	**-**
3.1 With underlying security	-	210,971	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	210,971	-	-	-	-	-	-
+ long positions	-	107,263	-	-	-	-	-	-
+ short positions	-	103,708	-	-	-	-	-	-
3.2 Without underlying security	10	22,775,815	453,802	2,299,895	10,268,819	8,464,077	92,440	-
- Options	10	263,758	4,509	271,000	70,582	95,919	86,591	-
+ long positions	8	131,450	592	135,341	35,771	48,380	44,644	-
+ short positions	2	132,308	3,917	135,659	34,811	47,539	41,947	-
- Other derivatives	-	22,512,057	449,293	2,028,895	10,198,237	8,368,158	5,849	-
+ long positions	-	5,359,071	426,681	1,853,673	8,173,119	5,968,700	-	-
+ short positions	-	17,152,986	22,612	175,222	2,025,118	2,399,458	5,849	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

	Other currencies							
Type/Residual maturity	**On demand**	**Up to 3 months**	**From over 3 months up to 6 months**	**From over 6 months up to 1 year**	**From over 1 year up to 5 years**	**From over 5 years up to 10 years**	**Over 10 years**	**Unspecified duration**
1. On-balance-sheet assets	**42,076**	**253,664**	**26,881**	**14,048**	**6,625**	**789**	**920**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	32,760	140,676	2,483	62	2,922	-	-	-
1.3 Loans to customers	9,316	112,988	24,398	13,986	3,703	789	920	-
- c/c	9,085	12	1	3	-	-	920	-
- other loans	231	112,976	24,397	13,983	3,703	789	-	-
- with early repayment option	-	33,988	1,993	1,535	-	-	-	-
- Other	231	78,988	22,404	12,448	3,703	789	-	-
2. On-balance-sheet liabilities	**278,452**	**149,048**	**6,808**	**6,082**	**941**	**665**	**-**	**-**
2.1 Due to customers	270,708	-	25	1,091	-	-	-	-
- c/c	267,074	-	25	1,091	-	-	-	-
- other due	3,634	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	3,634	-	-	-	-	-	-	-
2.2 Due to banks	7,744	149,048	6,783	4,991	941	665	-	-
- c/c	7,524	-	-	-	-	-	-	-
- other due	220	149,048	6,783	4,991	941	665	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**1,393**	**419,253**	**404**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	210,121	404	-	-	-	-	-
+ short positions	1,393	209,132	-	-	-	-	-	-

1.2.3 Exchange rate risk

● QUALITATIVE DISCLOSURES

A. General aspects, management and measurement of exchange rate risk

The Group is not engaged in proprietary trading on the currency market and does not hold assets or liabilities which are not hedged against this risk. Consequently, there are no exposures apart from residual positions in respect of activities carried out to meet customer requirements in both the spot and forward markets.

These residual positions are nonetheless monitored daily.

The process for the management of exchange rate risk of the Group is regulated by the relevant risk policy.

The framework system for exchange rate risk regarding the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

B. Exchange rate risk hedging

Hedging of interest rate risk is based on the intermediation principle, which allows the Parent Company and the Subsidiaries of the Cariparma Crédit Agricole Group not to take exchange rate risk positions exceeding the authorized operational limits. Back-to-back hedging transactions are carried out with Authorized Financial Counterparties and are traded upon the closing of the relevant transactions with Customers.

● *QUANTITATIVE DISCLOSURES*

1. Breakdown by currency of assets and liabilities and derivatives

Items	Currencies					
	US DOLLAR	UK POUND STERLING	JAPAN YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER VALUE DATE
A. Financial Assets	**285,431**	**29,624**	**3,629**	**3,767**	**28,210**	**20,862**
A.1 Debt securities	1	-	-	-	-	-
A.2 Equity securities	-	-	-	-	-	-
A.3 Loans to banks	156,127	23,499	3,130	2,853	1,072	18,740
A.4 Loans to customers	129,303	6,125	499	914	27,138	2,122
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**2,174**	**949**	**94**	**136**	**650**	**683**
C. Financial Liabilities	**305,333**	**29,577**	**3,718**	**3,537**	**28,677**	**19,415**
C.1 Due to banks	92,252	1,772	-	-	21,175	3,233
C.2 Due to customers	213,081	27,805	3,718	3,537	7,502	16,182
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**9,240**	**4,103**	**19**	**281**	**153**	**297**
E. Financial derivatives	**273,887**	**11,254**	**10,566**	**2,280**	**2,253**	**5,179**
- Options	304	40	-	-	-	-
+ long positions	152	20	-	-	-	-
+ short positions	152	20	-	-	-	-
- Other	273,583	11,214	10,566	2,280	2,253	5,179
+ long positions	136,610	7,354	5,287	1,202	988	2,577
+ short positions	136,973	3,860	5,279	1,078	1,265	2,602
Total assets	**424,367**	**37,947**	**9,010**	**5,105**	**29,848**	**24,122**
Total liabilities	**451,698**	**37,560**	**9,016**	**4,896**	**30,095**	**22,314**
Difference (+/-)	**27,331**	**387**	**6**	**209**	**247**	**1,808**

1.2.4 Derivatives

● *QUALITATIVE DISCLOSURES*

A. Financial Derivatives

A.1. Supervisory Trading Book: closing notional values

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the-Counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**8,617,444**	**-**	**9,616,629**	**-**
a) Options	4,446,956	-	5,167,113	-
b) Swaps	4,170,488	-	4,449,516	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	**348,379**	**-**	**314,753**	**-**
a) Options	68,784	-	48,758	-
b) Swaps	826	-	-	-
c) Forward contracts	278,769	-	265,995	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**7,020**	**-**	**1,451**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**8,972,843**	**-**	**9,932,833**	**-**

A.2 Banking Book: closing notional values

A.2.1 Held for Hedging

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the-Counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**22,397,176**	**-**	**22,419,113**	**-**
a) Options	508,669	-	399,972	-
b) Swaps	21,781,244	-	21,814,668	-
c) Forward contracts	107,263	-	204,473	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**22,397,176**	**-**	**22,419,113**	**-**

A.2.2 Other derivatives

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the-Counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**554,068**	**-**	**1,027,104**	**-**
a) Options	554,068	-	603,734	-
b) Swaps	-	-	186,000	-
c) Forward contracts	-	-	237,370	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**554,068**	**-**	**1,027,104**	**-**

A.3 Financial derivatives: gross positive fair value – breakdown by product

Underlying assets/Types of derivatives	Positive fair value			
	31.12.2015		31.12.2014	
	Over-the-Counter	Central counterparties	Over the counter	Central counterparties
A. Supervisory Trading Book	**105,836**	**-**	**201,723**	**-**
a) Options	6,369	-	7,805	-
b) Interest rate swap	95,798	-	188,012	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	3,519	-	5,896	-
f) Futures	-	-	-	-
g) Other	150	-	10	-
B. Banking Book – hedging	**692,455**	**-**	**924,205**	**-**
a) Options	8,801	-	7,478	-
b) Interest rate swap	683,231	-	916,727	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	423	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking Book – other derivatives	**1,328**	**-**	**8,197**	**-**
a) Options	1,328	-	4,759	-
b) Interest rate swap	-	-	157	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	-	-	3,281	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**799,619**	**-**	**1,134,125**	**-**

A.4 Financial derivatives: gross negative fair value – breakdown by product

Underlying assets/Types of derivatives	Negative fair value			
	31.12.2015		31.12.2014	
	Over-the-Counter	Central counterparties	Over the counter	Central counterparties
A. Supervisory Trading Portfolio	**116,275**	**-**	**214,571**	**-**
a) Options	17,608	-	20,874	-
b) Interest rate swap	95,066	-	187,780	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	3,463	-	5,909	-
f) Futures	-	-	-	-
g) Other	138	-	8	-
B. Banking Book – hedging	**670,155**	**-**	**702,956**	**-**
a) Options	230	-	-	-
b) Interest rate swap	669,908	-	702,601	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	17	-	355	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking Book – other derivatives	**1,197**	**-**	**5,022**	**-**
a) Options	1,197	-	4,996	-
b) Interest rate swap	-	-	26	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**787,627**	**-**	**922,549**	**-**

A.5 OTC financial derivatives: Supervisory Trading Book: notional values, gross positive and negative fair values by counterparty – contracts not included in netting arrangements

Contracts not included in compensation agreements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	864	801,068	231,827	-	3,249,356	424,659
- Positive fair value	-	17	-	7,412	-	89,677	644
- Negative fair value	-	-	-	8	-	2,186	1,892
- future exposure	-	4	16	945	-	9,328	65
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	141,719	638	-	164,585	6,632
- Positive fair value	-	-	2,319	-	-	1,209	60
- Negative fair value	-	-	1,231	21	-	2,401	74
- future exposure	-	-	1,575	6	-	1,632	66
4) Other assets							
- notional value	-	-	-	-	-	3,515	-
- Positive fair value	-	-	-	-	-	95	-
- Negative fair value	-	-	-	-	-	36	-
- future exposure	-	-	-	-	-	352	-

A.6 OTC financial derivatives: Supervisory Trading Book: notional values, gross positive and negative fair values by counterparty – contracts included in netting arrangements

Contracts included in netting arrangements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	3,899,491	10,179	-	-	-
- Positive fair value	-	-	4,089	9	-	-	-
- Negative fair value	-	-	108,227	40	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	34,805	-	-	-	-
- Positive fair value	-	-	262	-	-	-	-
- Negative fair value	-	-	68	-	-	-	-
4) Other assets							
- notional value	-	-	3,505	-	-	-	-
- Positive fair value	-	-	43	-	-	-	-
- Negative fair value	-	-	91	-	-	-	-

A.7 OTC financial derivatives: Banking Book: notional values, gross positive and negative fair values by counterparty – contracts not included in netting arrangements

Contracts not included in netting arrangements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	107,263	-	-	-	265,556
- Positive fair value	-	-	423	-	-	-	-
- Negative fair value	-	-	17	-	-	-	1,197
- future exposure	-	-	-	-	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4) Other assets							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives: Banking Book: notional values, gross positive and negative fair values by counterparty – contracts included in netting arrangements

Contracts included in netting arrangements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	22,573,453	4,972	-	-	-
- Positive fair value	-	-	693,360	-	-	-	-
- Negative fair value	-	-	669,380	758	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
4) Other assets							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-

A.9 Residual maturity of OTC financial derivatives: notional values

Underlying asset/residual maturity	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
A. Supervisory Trading Portfolio	**3,069,389**	**3,943,237**	**1,960,217**	**8,972,843**
A.1 Financial derivatives on debt securities and interest rates	2,721,889	3,935,338	1,960,217	8,617,444
A.2 Financial derivatives on share capital securities and share indices	-	-	-	-
A.3 Financial Derivatives on exchange rates and gold	340,480	7,899	-	348,379
A.4 Financial derivatives on other values	7,020	-	-	7,020
B. Banking book	**3,870,331**	**10,342,028**	**8,738,885**	**22,951,244**
B.1 Financial derivatives on debt certificates and interest rates	3,870,331	10,342,028	8,738,885	22,951,244
B.2 Financial derivatives on equity securities and equity indices	-	-	-	-
B.3 Financial Derivatives on exchange rates and gold	-	-	-	-
B.4 Financial derivatives on other values	-	-	-	-
Total (31.12.2015)	**6,939,720**	**14,285,265**	**10,699,102**	**31,924,087**
Total (31.12.2014)	**7,600,460**	**14,419,757**	**11,358,833**	**33,379,050**

1.3 Banking Group – liquidity risk

QUALITATIVE DISCLOSURES

General aspects, management and measurement of liquidity risk

General and organisational aspects

Liquidity risk concerns the possibility that the Group may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- management of short-term liquidity: its objective is to ensure that outgoing liquidity flows can be handled with incoming liquidity flows, in the perspective of supporting continuously normal banking operations;
- management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/long-term assets.

The liquidity risk management model, approved by Cariparma Board of Directors, is based on the principle of separation of liquidity management processes from liquidity risk controlling processes, in compliance with the regulatory requirements and with the guidelines issued by CAsa.

This model provides for the governance and management of liquidity risk to be centrally performed by the Parent Company Cariparma, which is also responsible for the funding process of all the entities in the Group. This framework is defined as the "Liquidity System".

The model sets the responsibilities of the corporate Bodies, Departments, Divisions and roles involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests, the *Plan d'Urgence*[19] and the Contingency Funding Plan.
- The CFO, through the Financial Management Division, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (statement of liquidity). The Financial Management Division operates in compliance with the directions of the ALM Committee, on which the General Managers of the Subsidiaries sit.
- The Risk Management and Permanent Controls Department is responsible of the permanent controls mechanism, controls compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Financial Management Division, it is also responsible for monitoring the ratios provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is regulated by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that the Group is able to satisfy on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business.

19 The Board of Directors of the Cariparma Credit Agricole Group has implemented the "*Plan d'Urgence du Groupe Crédit Agricole*", which, in case of a severe and long-lasting general liquidity crisis, sets down that every entity of the Crédit Agricole Group gives the required contribution to convert its reserves, as stated and used for to calculate the limits, into liquidity, where so requested by Crédit Agricole S.A. Crisis Committee. In extreme cases, the "*Plan d'Urgence*" of the Crédit Agricole S.A. Group also provides for a potential further contribution to be given by every investee (including the Cariparma Crédit Agricole Group).

A basic condition for achieving this objective is to permanently maintain a sufficient balance between incoming and outgoing liquidity flow.

To measure the exposure to short-term liquidity risk, the maturity mismatch approach has been used, in accordance with the guidelines set down by Crédit Agricole SA and with supervisory instructions.

The Group's liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, excess own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of residual maturity making up the maturity ladder;
- the continuation of the business activity based on planned rates (monitoring the performance of liquidity from loans to customers/customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT – Limite Court Terme), which is fine-tuned using the method set by the Liquidity System aimed at ensuring surplus liquidity over a one-year horizon in a market under stress conditions. It imposes "non-concentration" on shorter maturities, with the effect of fostering longer terms for inter-bank funding within one year.

The stress scenarios on which the structure of the limits is based are defined on realistic assumptions but, at the same time, are appropriately conservative in relation to the severity and duration of the simulated shock.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Group's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Group must be able to continue operations for a one-year time horizon.
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario the Group must be able to continue operations for a one-month time horizon.
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Group must be able to continue business operations in a serious crisis for a two-week time horizon.

Alert thresholds have also been implemented for the management medium-/long-term liquidity, by defining the ratios *Position en Resources Stable* (PRS) and *Coefficient en Resources Stable* (CRS). They aim at ensuring the Group financial balance between stable resources (medium-/long-term market resources, resources from Customers, own funds) and long-term uses (non-current assets, loans to Customers, Customers' securities and investment securities). PRS and CRS positive levels substantiate the Bank's ability to support its assets during a crisis.

Moreover, concentration limit to MLT maturities (*Concentration des tombées de dette MLT*) has been set, which aims at ensuring the Group financial balance between maturities of MLT resources and maturities of long-term uses.

The resilience ratios for every one of the assumed scenarios are calculated on a monthly basis.

These ratios have the purpose of monitoring compliance with the Group's risk appetite and are set against specific limits, defined by CAsa and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors of the Parent Company Cariparma for its approval.

Within Short-Term Liquidity Risk monitoring, on a monthly basis the Cariparma Crédit Agricole Group fines tunes its Liquidity Coverage Ratio (LCR= Stock of high quality liquid assets/Total net cash outflows in the subsequent 30 calendar days). LCR is a 30-day horizon ratio that simulates the combination of systemic and idiosyncratic crises and measures the ability of the stock of liquid assets to ensure coverage of expected cash outflows in the subsequent 30 calendar days.

In 2015, in compliance with the Basel III regulatory framework, the Group reported its LCR (liquidity coverage ratio) indicator to the Supervisory Bodies on a regular basis.

It is reported that, in 2015, a new Covered Bond issue was placed on the market for a total of Euro 1 billion, which was fully subscribed by institutional investors. With this transaction, the Group has aimed at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities. The Banks of the Group have participated in the cover pool transferring receivables from mortgage loans.

In marketing the Bank's products, liquidity risk is taken into account through the internal transfer rate system. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products.

Risk control

The Risk Management and Permanent Controls Department is responsible for controlling compliance with the set limits; therefore it prepares and issues its own Financial Risk Report, which includes information on the control outcomes and on any breaches of the limits or alert thresholds. On a quarterly basis, it submits a summary of the above Report to the Risk Management Committee, to the Internal Control Committee and to the Boards of Directors of the Group Banks.

The Risk Management and Permanent Controls Department calculates, independently and on a daily basis, the short-term liquidity ratios (LCT) and monitors on a monthly basis the stress scenario and alert indicators as generated by the CASA Group tools. Jointly with the Financial Management Division, it is also responsible for monitoring the ratios provided for in the Contingency Funding Plan.

A process is in place for notifying and formalizing a corrective plan to senior management and Crédit Agricole in the event of any global or limits being exceeded, of significant losses, warning ceilings being reached in terms of risks or results, significant variations in risk indicators, potentially negative and unexpected variations in financial markets, shortfalls or malfunctions of any systems for the management or assessment of risks and results, or any other event or situation deemed relevant in monitoring liquidity risk.

DISCLOSURE

The document "Disclosure" (Basel III Third Pillar) referring to 31 December 2015 is published on the website www.gruppocariparma.it/bilanci-cariparma.

It is pointed out that the Cariparma Crédit Agricole Group is controlled by a parent company based in the EU and, therefore, the conditions set down in Part One, Title II, Chapter 2, Article 13, Paragraph 1 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR) on "Application of disclosure requirements on a consolidated basis" are met.

● QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual contract maturity

	Euro									
Items/Timeframe	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	More than 1 month to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From more than 1 year to 5 years	More than 5 years	Indefinite maturity
On-balance-sheet assets	**3,012,121**	**133,934**	**230,044**	**617,380**	**1,670,884**	**2,043,989**	**4,587,487**	**13,294,503**	**18,514,360**	**435,712**
A.1 Government securities	-	-	-	-	61,021	15,292	225,313	2,102,301	2,338,224	3
A.2 Other debt securities	-	101	1	-	150,950	357	200,739	-	-	141,431
A.3 Units of collective investment undertakings	918	-	-	-	-	-	-	-	-	-
A.4 Loans	3,011,203	133,833	230,043	617,380	1,458,913	2,028,340	4,161,435	11,192,202	16,176,136	294,278
- banks	140,553	20,330	715	216	5,764	603,677	507,821	737,065	-	294,278
- customers	2,870,650	113,503	229,328	617,164	1,453,149	1,424,663	3,653,614	10,455,137	16,176,136	-
On-balance-sheet liabilities	**27,501,483**	**1,023,830**	**756,602**	**69,554**	**1,323,890**	**1,423,522**	**1,743,568**	**6,847,758**	**2,108,683**	**120,000**
B.1 Deposits and current accounts	27,278,845	1,000,000	150,096	669	756,146	300,668	4,207	220,433	-	-
- banks	251,058	1,000,000	-	-	300,000	-	-	220,433	-	-
- customers	27,027,787	-	150,096	669	456,146	300,668	4,207	-	-	-
B.2 Debt securities	97,945	23,827	603,623	66,192	549,593	1,096,085	1,599,891	4,509,488	2,000,000	120,000
B.3 Other liabilities	124,693	3	2,883	2,693	18,151	26,769	139,470	2,117,837	108,683	-
Off-balance-sheet transactions	**217,032**	**156,332**	**29,694**	**67,872**	**187,353**	**255,734**	**264,067**	**31,559**	**479,522**	**-**
C.1 Financial derivatives with exchange of principal	-	149,999	19,960	54,883	91,117	74,024	32,728	9,227	89,522	-
- long positions	-	126,383	9,939	27,463	45,606	37,100	16,600	5,070	11	-
- short positions	-	23,616	10,021	27,420	45,511	36,924	16,128	4,157	89,511	-
C.2 Financial derivatives without exchange of principal	217,032	6,333	9,734	12,989	96,236	181,710	231,339	22,332	390,000	-
- long positions	104,031	4,683	8,348	11,116	50,673	48,417	164,712	11,166	255,000	-
- short positions	113,001	1,650	1,386	1,873	45,563	133,293	66,627	11,166	135,000	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

	Other currencies									
Items/Timeframe	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	Over 5 years	Duration indefinite maturity
On-balance-sheet assets	**54,126**	**156,962**	**12,784**	**31,205**	**68,806**	**15,625**	**5,482**	**9,409**	**7,998**	**2**
A.1 Government securities	-	-	-	-	-	-	-	-	-	2
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	54,126	156,962	12,784	31,205	68,806	15,625	5,482	9,409	7,998	-
- banks	32,822	156,107	-	-	559	2,480	-	2,922	-	-
- customers	21,304	855	12,784	31,205	68,247	13,145	5,482	6,487	7,998	-
On-balance-sheet liabilities	**281,707**	**62,820**	**21,100**	**21,876**	**43,147**	**6,821**	**3,846**	**-**	**-**	**-**
B.1 Deposits and current accounts	274,598	62,820	21,100	21,688	42,896	5,880	2,434	-	-	-
- banks	7,524	62,820	21,100	21,688	42,896	5,855	1,338	-	-	-
- customers	267,074	-	-	-	-	25	1,096	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	7,109	-	-	188	251	941	1,412	-	-	-
Off-balance-sheet transactions	**1,414**	**315,322**	**20,582**	**264,160**	**93,257**	**65,106**	**32,880**	**8,094**	**147**	**18**
C.1 Financial derivatives with exchange of principal	-	31,555	20,582	55,731	92,268	64,702	32,880	8,094	147	18
- long positions	-	17,380	10,484	27,842	46,138	32,370	16,440	4,047	72	9
- short positions	-	14,175	10,098	27,889	46,130	32,332	16,440	4,047	75	9
C.2 Financial derivatives without exchange of principal	21	-	-	-	-	-	-	-	-	-
- long positions	11	-	-	-	-	-	-	-	-	-
- short positions	10	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	59,716	-	59,716	-	-	-	-	-	-
- long positions	-	59,716	-	-	-	-	-	-	-	-
- short positions	-	-	-	59,716	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	1,393	224,051	-	148,713	989	404	-	-	-	-
- long positions	-	37,669	-	148,713	989	404	-	-	-	-
- short positions	1,393	186,382	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

As at 31 December 2015, the Parent Company Cariparma was carrying out two so-called “internal” securitization transactions transferring receivables deriving from mortgage loans so called “*fondiari*” secured by first mortgage.

As at 31 December 2015, the residual debt of securitized loans amounted to Euro 4,027 million.

Subsequent to the transfer of the mortgage loans, the Parent Company fully subscribed the securities (Senior and Junior) having the following features:

Securitization 1:

- Senior: nominal value Euro 1,738 million, maturity 31 January 2058, indexed to EUR 6M+0.35%;
- Junior: nominal value Euro 390 million, maturity 31 January 2058, indexed to EUR 6M+0.60% + variable portion;

Securitization 2:

- Senior: nominal value Euro 1,576 million, maturity 30 April 2060, indexed to EUR 6M+0.75%;
- Junior: nominal value Euro 453 million, maturity 30 April 2060, indexed to EUR 6M+0.90% + variable portion.

In order to provide the SPV with liquidity to pay the coupons, two Interest Rate Swap transactions were carried with the SPV for a notional value of Euro 1,738 million and Euro 1,573 million, respectively, with maturities on 31 January 2058 and 30 April 2060; the derivative amortization reflects the amortization of senior security.

1.4 Banking Group – operational risks

QUALITATIVE DISCLOSURES

General aspects, management and measurement of operational risks

The Cariparma Crédit Agricole Group has adopted the definition of operational risk given in "Basel 2 - International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:

- to achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (Bank of Italy's Circular No. 285/2013 as updated); constant full compliance by the Group Banks with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) for the calculation of the Regulatory Capital as provided for by Basel 3, except CALIT (an intermediary pursuant to Article 107 of the Italian Consolidated Banking Act -TUB), which uses the Base approach;
- constant improvement in the monitoring of risks and losses, in order to allow a management-oriented approach, especially in terms of risk mitigation and prevention initiatives, as well as risk culture dissemination;
- fine-tuning of the permanent controls systems and extension of the coverage of the same controls within the company perimeter;
- being fully compliant with the regulatory requirements for the use of AMA (Advanced Measurement Approaches) for the calculation of Regulatory Capital.

Macro-organisational aspects

The governance of Group operational risks is the responsibility of Cariparma Risk Management and Permanent Controls Department that implements the guidelines issued by the Risk Management Department of the Controlling Company Crédit Agricole S.A., and reports on a solid line to the latter.

In 2015, completing the rationalization of the Group control structures, CALIT risk function was outsourced to the Parent Company. Moreover, subsequent to the incorporation of the Crédit Agricole Group Solution consortium, also the new company's risk function was outsourced to the Parent Company. Therefore, since the fourth quarter of 2015, the Risk Management and Permanent Controls Department (Italian acronym DRPC) has been carrying out the activities for risk management and control for all the Companies of the Cariparma Crédit Agricole Group.

In complying with the supervisory regulations, the Group formalized the roles and responsibilities of the corporate bodies and functions involved in the management of operational risks.

The governance model provides for:

- a centralized strategy for the control of operational risks;
- close connections with the activities for permanent controls;
- synergies with the Compliance Central Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by Crédit Agricole and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:

- ORM (Operational Risk Manager, Italian acronym: MRO);

- Control on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE), on Physical Security and on the Business Continuity Plan (BCP or with the Italian acronym PCO);
- Control on Information System Security;
- CISO (Chief Information Security Officer);
- Business Continuity Manager (BCM), who is responsible for the Business Continuity Plan;
- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Fraud Prevention Unit (Italian acronym: NAF);
- structures and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - the Supervisory Committee of CA s.a. (Comité Suivi Métier);
  - the Internal Control Committee;
  - the Risk Management Committee;
  - the FOIE/PSEE Interfunctional Work Group for Outsourced Important Operational Functions and the Provision of Outsourced Essential Services;
  - the BCP (Business Continuity Plan) Interfunctional Work Group;
  - CA S.A. Parent Company Supervisory Committee in IT Security and on BCP (CSSCA, Supervisory Committee on Security and Business Continuity);
  - the system of remote controls for the Distribution Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risk to the guidelines issued by Crédit Agricole S.A. and the adoption of the same general methods used by Group had the purpose of meeting the requirements for the adoption of Advanced Measurement Approaches (AMA) to determine the capital requirements for Operational Risks.

The operational risk management process is divided into the following macro-phases:
- detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- assessment and measurement of the risk profile for every corporate environment;
- identification of mitigation actions and preparation of the action plan;
- verification of the adequacy of the control plan;
- verification of the controls actual implementation;
- development of the system for remote controls;
- verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:
- loss data collection (recording, classification and processing of loss data);
- scenario analysis (prospective measurement of exposure to high-impact low-frequency operational risks, relating to specific contexts);
- risk self-assessment (self-assessment of the exposure to operational risks relating to the specific operating departments and the relevant processes, made directly by the Department Head);
- direct involvement of corporate departments in collective assessment work groups (FOIE/PSEE, improvement, ...).

Each of these processes entails processing information using methods that are predefined, repeatable and formalized in the Company's regulations, as well as with the support of specific application tools.

Risk mitigation

The Group has implemented a policy for operational risk mitigation through:
- specific self-assessment activities (so-called "Self-Risk Assessment") aimed at defining an annual Action Plan containing all the initiatives that the Persons responsible for the various corporate processes have identified as required in order to mitigate existing operational risks;

- implementation and increasing coverage of the permanent controls plan, both at the Distribution Network and at Central Departments, in order to control the most critical processes;
- a fraud prevention unit, whose Manager coordinates company units in the interception, management and prevention of fraud;
- implementation of a fraud prevention specific training program, in order to foster culture and awareness of risks;
- implementation of the mechanism for control and monitoring on outsourced essential services (FOIE/ PSEE), specifically with a new regulatory structure and a general review on existing contracts;
- implementation of the mechanism for control and monitoring on:
- security, both physical and IT;
- Business Continuity (BC).

Transfer of Risk

Based on specific assessments, the Group transfers operational risk through the following dedicated initiatives:
- activation of insurance policies to offset the impact of unexpected losses;
- implementation of a structure that has the objective, among others, of assessing and managing insurance covers;
- coordination with CA S.A., aimed at ensuring full consistency between the transfer strategy and the Group objectives.

Other activities implemented

Proactive involvement in the most important corporate projects, especially those with high organizational impact, in order to provide its contribution, from the earliest phases, for consistent and complete preparation of the mechanisms for the management of the risks that are inherent in each project.

Implementation of initiatives aimed at compliance with the new Supervisory regulation on the Internal Controls System (ICS) (15th update (of Bank of Italy’s Circular No. 263/2006);.

Risk management coordination and shared solutions

This is the specific task of the Group Operational Risks Committee, composed of the main Corporate Departments, which is responsible for:
- Approving guidelines and action plans on operational risks (other than Compliance).
- Reporting on LDC (Loss Data Collection).
- Monitoring control activities and outcomes, as well as:
  - periodically validating operational risk mapping;
  - periodically validating the identification of risk scenarios being measured during the Scenario Analysis Process.
- Governing business continuity for the Cariparma Crédit Agricole Group.
- Monitoring and, if necessary, taking action on Information Systems Security for the Cariparma Crédit Agricole Group, assessing the situation based on the periodic reporting made by the CISO (Chief Information Security Officer).
- Monitoring and, if necessary, taking action on outsourced important functions and essential services (FOIE/PSEE) for the Cariparma Crédit Agricole Group.
- Managing risk transfer, with specific reference to insurance coverage.

Loss data

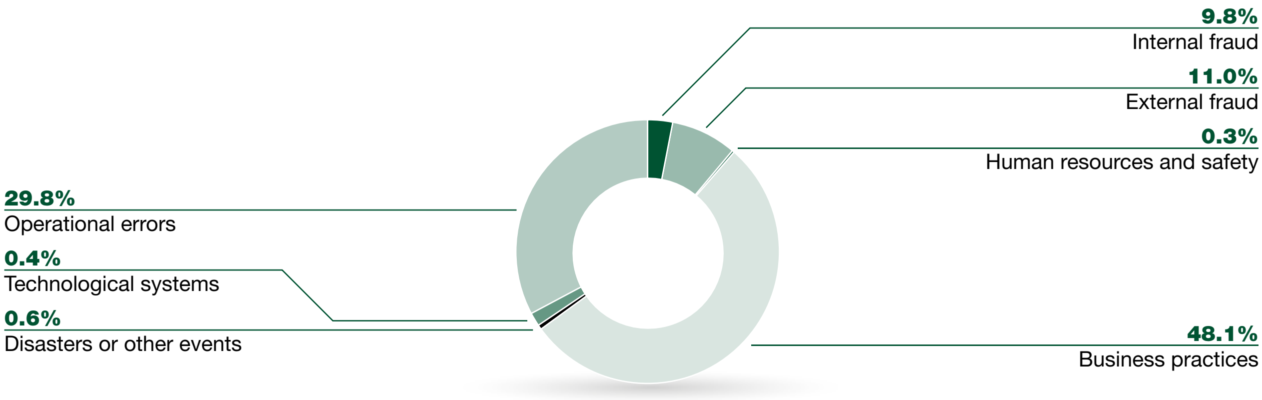
Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A. The basic structure is as follows:

- internal frauds: events due to deliberate acts committed by at least one party internal to the Bank and causing losses to the Bank;
- external frauds: events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- relations with staff and workplace safety: events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- business practices: events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- disasters or other events: events due to natural causes or human actions, which lead to damage to company resources (tangible or intangible property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and taxation;
- technological systems and services: losses arising from the malfunctions, logical or structural defects in technological and other support systems;
- execution, delivery and management of processes: events arising from unintentional errors in the management of operational and support assets or caused by counterparties other than Customers and Suppliers/Providers.

To report consolidated loss data, the Group has adopted an IT application especially designed to facilitate the adoption of advanced methods, and has also adopted specific tools and models developed directly by Crédit Agricole S.A.

● QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2015 is given below based on the above classification scheme. The so-called boundary losses are excluded.



IT systems security

In 2015 the Group continued to implement the 2014 projects and started new ones in the Cybersecurity scope; the actions that were completed have allowed consolidation of security actions and controls, for both Customers and the Bank, especially as regards Cybercrime and attacks on the web.

Among the most important projects, the following are to be reported:

- the use of strong authentication tools on all Internet banking products and channels;
- the extension of fraud prevention platforms to the new channels dedicated to Internet banking products;
- IAM – Identity Access Management: the platform has been configured and scheduled for start-up in accordance with the new Consortium planning;
- the strengthening of the platforms dedicated to protection against “APT – Advanced Persistent Threat” attacks;
- for Loss Data Prevention matters, the identification of a solution that will allow the start-up of the user data classification process by the users, which has been designed to set down DLP controls that are proportionate to the data criticality;
- the strengthening of regulatory controls concerning tracking of bank transactions;
- the release of the platform for online contract signing with digital signature.

The set of actions started in 2014, in compliance with Supervisory provisions, was implemented as planned; further progress is scheduled for 2016 and completion for 2017.

At the same time, complying with the requests made by the Parent Company CAsa on IT security, the actions scheduled for 2015 were completed and those that have been scheduled for 2016 in agreement with the Parent Company were started.

Business Continuity Plan (Italian acronym: PCO)

In 2015, the Group continued to update and verify the Business Continuity Plan to take into account the changes in the general situation and in the Group’s organisational, technology and software infrastructure.

In 2015, the main activities were:

- full implementation of the actions to comply with the Supervisory regulations (Bank of Italy Circular No. 285/2013), also as regards the incorporation of the service company within the Cariparma CA Group perimeter (the “Crédit Agricole Group Solutions” Consortium);
- exercise, on a regular basis, of testing and certification sessions, all with favourable results, concerning the solutions for the restoration of IT Systems (both mainframe and departmental environment, networks and TLC, Security Control-room) and the critical processes in the business continuity perimeter, including special scenarios of “massive non-availability of servers or workstations (WS)” and “logic disruption of a critical information system”;
- consolidating the CA s.a. method for Business Continuity Management;
- definition and activation of logistic back-up solutions for entities of the CAsa Group in Italy (e.g. CAceis);
- the analysis and assessment of the adequacy of the BCPs of providers of Outsourced Important Operational Functions;
- the updating of the Business impact analysis;
- the updating of emergency Operational Plans (back-up solutions to be triggered in case of crisis);
- the testing of the Crisis Management Organizational Model (Italian acronym MOGC) on the non-availability of a site (sample: Trade Finance);
- comparison to third-party solutions (e.g. EBA, Monte Titoli), participating in the simulations of such solutions;
- triggering of the Disaster Recovery solutions during extraordinary maintenance and implementation actions on the mainframe information systems carried out by the outsourcing provider Silca.

The reliability of the business continuity plan was favourably verified by the departments and divisions engaged in control functions.

In 2015, the exercise continued as regards the specific “BCP Interfunctional Work Groups”, in order to share the progress in the relevant activities and to ensure alignment of all corporate structures involved in business continuity.

FOIE – Outsourced Essential Services (called by CAsa PSEE – Provisions of Outsourced Essential Services)

In 2015, regulatory controls were fully reviewed and monitoring procedures were updated regarding the management of Outsourced Essential Services (FOIE), pursuant to the supervisory regulations (specifically, the Bank of Italy Circular No. 285/2013 as updated). The FOIE/PSEE control function, which is part of the Operational Risks and Permanent Controls Division of the Risk Management and Permanent Controls Department, is responsible for the process governing the outsourcing of essential services and for defining the relevant regulation; it also has specific responsibilities for the control/monitoring phases and for methodological support.

The most important actions concerned:

- the Group “Outsourcing Policy”, which has been reviewed to implement the recent updates to the Supervisory guidelines and covers, in addition to outsourcing of essential services to providers outside the Group, also:
  - Intra-group outsourcing;
  - Outsourcing of non-essential services;
- Entry into force of the “Regulation Implementing the Group Outsourcing Policy” in 2016, which:
  - regulates the general process and- with specific regard to the FOI – taking account also of the actual experience and of the system best practices;
  - Provides for the activities and obligations for the outsourcing of Information Systems;
  - Defines specific guidelines on the outsourcing of cash handling;
- Strong support to the corporate structures in outsourcing management, aimed both at proper exercise of the process and at wider dissemination of an outsourcing culture;
- The implementation of general monitoring and actions to increase the awareness of the Departments that are the owners of outsourced services, through:
  - a specific “*Tableau de bord*”, managed by the structure in change of control of FOIE/PSEE and aimed, depending on the respective responsibilities, at acquiring all information and updates required to control compliance of all relationships (in terms of agreements and execution) with the regulatory guidelines, both Supervisory and corporate ones;
  - a specific “*Tableau de bord*”, managed by the Purchasing Division and focused on the outsourced FOI contract agreements, aimed at acquiring all information required to verify full compliance with such contract agreements, detecting and reporting any problems;
  - Regular updating of the permanent controls plan;
  - Systematic exercise of specific activities (e.g. Risk assessment, participation in Work Groups...), also in cooperation with the corporate departments and divisions concerned, for direct monitoring of FOIE-related operational risks.

The following are also focused on:

- updating of the official list of FOIE/PSEE;
- adequacy of periodic reporting to the Bank’s Top Officers, Committees and the Parent Company CAsa;
- support for the definition and updating of the mapping of the Group operational risks associated to outsourced processes;
- support for the implementation and operation of the Controls System;
- support for the definition and updating of the Action Plan for the mitigation of operational risks and the monitoring of its implementation status;
- monitoring of the outcomes of the campaign for the assessment of the adequacy of the Business continuity Plans (Italian acronym PCO).

In 2015, the activities of the FOIE/PSEE specific Interfunctional Work Groups continued, mainly aiming at:

- verifying that the requirements to be deemed essential are met or continue to be met for newly-outsourced or already outsourced services, respectively;
- analyzing and managing the critical situations that actually occurred;
- To increase the awareness of the relevant Corporate Structures in order for them to implement the most suitable solutions to maintain full compliance of all outsourced services they own with the applicable regulations.

Activities of the Validation Unit

The analyses carried out by the Validation Unit in 2015 showed that the internal rating system used on the Group Retail portfolio complied with the regulatory requirements set down by the Supervisory Authority for banks authorized to use AIRB approaches. In 2015, the Validation Unit verified compliance with the applicable regulation of the process to extend the use of advanced approaches to Carispezia Retail portfolio. The authorization to be given by the Supervisory Authority is pending for the finalization of the roll out process.

The follow up as at 30 June 2015 of the corrective actions which were requested in previous years to the relevant corporate structures showed that 14 actions were implemented within the credit risk scope vs. 85 recommendations that were still open as at the reporting date. Of the remaining actions, 18 were cancelled and 53 were found still in progress even though the relevant corporate structures had already started the required action plans.

The backtesting analyses carried out on Retail models as at 30 June 2015 confirmed the discriminating ability of the internal models detected on the development sample, as well as the conservative feature of the risk parameters that were calibrated in 2014. The portfolio to which the retail internal model apply was found stable on all the main analysis axes (classes of authorized and drawn credit lines, geographical area, economic sector, etc.), whereas the distribution of retail counterparties on the rating scale was found overall granular, except for the Individuals segment, in which the significant concentration of Customers in low risk grades was confirmed.

The validation verifications showed adequate use of the risk parameters in the management processes, whereas room for improvement, however not blocking, was found in the internal controls system supporting the rating process.

In December 2015, the Validation Unit sent its annual report to the Bank of Italy on the use of the AIRB on the Retail portfolio, in addition to the report on the comparison between internal ratings and the ratings given by the Authorized Agencies (ECAI), in compliance with the applicable regulations.

The 2016 Validation Plan was submitted to the Board of Directors in February 2016 and provides for activities mainly in the scopes set forth below:

- Monitoring of the performances of internal models and their use in the management processes;
- Controls on EBA 2016 stress tests;
- Analysis of the information systems supporting the rating model and the process for the calculation of RWAs;
- Verifications on the consistency of the data used as inputs for internal models;
- Start-up of the validation process on the new release of internal models for the Retail segment.

PART F – INFORMATION ON CONSOLIDATED EQUITY

Section 1 – Consolidated equity

A. QUALITATIVE DISCLOSURES

The capital management policy of the Cariparma Credit Agricole Group is aimed at maintaining the level of resources needed at any time to cope with the risks taken.

B. QUANTITATIVE DISCLOSURES

B.1 Consolidated equity: breakdown by type of enterprise

The breakdown of consolidated equity as at 31 December 2015 is given below:

Equity items	Banking Group	Insurance undertakings	Other companies	Elisions and adjustments from consolidation	Total
Capital	1,247,731	-	152	-309,620	938,263
Share premium reserve	3,254,580	-	-	-416,205	2,838,375
Reserves	970,659	-	-102	78,332	1,048,889
Equity instruments	-	-	-	-	-
(Treasury Shares)	-	-	-	-	-
Valuation reserves:	92,828	-	-	-11,090	81,738
- Financial assets available for sale	121,307	-	-	-11,090	110,217
- Property, plant and equipment	-	-	-	-	-
- Intangible assets	-		-	-	-
- Hedging of foreign investments	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Exchange rate differences	-	-	-	-	-
- Disposal groups	-	-	-	-	-
- Actuarial gains (losses) on defined-benefit plans	-28,479	-	-	-	-28,479
- Share of Valuation Reserves of equity investments measured using the equity method	-	-	-	-	-
- Special revaluation laws	-	-	-	-	-
Total comprehensive income attributable to Parent and minority Shareholders	273,334	-	-16	-42,434	230,884
Equity	**5,839,132**	**-**	**34**	**-701,017**	**5,138,149**

B.2 Reserves from valuation of financial assets available for sale: composition

Assets/Amounts	Banking Group		Insurance undertakings		Other companies		Elisions and adjustments from consolidation		31.12.2015	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	115,816	-	-	-	-	-	-40	-	115,776	-
2. Equity securities	6,256	-711	-	-	-	-	-11,134	84	-4,878	-627
3. Units in collective investment undertakings	-	-54	-	-	-	-	-	-	-	-54
4. Loans	-	-	-	-	-	-	-	-	-	-
Total 31.12.2015	**122,072**	**-765**	**-**	**-**	**-**	**-**	**-11,174**	**84**	**110,898**	**-681**
Total 31.12.2014	**109,186**	**-18,281**	**-**	**-**	**-**	**-**	**-11,174**	**84**	**98,012**	**-18,197**

B.3 Reserves from valuation of financial assets available for sale: changes for the period

	Debt securities	Equity securities	Units in collective investment undertakings	Loans
1. Opening balance	**86,398**	**-6,583**	**-**	**-**
2. Increases	**64,075**	**1,599**	**-**	**-**
2.1 Fair value gains	61,040	702	-	-
2.2 Reversal to Income Statement of negative reserves:				
- for impairment	-	879	-	-
- for realization	3,036	17	-	-
2.3. Other changes	-	-	-	-
3. Decreases	**34,698**	**520**	**54**	**-**
3.1 Fair value losses	8,045	494	54	-
3.2 Impairment losses	-	-	-	-
3.3 Reversal to Income Statement of positive reserves:				
- for realization	26,653	26	-	-
3.4. Other changes	-	-	-	-
4. Closing Balance	**115,775**	**-5,504**	**54**	**-**

● *Section 2 – Own Funds and supervisory requirement for Banks*

2.1 SCOPE OF APPLICATION OF THE LEGISLATION

Own Funds, minimum capital requirements and the consequent capital ratios were determined on the basis of the provisions of Bank of Italy Circular No. 285 of 17 December 2013 (as updated) “Supervisory provisions for Banks” and Circular No. 286 of 17 December 2013 (as updated) “Instructions for the preparation of reports on Regulatory Capital and capital ratios for banks and securities intermediation firms”.

As at 31 December 2015, the consolidation scope that is relevant for prudential supervision included the Parent Company Cassa di Risparmio di Parma e Piacenza S.p.A., Banca Popolare FriulAdria S.p.A., Cassa di Risparmio della Spezia S.p.A., the company Crédit Agricole Leasing S.r.l., the company Crédit Agricole Group Solutions S.c.p.a. And the company Cariparma OBG S.r.l.

2.2 BANK OWN FUNDS

A. QUALITATIVE DISCLOSURES

1. Common Equity Tier 1 (CET1)

The Common Equity Tier 1 of the Cariparma Crédit Agricole Group as at 31 December 2015 consisted of high quality components (share capital, share premium reserves, other reserves, minority interests) appropriately adjusted for goodwill, other intangible assets, 40% of Excess of expected losses vs. value adjustments (the so-called shortfall , referring to the advanced approach), excess of elements to be deducted from the Additional Tier 1 capital vs. the Additional Tier 1 capital.

In January 2014, the Cariparma Crédit Agricole exercised the option - giving the relevant communication to the Bank of Italy – not to include, in any element of its own funds, unrealized profit and/or losses from exposures to State bodies classified as AFS (Bank of Italy, Supervisory Bulletin No. 12, December 2013).

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value in for. currency	Book value	Portion that can be included in CET1
Subordinated loan	29.06.2011	31.12.2100	perpetual, with call from 28.06.2016	3M Euribori + 729 b.p.	euro	120,000	120,048	84,000

2. Additional Tier 1 (AT1)

The Additional Tier 1 capital includes the Lower Tier 1 amounting to Euro 120 million issued by Cariparma in 2011 (admitted to the grandfathering, contributing to the Additional Tier 1 Capital in 2015 only for 60% of its value), minority interests, among its positive elements and, among the negative ones, mainly 30% of the shortfall. As at 31 December 2015, the negative elements of the Additional Tier 1 Capital exceed the positive elements of the same capital component and, therefore, the excess portion was deducted from the Common Equity Tier 1 (which is the reason why Tier 1 Capital was equal to the Common Equity Tier 1).

3. Tier 2 (T2)

As at 31 December 2015, the Tier 2 capital includes, among its positive elements, the subordinated deposits issued by Cariparma and subscribed by Crédit Agricole, the Lower Tier 2 issued by Cariparma in 2009 and subscribed by Customers (they contribute to Tier 2 capital for the amount remaining after amortization for prudential purposes), minority interests, the excess of value adjustments vs. expected losses, and, among its negative elements, 30% of the shortfall .

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value	Book value	Portion that can be included in Tier 2
Subordinated deposit	17.12.2008	17.12.2018	5 units from 17.12.2014	3M Euribor + 334 b.p.	euro	250,000	150,187	150,000
Subordinated deposit	30.03.2011	30.03.2021	5 units from 30.03.2017	3M Euribor + 220 b.p.	euro	400,000	400,023	400,000
Subordinated loan	30.06.2009	30.06.2016	50% as at 30.06.2015 and 50% as at 30.06.2016	Up to 30.06.2012 5%; later 50% 6M Euribor + 100 bp,	euro	77,250	38,515	15,450
Subordinated loan	30.06.2009	30.06.2016	50% as at 30.06.2015 and 50% as at 30.06.2016	5% fixed	euro	222,750	110,749	44,550

It is also pointed out that the Tier 2 Capital, among the instruments issued by subsidiaries and included in the Tier 2, reports the relevant portion of the subordinated loan issued by the subsidiary Carispezia on 14 December 2007 and subject to transitional provisions.

Such loan was issued for a nominal value of Euro 30 million, with maturity 14 December 2017, interest rate equal to 3M Euribor + 30b.p. and is to be repaid in 5 instalments starting from 14 December 2013.

B. QUANTITATIVE DISCLOSURES

Categories/amounts	31.12.2015	31.12.2014
OWN FUNDS		
A. Common Equity Tier 1 – CET1 prior to the application of prudential filters	**4,872,244**	**4,779,932**
of which CET 1 instruments subject to transitional regulations	-	-
B. CET1(+/-) prudential filters	-1,462	-7,004
C. CET1 including deductible elements and the effects of the transitional regulations (A+/-B)	**4,870,782**	**4,772,928**
D. Elements to be deducted from CET1	**2,442,800**	**2,523,624**
E. Transitional regulation – Impact on CET1 (+/-), including minority interests subject to transitional regulation	**232,828**	**388,715**
F. Total Common Tier 1 – CET1 (C-D+/-E)	**2,660,810**	**2,638,019**
G. Additional Tier 1 – AT1 including deductible elements and the effects of the transitional regulations	**100,532**	**112,823**
of which AT1 instruments subject to transitional regulations	84,000	96,000
H. Elements to be deducted from AT1	**-**	**-**
I. Transitional regulation – Impact on AT1 (+/-), including instruments issued by subsidiaries/ associates and included in AT1 under transitional regulation	**-178,139**	**-243,392**
L. Total Additional Tier 1 – AT1 (G-H+/-I)	**-**	**-**
M. Tier 2 – T2 including deductible elements and the effects of the transitional regulations	**658,333**	**774,451**
of which T2 instruments subject to transitional regulations	-	-
N. Elements to be deducted from T2	**-**	**-**
O. Transitional regulation – Impact on T2 (+/-), including instruments issued by subsidiaries/ associates and included in T2 under transitional regulation	**-165,465**	**-230,534**
P. Total Tier 2 – T2 (M-N+/-O)	**492,868**	**543,917**
Q. Total own funds (F+L+P)	**3,153,678**	**3,181,936**

CAPITAL ADEQUACY

A. QUALITATIVE DISCLOSURES

Compliance with the minimum capital requirements is verified by comparing Own Funds, calculated as reported above, with total risk-weighted assets determined on the basis of the provisions of Bank of Italy Circular No. 285 of 17 December 2013 (as updated) “Supervisory provisions for Banks” and Circular No. 286 of 17 December 2013 (as updated) “Instructions for the preparation of reports on Regulatory Capital and capital ratios for banks and securities intermediation firms”.

The above ratio shows a Total Capital ratio value that, as at 31 December 2015, ensured full compliance with the thresholds set down by the Supervisory regulations. This performance is also the result to a specific corporate policy that favours, where possible, distribution of earnings to shareholders, also to acknowledge and reward the key role of minority shareholders in maintaining a strong bond with the communities the Group operates in, always in full compliance with the regulatory limits and with the recommendations issued by the Regulator.

B. QUANTITATIVE DISCLOSURES

Categories/Amounts	Non-weighted amounts		Weighted amounts/requirements	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISKS	**52,349,564**	**53,653,830**	**20,777,395**	**20,872,591**
1. Standardized Approach	33,109,995	34,725,009	17,380,305	17,214,648
2. IRB approach	19,239,569	18,928,821	3,397,091	3,657,943
2.1 Foundation		-		
2.2 Advanced	19,239,569	18,928,821	3,397,091	3,657,943
3. Securitizations	-	-	-	-
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risks			1,662,192	1,669,807
B.2 Risk of value adjustments of loans			1,167	6,811
B.3 Regulatory risk			-	
B.4 MARKET RISKS			**123**	**2,163**
1. Standardized Approach			123	2,163
2. Internal models			-	-
3. Concentration risk				-
B.5 OPERATIONAL RISK			**207,539**	**208,305**
1. Basic indicator approach			3,985	3,594
2. Standardized approach			203,554	204,711
3. Advanced approach			-	-
B.6 Other measurement elements			**-**	**-**
B7. Total prudential requirements			**1,871,020**	**1,887,086**
C. EXPOSURES AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			23,387,753	23,588,581
C.2 Common Equity Tier 1/Risk-weighted assets (CET1 capital ratio)			11.4%	11.2%
C.3 Tier 1/Risk-weighted assets (Tier 1 capital ratio)			11.4%	11.2%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			13.5%	13.5%

PART G – BUSINESS COMBINATIONS

In the third quarter of the year, an extraordinary intra-group business combination was carried out within the Cariparma Crédit Agricole Group. This combination, which does not fall within IFRS 3 scope of application, consisted in the transfer of a business unit between companies that belong to the Group.

Based on the fact that this business combination had only reorganization purposes and implementing the relevant accounting policy of the Group, it was reported based on the pooling-of-interests method in the separate financial statements of the companies involved, with no profit or loss recognized.

The intra-group business combination concerned the incorporation of Crédit Agricole Group Solutions, a not-for-profit Società Corsortile per Azioni (Italian Consortium Company limited by shares) which provides services, mainly but exclusively, to and/or in the interest of its shareholders.

All activities relating to the Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, Human Resources Administration areas were transferred to the new company.

The corporate business operations continued uninterruptedly with the transfer of intangible assets (software), property, plant and equipment (hardware) and resources.

Based on the fact that this business combination had mainly reorganization purposes and implementing the relevant accounting policy of the Group, it was reported based on the pooling-of-interests method in the separate financial statements of the companies involved, with no profit or loss recognized.

The balance sheet upon transfer reports a book value of the transferred assets equal to Euro 147.2 million (consisting of property, plant and equipment, tax assets and cash and cash equivalents), and transferred liabilities amounting to Euro 108.7 million (consisting of employees' severance benefits, due to staff and trade payables) plus contributions in cash for approximately Euro 1.5 million, for a net accounting balance of Euro 40 million.

PART H – TRANSACTIONS WITH RELATED PARTIES

The regulation issued by the Bank of Italy on 12 December 2011, on risk activities and conflicts of interest with associated persons falls within the scope of the framework regulation concerning related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Italian Consolidated Law on Banking 53 of the Italian Consolidated Law on Banking (TUB) and CONSOB Regulation No. 17221/10) and has been designed to “control the risk that the closeness of some persons to the Bank’s decision-making centers may compromise the objectivity and impartiality of decisions relating to loan granting and other transactions with the same persons, with possible distortions in the allocation of resources, in the Bank’s exposure to risks not adequately measured or controlled, potential damages to depositors and shareholders”.

This regulation came into force on 31 December 2012 and, consequently, the first supervisory reporting was made on 31 March 2013, as required by the Supervisory Authority.

The Cariparma Crédit Agricole Group had already adopted a Regulation on transactions with related parties implementing the original CONSOB regulation of 2010; on 11 December 2012, in accordance with the regulation issued by the Bank of Italy, Cariparma approved the Document “Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Cariparma Crédit Agricole Group”, in order to give the Group a specific internal regulation that amounts to the new body of law on these issues and in order to harmonize the various regulations in force. On 29 July 2014, the above Regulation was updated.

In addition to identifying the related parties of the Cariparma Crédit Agricole Group, this document provides for the introduction of prudential limits for risk assets towards associated parties, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the Group companies and sets procedures and timeframe for the provision of the disclosure and appropriate documentation relating to the transactions to be resolved to (i) independent directors, as well as, where necessary,

(ii) to the control bodies.

With regard to controls, the required control activities are carried out by different corporate roles, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests associated to transactions with associated parties.

Related parties

Related parties of the Cariparma Crédit Agricole Group are the following:
a) corporate officers, namely the members of the Board of Directors, of the Board of Auditors and of the Senior Management of the Companies in the Group;
b) the shareholder, that is to say, the natural or legal person controlling or exercising significant influence on the company;
c) the person, other than a shareholder, who can appoint, on his/her/its own, one or more members of the body engaged in strategic oversight functions, also based on any agreement whatsoever or clauses of the Articles of Association dealing with or providing for the exercise of the above rights and powers;
d) a company or an enterprise, also set up in a legal form other than that of a company, on which a Group company can exercise control or a significant influence;
e) the identified staff.

Connected Persons

Persons connected to a related party are defined as follows:
- companies or enterprises, also set up in a legal form other than that of a company, which are controlled by a related party;
- persons controlling a related party among those listed at points b and c of the relevant definition, that is to say, persons or entities that are directly or indirectly subject to joint control with the same related party;
- close family members of a related party or the companies or enterprises controlled by the same.

Associated Persons

Associated persons of the Cariparma Crédit Agricole Banking Group are defined as the set consisting of a related party and of all the persons connected to the same. For application at individual level, the single companies belonging to the Group refer to the same perimeter of associated persons as determined by the Parent Company Cariparma, without prejudice to any specific sector regulations applicable to the single Companies.

1. Information on remuneration of senior managers with strategic responsibilities

In the light of the above-mentioned Regulation managers with strategic responsibilities include persons having direct and indirect power and responsibility over the planning, management and control of the Group operations, including Directors, both executive and non-executive, and the members of control bodies.

The remuneration of Directors and Auditors is established with specific resolutions passed by the Shareholders' General Meeting.

	31.12.2015
Short-term employee benefits	13,554
Benefits subsequent to severance from employment	373
Other long-term benefits	-
Employees' severance benefits	-
Share-based payments (Stock options)	-

2. Information on transactions with related parties

Transactions with related parties are the transfer of resources, services or bonds between the Company (or companies directly and/or indirectly controlled) and one or more of the related parties, independently of whether payment was agreed or not. Transactions carried out with related parties have followed the specific procedures provided for by the above Regulation. In the year, no atypical or unusual transactions were carried out whose size or features might have jeopardized or affected the protection of corporate assets and the interests of shareholders.

TYPE OF RELATED PARTIES	Financial assets held for trading	Financial assets available for sale	Loans to Customers	Loans to banks	Due to Customers	Due to Banks	Guarantees issued
Controlling Company	-	-	-	1,769,137	-	2,224,980	5,771
Entity exercising significant influence on Company	-	-	-	-	93,912	-	-
Associates	261	-	24,748	-	3,706	-	1,129
Directors and Managers with strategic responsibilities	-	-	1,709	-	3,346	-	-
Other related parties	11,130	5,775	2,964,319	592,263	707,891	119,568	92,691
Total	**11,391**	**5,775**	**2,990,776**	**2,361,400**	**808,855**	**2,344,548**	**99,591**

PART I – SHARE-BASED PAYMENTS

QUALITATIVE DISCLOSURES

The Bank has no agreements in place for payments based on its shares.

The plan for the free allocation of shares by the Parent Company Crédit Agricole S.A., to all Employees of the Crédit Agricole S.A. Group was completed in November 2013 with the assignation of shares to the Employees. These shares will be tied for three years, at the end of which time each employee may freely dispose of them.

From 2011 to 2013 higher expenses equal to the fair value of the shares assigned to the Group Employees were recognized, calculated as at the date of approval of the plan and recognizing, as offsetting item, an identical increase in equity.

QUANTITATIVE DISCLOSURES

The specific reserve came to Euro 2,980 thousand (as recognized from 2011 to 2013).

■ PART L – SEGMENT REPORTING

Operations and income by business segment

Data relating to operations and income by business segment is given in compliance with IFRS 8 - Operating Segments using the management reporting approach.

In compliance with the Bank of Italy provisions, segment reporting was prepared using the multiple ITR (internal transfer rate) method, integrating the cost of liquidity.

The Cariparma Group operates through an organizational structure that includes: Retail and Private Banking channels designed to provide services to individuals, households and small businesses; the Corporate Banking channel designed to provide services to large-size companies. Therefore, given the features of the Cariparma Crédit Agricole Group, the Other channel is of a residual nature and includes the activities pertaining to central departments, with specific reference to governance.

Income from the Retail and Private Banking channels came to Euro 1,626 million, increasing by +2.1% Y/Y, mainly due to the net commission income component that performed well in the Wealth Management segment. Net interest income also increased, even though to a lesser extent, up by +0.7%. On the other hand, the contribution of the Corporate Banking Channel to total revenues decreased by - 2.5% vs. 2014, coming to Euro 286 million. However, this performance was essentially due to outgoing assets relating to an important Customer, who went into an interbank lending scheme, subsequent to the change in its legal form; net of the above effect, the Channel contribution would increase by +2.0%.

As regards expenses, it is pointed out that the Y/Y performance was impacted also by the recognition of the contributions to the Deposit Guarantee Scheme and small investors scheme (approx. Euro 9 million). Net of these effects, the Retail and Private Banking Channel performed essentially in line with 2014 (-0.1%), and lower provisions for the cost of risk were offset by the increase in operating expenses. The change in the latter aggregate was due to the development of operations with customers and was offset by an increase in costs recovered. The Corporate Banking segment posted a decrease in costs (down by -21.1%), thanks to the considerable control on value adjustments of non-performing loans.

Assets by segment (point volumes) mainly consisted of loans to Customers, property, plant and equipment and intangible assets that can be directly allocated to the operating segments. As at 31 December 2015, assets of the Retail and Private Banking channels amounted to Euro 25.3 billion, slightly increasing vs. 31 December 2014 (up by +0.4%). The assets of the Corporate Banking Channel, on the other hand, decreased (down by -5.8% vs. 31 December 2014) coming to Euro 13.7 billion, mainly due to the above-reported outgoing assets relating to an important Customer, who went into an interbank lending scheme, subsequent to the change in the legal form.

Liabilities by segment (point volumes) consisted of direct funding from Customers, which can be directly allocated to the operating segments. Within this aggregate, the Retail and Private Banking channels accounted for Euro 29.3 billion worth of funding, essentially in line with 31 December 2014. The Corporate Banking Channel posted a considerable increase, coming to Euro 7.4 billion worth of funding, up by +18.0% vs. 31 December 2014.

It is pointed out that unallocated assets and liabilities report the set of the inter-bank transactions, the issue of the covered bond, as well as other balance sheet aggregates, such as: unallocated property, plant and equipment/ intangible assets, tax assets/liabilities, specific-purpose provisions and equity.

In accordance with IFRS 8, it is reported that the Group business operations are essentially carried out in the Italian national territory, they are not subject to periodic performance reporting to the management breaking down by foreign geographical area. The Group has not achieved revenues resulting from transactions with single external customers for amounts exceeding 10% of the income recognized in the financial statements.

SEGMENT REPORTING AS AT 31 DECEMBER 2015

	Retail and Private Banking	Corporate Banking	Other	Total
External operating income:				
Net interest income	758,751	194,194	-11,661	941,284
Net commission income	579,137	86,529	6,454	672,120
Net gain (loss) on trading activities	4,317	4,085	1,596	9,998
Dividends	-	-	7,570	7,570
Other net operating revenues (item 90,100,190)	284,136	1,373	21,676	307,185
Total operating revenues	**1,626,341**	**286,181**	**25,635**	**1,938,157**
Net value adjustments for impairment of loans	-153,077	-157,733	-938	-311,748
Value adjustments for impairment of AFS financial assets and other financial transactions	-	-	-1,983	-1,983
Staff and administrative expenses and depreciation and amortization	-985,946	-64,484	-222,677	-1,273,107
Accruals to provisions for contingencies	-7,874	-6,134	1,292	-12,716
Total costs	**-1,146,897**	**-228,351**	**-224,306**	**-1,599,554**
Gains (losses) on equity investments	11,110	516	-836	10,790
Impairment on goodwill	-	-	-	-
Gains on disposal of investments	-	-	136	136
Profit (loss)	**-**	**-**	**-**	**-**
Profit (loss) by segment	**490,554**	**58,346**	**-199,371**	**349,529**
Unallocated operating expenses	-	-	-	-
Operating margin	-	-	-	-
Share of profit of associates attributable to the Group	-	-	-	-
Net profit before taxes	**490,554**	**58,346**	**-199,371**	**349,529**
Taxes	-173,551	-20,640	75,546	-118,645
Profit for the period	**317,003**	**37,706**	**-123,825**	**230,884**
Assets and liabilities				**-**
Assets by segment (customers + intangible)	25,320,468	13,703,435	289,387	39,313,290
Equity investments in associates	-	-	2,583	2,583
Unallocated assets	-	-	12,057,304	12,057,304
Total assets	**25,320,468**	**13,703,435**	**12,349,274**	**51,373,177**
Liabilities by segment	29,310,074	7,352,684	276,829	36,939,587
Unallocated liabilities	-	-	9,510,042	9,510,042
Total liabilities	**29,310,074**	**7,352,684**	**9,786,871**	**46,449,629**

SEGMENT REPORTING AS AT 31 DECEMBER 2014

	Retail and Private Banking	Corporate Banking	Other	Total
External operating income:				
Net interest income	753,141	206,218	-17,787	941,572
Net commission income	555,198	84,484	9,662	649,344
Net gain (loss) on trading activities	4,924	3,009	-7,712	221
Dividends	-	-	8,400	8,400
Other net operating revenues (item 90,100,190)	278,849	-222	26,536	305,163
Total operating revenues	**1,592,112**	**293,489**	**19,099**	**1,904,700**
Net value adjustments for impairment of loans	-177,866	-213,283	139	-391,010
Value adjustments for impairment of AFS financial assets and other financial transactions	-	-	550	550
Staff and administrative expenses and depreciation and amortization	-953,161	-67,654	-181,494	-1,202,309
Accruals to provisions for contingencies	-9,411	-6,942	-3,165	-19,518
Total costs	**-1,140,438**	**-287,879**	**-183,970**	**-1,612,287**
Gains (losses) on equity investments	-	-	210	210
Impairment on goodwill	-	-	-	-
Gains on disposal of investments	-	-	-4	-4
Profit (loss)	-	-	-	-
Profit (loss) by segment	**451,674**	**5,610**	**-164,665**	**292,619**
Unallocated operating expenses	-	-	-	-
Operating margin	-	-	-	-
Share of profit of associates attributable to the Group	-	-	-	-
Net profit before taxes	**451,674**	**5,610**	**-164,665**	**292,619**
Taxes	-179,608	-2,650	58,722	-123,536
Profit for the period	**272,066**	**2,960**	**-105,943**	**169,083**
Assets and liabilities				**-**
Assets by segment (customers + intangible)	25,230,573	14,552,332	300,809	40,083,714
Equity investments in associates	-	-	18,909	18,909
Unallocated assets	-	-	12,100,885	12,100,885
Total assets	**25,230,573**	**14,552,332**	**12,420,603**	**52,203,508**
Liabilities by segment	29,406,827	6,233,110	361,931	36,001,868
Unallocated liabilities	-	-	11,432,748	11,432,748
Total liabilities	**29,406,827**	**6,233,110**	**11,794,679**	**47,434,616**

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND OTHER SERVICES PURSUANT TO THE ITALIAN CIVIL CODE AT ARTICLE 2427, PARAGRAPH 16-*BIS*)

Type of services	Party the provided the service	Recipient	Fee for 2015
Statutory audit of annual accounts	Reconta Ernst & Young S.p.A.	Parent Company	399
Statutory audit of annual accounts	Reconta Ernst & Young S.p.A.	Subsidiaries	420
Certification services	Reconta Ernst & Young S.p.A.	Parent Company	132
Certification services	Reconta Ernst & Young S.p.A.	Subsidiaries	49
Other services	Reconta Ernst & Young S.p.A.	Parent Company	159
Other services	Ernst & Young Legal and Tax Advisory	Parent Company	11
Total			**1,170**

COUNTRY-BY-COUNTRY REPORTING

Country where the Company is headquartered: ITALY

a) Name of the companies headquartered and nature of their business

Name of the Company	Nature of its business
Cassa di Risparmio di Parma & Piacenza S.p.A.	Joint-stock company operating in the sector of retail banking services, commercial banking services and retail intermediation services
Banca Popolare FriulAdria S.p.A.	Joint-stock company operating in the sector of retail banking services, commercial banking services and retail intermediation services
Cassa di Risparmio della Spezia S.p.A.	Joint-stock company operating in the sector of retail banking services, commercial banking services and retail intermediation services
Crédit Agricole Leasing Italia S.r.l.	a private limited liability company operating in the placement and management of lease products
Crédit Agricole Group Solutions S.c.p.a.	Not-for-profit consortium company, with the corporate purpose of providing, mainly to and/o in the interest of its shareholders, organizational, technical, IT and administrative services
Mondo Mutui Cariparma S.r.l.	private limited liability company that was incorporated pursuant to the Italian Law on Securitization Transactions and Issue of Covered Bonds; it is currently being used for two securitization transactions
Cariparma OBG S.r.l.	private limited liability company that was incorporated pursuant to the Italian Law on Securitization Transactions and Issue of Covered Bonds; it is currently being used for a Covered Bond programme
Sliders S.r.l.	private limited liability company whose corporate purpose comprises the purchase, exchange/swap, sale and lease of property; the acquisition of equity investments to be held as non-current assets

b) Revenue

Item (thousands of Euro)	31.12.2015
Net interest and other banking income(*)	1,651,283

c) Number of employees

Item	31.12.2015
Number of employees expressed as full-time equivalents	7,848
Number of employees(*)	8,197

d) Profit or loss before taxes

Item (thousands of Euro)	31.12.2015
Profit before taxes on continuing operations(*)	349,529

e) Taxes on profit or loss

Item (thousands of Euro)	31.12.2015
Income tax for the period on continuing operations(*)	-118,645

f) Public grants received

Item (thousands of Euro)	31.12.2015
Public grants	0

(*) Data source: 2015 Annual Report and Financial Statements of the Cariparma Crédit Agricole Group.

Annual Report and Separate Financial Statements of Cariparma

Financial highlights and ratios

Income Statement highlights(°) (thousands of Euro)	31.12.2015	31.12.2014	Changes	
			Absolute	%
Net interest income	719,169	728,461	-9,292	-1.3
Net commission income	509,298	510,929	-1,631	-0.3
Dividends	43,974	36,878	7,096	19.2
Gain (loss) on banking activities	42,269	14,108	28,161	
Other operating revenues (expenses)	3,218	-3,047	6,265	
Net operating revenues	1,317,928	1,287,329	30,599	2.4
Operating expenses	-711,548	-680,574	30,974	4.6
Operating margin	606,380	606,755	-375	-0.1
Net provisions risks and charges	-10,721	-7,085	3,636	51.3
Net value adjustments of loans	-284,189	-343,187	-58,998	-17.2
Profit for the period	216,501	138,050	78,451	56.8

Balance Sheet highlights(°) (thousands of Euro)	31.12.2015	31.12.2014	Changes	
			Absolute	%
Loans to Customers	27,444,047	28,302,918	-858,871	-3.0
Financial assets available for sale	4,414,468	4,824,310	-409,842	-8.5
Equity investments	1,310,009	1,287,509	22,500	1.7
Property, plant and equipment and intangible assets	1,335,853	1,462,176	-126,323	-8.6
Total net assets	37,671,504	38,124,397	-452,893	-1.2
Funding from Customers	30,219,365	28,323,400	1,895,965	6.7
Indirect funding from Customers	50,971,275	48,207,029	2,764,246	5.7
of which: asset management	18,500,938	16,755,617	1,745,321	10.4
Net due to banks	670,111	2,952,792	-2,282,681	-77.3
Net Financial Assets/Liabilities held for trading	9,448	9,472	-24	-0.3
Equity	4,774,062	4,634,714	139,348	3.0

Operating structure	31.12.2015	31.12.2014	Changes	
			Absolute	%
Number of employees	5,306	6,095	-789	-12.9
Average number of employees(§)	5,513	5,884	-371	-6.3
Number of branches	558	563	-5	-0.9

(°) Income statement and balance sheet data are those restated in the reclassified financial statements shown on pages 263 and 272.

(§) The average number has been calculated as the weighted average of employees and atypical workers, where the weight is the number of months worked in the year; part-time staff is conventionally weighted at 50%.

Structure ratios (°)	31.12.2015	31.12.2014
Loans to customers/Total net assets	72.9%	74.2%
Direct funding from Customers/Total net assets	80.2%	74.3%
Asset management/Total indirect funding from Customers	36.3%	34.8%
Loans to Customers/Direct funding from Customers	90.8%	99.9%
Total assets/Equity	8.8	9.1

Profitability ratios (°)	31.12.2015	31.12.2014
Net interest income/Net operating revenues	54.6%	56.6%
Net commissions income/Net operating revenues	38.6%	39.7%
Cost(*)/income ratio	51.6%	52.9%
Net income/Average equity (ROE)(a)	4.6%	3.0%
Net income/Average Tangible Equity (ROTE)(a)	6.0%	4.1%
Net income/Total assets (ROA)	0.5%	0.3%
Net income/Risk-weighted assets(g)	1.2%	0.8%

Risk ratios (°)	31.12.2015	31.12.2014
Gross bad debts/Gross loans to Customers	6.5%	5.9%
Net bad loans/Net loans to Customers	2.9%	2.6%
Net value adjustments of loans/Net loans to Customers	1.0%	1.2%
Cost of risk(b)/Operating margin	48.6%	57.7%
Net bad debts/Total Capital(c)	20.9%	20.1%
Net non-performing loans/Net loans to Customers	7.9%	7.3%
Total value adjustments of non-performing loans/Gross non-performing loans	40.5%	39.2%

Productivity ratios(°) (in income terms)	31.12.2015	31.12.2014
Operating expenses/No. of Employees (average)	129.1	115.7
Operating revenues/No. of Employees (average)	239.1	218.8

Productivity ratios (°) (in financial terms)	31.12.2015	31.12.2014
Loans to Customers/No. of employees (average)	4,978.1	4,810.1
Direct funding from Customers/No. of Employees (average)	5,481.5	4,813.6
Gross banking income(f)/No. of employees (average)	19,705.2	17,816.7

Capital ratios	31.12.2015	31.12.2014
Common Equity Tier 1(d)/Risk-weighted assets (CET 1 ratio)	18.8%	17.9%
Tier 1(e)/Risk-weighted assets (Tier 1 ratio)	18.8%	17.9%
Total Capital(c)/Risk-weighted assets (Total capital ratio)	21.8%	21.1%
Risk-weighted assets (Euro thousands)	3,769,980	17,528,332

(°) The Ratios are based on the balance sheet and income statement data of the reclassified financial statements shown on pages 263 and 272.

(*) Net of contributions to SRF/DGS/SPS.

(a) Ratio of net earnings to equity weighted average (for ROTE net of intangibles).

(b) Total risk cost includes the provision for risks and charges as well as net value adjustments of loans.

(c) Total Capital: total regulatory own funds.

(d) Common Equity Tier 1: Common Equity Tier 1.

(e) Tier 1: Tier 1 Capital.

(f) Loans to Customers + Direct Funding + Indirect Funding.

Management Report

PROFIT OR LOSS

OPERATING PERFORMANCE

In 2015, even though operating in the Italian economic scenario that barely started to show the first and still uncertain signs of recovery, Cariparma S.p.A. succeeded in significantly improving profitability, thanks to its excellent commercial performances, concomitantly strengthening its capital soundness.

In profitability terms, the Cariparma S.p.A. made a net profit of Euro 216.5 million, increasing by Euro 78.5 million (up by +56.8%) vs. the same figure for the previous year. This performance was achieved despite the recognition of approximately Euro 31 million worth of ordinary and extraordinary contributions to the Single Resolution Fund (SRF), to the Deposit Guarantee Schemes (DGS) and to the Bank and Small Investors Rescue schemes (Italian acronym SBPR). Net of the above effects, the increase in net profits would come to Euro +99.3 million (up by +71.9%).

Income Statement reclassification

In order to present performance more effectively, a summary income statement has been prepared with appropriate reclassifications so as to report the various items on the basis of consistent operational standards.

The reclassifications concerned the following:

- The recovery of the time value component on loans has been reported under “Net Interest Income” rather than under “Net Value Adjustments of Loans”, since it results directly from applying the amortized cost method when there are no changes in expected future cash flows;
- Net Profit (Loss) on trading activities, Net Profit (Loss) on hedging activities and Net Profit (Loss) on financial assets and liabilities designated at fair value have been reported under Profit (Loss) on Banking Activities;
- Gains and losses from disposal or repurchase of available-for-sale financial assets and financial liabilities have been reallocated to Profit (Loss) on Banking Activities;
- Gains (Losses) on the disposal of debt securities classified as loans have been reported under Profit (Loss) on Banking Activities, rather than being allocated to Net value adjustments of loans;
- Expenses, taxes and levies recovered have been reported as a direct decrease in Administrative Expenses, rather than being recognized under Other operating income/expenses;
- Expenses for the management of non-performing loans and the relevant recoveries have been reclassified as Net Value Adjustments of Loans;
- Commission income for fast loan application processing has been taken to Commission Income rather than being recognized under Other operating income/expenses;
- Net adjustments/writebacks on impairment of available-for-sale financial assets have been reclassified under Other Operating Income/Expenses;
- Net adjustments on impairment of other financial transactions, mainly relating to guarantees and commitments, have been reclassified under Net value adjustments of loans;
- The price adjustment subsequent to the disposal of equity investments has been reclassified under Other operating income/expenses rather than being allocated to Gains (Losses) on Investments held to maturity and on other investments.

The figures reported below are expressed in thousands of Euros.

Reclassified Income Statement

	31.12.2015	31.12.2014	Changes	
			Absolute	%
Net interest income	719,169	728,461	-9,292	-1.3
Net commission income	509,298	510,929	-1,631	-0.3
Dividends	43,974	36,878	7,096	19.2
Gains (losses) from financial activities	42,269	14,108	28,161	
Other operating revenues (expenses)	3,218	-3,047	6,265	
Net operating revenues	**1,317,928**	**1,287,329**	**30,599**	**2.4**
Personnel expenses	-415,796	-428,578	-12,782	-3.0
Administrative expenses	-240,439	-181,880	58,559	32.2
Depreciation of Property, plant and equipment and amortization of intangible assets	-55,313	-70,116	-14,803	-21.1
Operating expenses	**-711,548**	**-680,574**	**30,974**	**4.6**
Operating margin	**606,380**	**606,755**	**-375**	**-0.1**
Net provisions for risks and charges	-10,721	-7,085	3,636	51.3
Net value adjustments of loans	-284,189	-343,187	-58,998	-17.2
Gains (losses) from financial assets held to maturity and other investments	-1,441	-22,546	-21,105	-93.6
Profit (loss) before taxes on continuing operations	**310,029**	**233,937**	**76,092**	**32.5**
Income taxes for the period on continuing operations	-93,528	-95,887	-2,359	-2.5
Profit (loss) after taxes from discontinuing operations	-	-	-	
Profit (loss) for the period	**216,501**	**138,050**	**78,451**	**56.8**

Reconciliation between the Official Income Statement and the Reclassified Income Statement

	31.12.2015	31.12.2014
Net interest income	**719,169**	**728,461**
30. Net interest income	668,411	682,010
130. Net losses/recoveries on impairment of: a) loans of which time value on non-performing loans	50,758	46,451
Net commission income	**509,298**	**510,929**
60. Net commission income	481,051	474,336
190. Other operating expenses/income: of which Commission income from Fast Loan Application Processing	28,247	36,593
Dividends and similar revenues = item 70	**43,974**	**36,878**
Gains (losses) from financial activities	**42,269**	**14,108**
80. Net gains (losses) on trading operations	7,171	-906
90. Net gains (losses) on hedging activities	-12,459	-4,131
100. Gains (losses) on the sale or repurchase of: a) loans of which debt securities classified as loans	4	3,161
100. Gains (losses) on the sale or repurchase of: b) financial assets available for sale	49,750	21,417
100. Gains (losses) on the sale or repurchase of: d) financial liabilities	-1,776	-3,500
110. Net profit (loss) of financial assets and liabilities designated at fair value	-421	-1,933
Other operating income (expenses)	**3,218**	**-3,047**
190. Other operating expenses/income	237,699	242,309
to deduct: recovery of expenses	-211,883	-205,731
to deduct: recovery of expenses for the management of non- performing loans	-5,388	-4,307
to deduct: Commission income from fast loan application processing	-28,247	-36,593
130. Net impairment adjustments of: d) other financial transactions of which adjustments/writebacks relating to FITD (Italian Interbank Deposit Protection Fund) actions	-	1,418
130. Net losses/recoveries on impairment of: b) financial assets available for sale	-589	-143
210. Gains (Losses) on equity investments of which Price Adjustment for disposal of equity investments	11,626	-
Net operating revenues	**1,317,928**	**1,287,329**
Personnel expenses = item 150 a)	**-415,796**	**-428,578**
Administrative expenses	**-240,439**	**-181,880**
150. Administrative expenses: b) other administrative expenses	-461,833	-396,710
190. Other operating expenses/Income: of which recovered of expenses	211,883	205,731
150. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	9,511	9,099
Depreciation of Property, plant and equipment and amortization of intangible assets	**-55,313**	**-70,116**
170. Net adjustments to/recoveries on property, plant and equipment	-18,249	-19,949
180. Net adjustments to/recoveries on intangible assets	-37,064	-50,167
Operating expenses	**-711,548**	**-680,574**
Operating margin	**606,380**	**606,755**
Impairment of goodwill = Item 230	**-**	**-**
Net provisions for risks and charges = Item 160	**-10,721**	**-7,085**
Net value adjustments of loans	**-284,189**	**-343,187**
100. Gains (losses) on disposal or repurchase of: a) loans	-11,949	3,157
to deduct: gains (losses) on disposal or repurchase of debt securities classified as loans	-4	-3,161
130. Net losses/recoveries on impairment of: a) loans	-216,199	-293,640
130. Net losses/recoveries on impairment of: a) loans of which time value on non-performing loans	-50,758	-46,451
150. Administrative expenses: b) other administrative expenses: of which expenses for the management of non-performing loans	-9,511	-9,099
190. Other operating expenses/income: of which recovered expenses for the management of non-performing loans	5,388	4,307
130. Net losses/recoveries on impairment of: d) other financial transactions	-1,156	3,118
to deduct: adjustments/writebacks relating to FITD (Italian Interbank Deposit Protection Fund) actions	-	-1,418
Gains (losses) on investments held to maturity and other investments	**-1,441**	**-22,546**
210. Gains (losses) on equity investments	10,185	-22,546
to deduct Gains (Losses) on equity investments: of which Price Adjustment on disposal of equity investments	-11,626	-
240. Gains (losses) on disposal of investments	-	-
Profit (loss) before taxes on continuing operations	**310,029**	**233,937**
Income taxes for the period on cointinuing operations = item 260	**-93,528**	**-95,887**
Profit (loss) for the period	**216,501**	**138,050**

Net operating revenues

Cariparma net operating revenues came close to Euro 1,318 million, increasing by Euro 30.6 million (up by +2.4%) vs. the previous year.

Net interest income

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Business with Customers	639,109	739,989	-100,880	-13.6
Business with banks	11,003	-9,380	20,383	
Debt securities issued	-171,772	-253,888	-82,116	-32.3
Spreads on hedging derivatives	144,428	134,136	10,292	7.7
Financial assets held for trading	9	4	5	
Financial assets available for sale	94,052	115,613	-21,561	-18.6
Financial assets and liabilities designated at fair value	2,382	2,129	253	11.9
Other net interest income	-42	-142	-100	-70.4
Net interest income	**719,169**	**728,461**	**-9,292**	**-1.3**

Net interest income came to Euro 719.2 million, decreasing by Euro -9.3 million (-1.3%) vs. the previous year.

The contribution of the Customer component decreased by Euro -101 million, being affected by the reduction both in funding and in interest rates on loans.

To the contrary, the decrease in market rates, together with an effective pricing policy, led to the improvement in the cost of funding, decreasing interest expenses on debt securities issued to Euro 171.8 million vs. Euro 253.9 million in 2014. This item reports interest expenses relating to the placement of Euro 2 billion worth of Covered Bonds.

The balance of interest income on financial assets available for sale also decreased, being affected by the decrease in the yields of the Government securities in the Banking Book and coming to little over Euro 94 million (down by Euro -21.6 million vs. 2014).

The net contribution of hedging derivatives came to Euro 144.4 million, vs. Euro 134.1 million for the previous period.

Dividends

Dividends from equity investments came to Euro 44.0 million, increasing by Euro 7.1 million (up by +19.2%) vs. the previous year. Specifically, dividends consisted of Euro 22.8 million from Banca Popolare FriulAdria (Euro 19.5 million in 2014), of Euro 14.1 million from Cassa di Risparmio della Spezia (Euro 9.4 million in 2014), and of Euro 6.9 million from the shares of Bank of Italy.

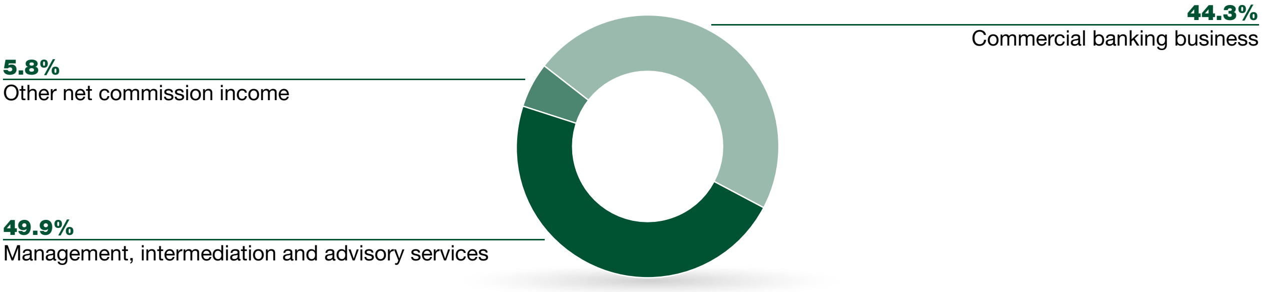
Net commission income

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- guarantees issued	6,037	5,219	818	15.7
- collection and payment services	29,687	30,800	-1,113	-3.6
- current accounts	162,737	176,776	-14,039	-7.9
- debit and credit card services	27,015	27,275	-260	-1.0
Commercial banking business	**225,476**	**240,070**	**-14,594**	**-6.1**
- securities intermediation and placement	102,528	97,750	4,778	4.9
- intermediation in foreign currencies	2,887	2,803	84	3.0
- asset management	4,907	4,268	639	15.0
- distribution of insurance products	131,939	132,451	-512	-0.4
- other intermediation/management commission income	11,799	5,225	6,574	
Management, intermediation and advisory services	**254,060**	**242,497**	**11,563**	**4.8**
Other net commission income	**29,762**	**28,362**	**1,400**	**4.9**
Total net commission income	**509,298**	**510,929**	**-1,631**	**-0.3**

Net commission income slightly decreased, coming to Euro 509.3 million (down by Euro -1.6 million vs. the previous year), while the performance of management, intermediation and advisory services continued to be positive.

Specifically, the growth in commission income from management, intermediation and advisory services by Euro 11.6 million (up by +4.8%) was driven by income from intermediation and placement of securities increasing by Euro 4.8 million (up by +4.9%) and from intermediation and management up by Euro 6.6 million. Both items benefited from both the placement of products having higher profitability vs. 2014, and from a higher flow of recurring commission income.

To the contrary, the income flow from traditional banking business decreased, on a yearly basis, by Euro -14.6 million (down by -6.1%), mainly due to commission income from current accounts decreasing by Euro -14.0 million (-7.9%) and, to a residual extent, commission income from payment systems down by Euro -1.1 million (-3.6%).



Profit (loss) from banking activities

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Interest rates	-68	-7,354	-7,286	-99.1
Foreign exchange	5,402	2,935	2,467	84.1
Commodities	61	13	48	
Total gains (losses) on financial assets held for trading	**5,395**	**-4,406**	**9,801**	
Total gains (losses) on assets held for hedging	**-12,459**	**-4,131**	**8,328**	
Gains (losses) on disposal of financial assets available for sale	**49,750**	**21,417**	**28,333**	
Net gain (loss) on financial assets and liabilities designated at fair value	**-421**	**-1,933**	**1,512**	**78.2**
Gains (Losses) on disposal of debt securities classified as loans	**4**	**3,161**	**-3,157**	**-99.9**
Profit (loss) on banking activities	**42,269**	**14,108**	**28,161**	

Profit (loss) from banking activities came to Euro 42.3 million, increasing by Euro 28.2 million vs. the previous year. This performance was driven by higher income on disposal of AFS securities, as well as by foreign currency operations with Customers and exchange rate transactions.

Gains on disposal of financial assets available for sale also posted a significant improvement, coming to Euro 49.8 million (up by +28.3 million vs. 2014). Specifically, arbitrage transactions were carried out on Government securities, or sale and replacement with other securities, as well as disposals aimed at reducing the size of the portfolio, in order to reduce the average duration and, thus, its sensitivity.

Other operating income (expenses)

Other operating income (expenses) came to a positive balance of Euro +3.2 million vs. a negative balance of Euro -3.0 million in 2014, thanks to the recognition of the Adjustment Price relating to the sale of Crédit Agricole Vita made in 2012 (€12 million).

Operating expenses

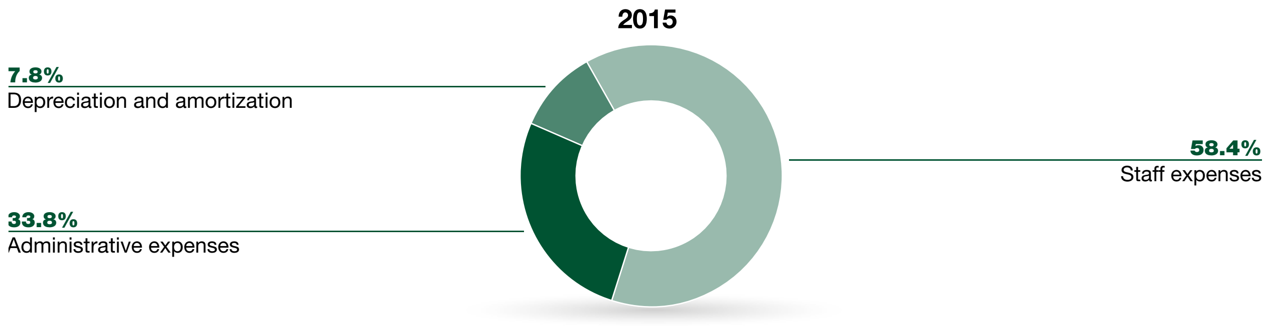
Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- wages and salaries	-295,385	-305,579	-10,194	-3.3
- social security contributions	-78,453	-79,421	-968	-1.2
- other staff expenses	-41,958	-43,578	-1,620	-3.7
Personnel expenses	**-415,796**	**-428,578**	**-12,782**	**-3.0**
- general operating expenses	-57,456	-74,902	-17,446	-23.3
- IT services	-61,664	-47,622	14,042	29.5
- direct and indirect taxes	-78,207	-81,956	-3,749	-4.6
- property management	-38,945	-42,978	-4,033	-9.4
- legal and other professional services	-17,845	-14,183	3,662	25.8
- advertising and promotion expenses	-5,772	-6,323	-551	-8.7
- indirect staff expenses	-5,009	-5,635	-626	-11.1
- contributions to SRF/DGS/SPS	-30,909	-	30,909	
- other expenses	-156,514	-114,012	42,502	37.3
- expenses and charges recovered	211,882	205,731	6,151	3.0
Administrative expenses	**-240,439**	**-181,880**	**58,559**	**32.2**
- intangible assets	-37,064	-50,167	-13,103	-26.1
- property, plant and equipment	-18,249	-19,949	-1,700	-8.5
Depreciation and amortization	**-55,313**	**-70,116**	**-14,803**	**-21.1**
Operating expenses	**-711,548**	**-680,574**	**30,974**	**4.6**

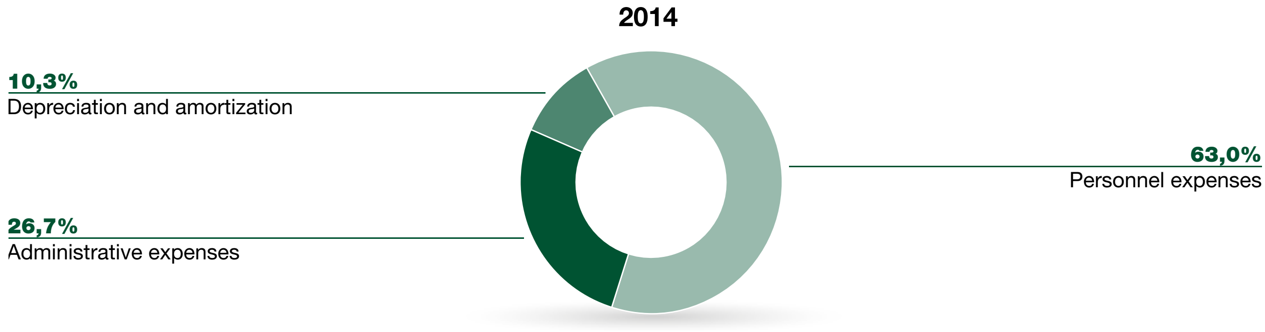
As at 31 December 2015, operating expenses came to Euro 711.5 million, increasing by Euro 31 million vs. the previous year (up by +4.6%), subsequent to the recognition of the ordinary and extraordinary contributions made to the Single Resolution Fund (SRF), to the Deposit Guarantee Scheme (DGS) and to the Bank and Small Investors Rescue schemes (Italian acronym SBPR). Net of these effects, this aggregate came exactly in line with the previous year.

Specifically:

- **Personnel expenses,** came to Euro 415.8 million, markedly decreasing vs. the previous year (down by Euro -12.8 million), subsequent to the transfer of resources to the new consortium company, Crédit Agricole Group Solutions, which was incorporated on 1 September 2015 (-421 employees).
- **Administrative expenses** came to Euro 240.4 million, increasing by Euro +58.6 million (up by +32.2%) vs. 2014. On top of the above-reported contributions to the Single Resolution Fund, to the Deposit Guarantee Scheme and to the Bank and Small Investors Rescue schemes, this aggregate also reports the increase in expenses relating to the service provided by Crédit Agricole Group Solutions (Euro +56 million). Moreover, the incorporation of the new consortium company impacted on legal and advisory expenses (up by Euro +3.7 million), for the advisory services received in the planning and design phase. To the contrary, general operating expenses decreased (down by Euro -17.4 million), due to the reallocation of some activities to the new company Crédit Agricole Group Solutions.
- **Depreciation and amortization** totalled Euro 55.3 million, decreasing by Euro -14.8 million (i.e. by -21.1%) vs. the previous year, due to the transfer of IT assets to Crédit Agricole Group Solutions finalized in September 2015.

Since it does not consider the above-reported contributions to the various funds and schemes, the cost/income ratio came to 51.6%, improving by 1.2 percentage points vs. the previous year.





■ Operating margin

The operating margin came to Euro 606.4 million, essentially in line with the previous year. Net to the contributions to the Resolution and Guarantee Funds (Euro -31 million), this aggregate would have increased by 5%.

■ Provisions and other components

● *Net provisions for risks and changes*

Net provisions for risks and charges came to Euro -10.7 million, vs. Euro -7.1 million in 2014. The amounts allocated to provisions made mainly referred to provisions for non-lending-related legal disputes (decreasing by Euro 1.2 million, i.e. -10.7% vs. 2014).

Net value adjustments of loans

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- bad debts	-138,337	-190,231	-51,894	-27.3
- unlikely to Pay(*)	-139,109	-160,228	-21,119	-13.2
- past-due loans	-3,824	-3,941	-117	-3.0
- performing loans	2,360	14,305	11,945	83.5
Net impairment adjustments of loans	**-278,910**	**-340,095**	**-61,185**	**-18.0**
Expenses/recovered expenses for loan management	-4,123	-4,792	-669	-14.0
Net adjustments for guarantees and commitments	-1,156	1,700	-2,856	
Net value adjustments of loans	**-284,189**	**-343,187**	**-58,998**	**-17.2**

(*) The "Unlikely to Pay" item reports "former substandard loans" and "former restructured loans".

Net value adjustments of loans came to approximately Euro 284 million, markedly decreasing vs. the same figure recognized in 2014 (Euro -59.0 million, i.e. down by -17.2%).

Value adjustments of bad loans, net of writebacks, decreased to Euro 138.4 million, down by Euro -52 million (-27.3%) vs. 2014; in comparison with the previous year, adjustments of positions defined as "unlikely to pay" also decreased, coming to Euro 139.1 million (down by Euro -21.1 million, i.e. -13.2%).

On the other hand, write-downs of past-due positions were essentially in line with the previous year, whereas, also in 2015, performing loans increased by Euro 2.4 million from Euro 14.3 million reported in 2014.

Net of recovered ones, expenses for loan management came to approximately Euro 4 million, decreasing on an annual basis by approximately Euro 1 million; finally, net adjustments of guarantees and commitments amounted to little over Euro 1 million vs. Euro 2 million worth of value adjustments in the previous year.

Gains (losses) on Investments held to maturity and other investments

This aggregate reports a negative balance of Euro 1.4 million, subsequent to the disposal of the equity investment in CA Agro-Alimentare S.p.A.

Profit before taxes on continuing operations

Profit before taxes on continuing operations came to Euro 310 million, even after the extraordinary contributions to the funds for the resolution and recovery of credit institutions (for approximately Euro 31 million), net of which this item would increase by Euro +107.5 million (up by +45.7%) vs. the same figure recognized for the previous year.

Income taxes for the period on continuing operations

Current taxes and deferred tax liabilities came to Euro 93.5 million, decreasing by Euro 2.4 million vs. the previous period, despite the significant increase in gross profit.

In this regard, it is to be stressed that, in 2014, non-recurring components were recognized for higher taxes due on the higher value of Bank of Italy shares, with an additional amount of Euro 21.3 million subsequently allocated to provisions, but with the release of excess provisions for taxes allocated in previous years for approximately Euro 14 million.

It is also to be stressed that, in 2014, impairment was recognized of approximately Euro 22.5 mln on the equity investment in CALIT, which was non-deductible from taxes, whereas in 2015 gains have been recognized subsequent to the price adjustment relating to the sale made in 2012 of the CA Vita equity investment, which is taxable to a reduced extent.

Another significant factor for the decrease in the total tax burden was the new deduction from the Italian Regional Tax on Productive Activities (IRAP) on labour cost, which entered into force in 2015.

Net of the specific taxation on dividends from equity investments, the tax burden came close to 34%.

Italian National Tax Consolidation Regime

In 2013, the option to adopt the tax consolidation scheme between the Group Companies was exercised, pursuant to Article 117 and following ones of the Italian Consolidated Act on Income Taxes (TUIR), in order to obtain the advantages, also in terms of profit and both actual and potential, resulting from its adoption. In 2015, the newly-incorporated consortium company Crédit Agricole Group Solutions also joined the tax consolidation scheme.

Net profit (loss) and comprehensive income

Net profit (loss)

Net profit came to Euro 216.5 million, increasing vs. 2014 by Euro 78.5 million.

Comprehensive Income

Items	31.12.2015	31.12.2014
10. Profit (loss) for the period	**216,501**	**138,050**
Other income components after taxes with no reversal to Income Statement		
20. Property, plant and equipment	-	-
30. Intangible Assets	-	-
40. Actuarial gains (losses) on defined-benefit plans	5,257	-8,689
50. Disposal groups	-	-
60. Share of Valuation Reserves of equity investments measured using the equity method	-	-
Other income components after taxes with reversal to Income Statement		
70. Hedging of foreign investments	-	-
80. Exchange rate differences	-	-
90. Cash flow hedges	-	-
100. Financial assets available for sale	16,953	85,332
110. Disposal groups	-	-
120. Share of Valuation Reserves of equity investments measured using the equity method	-	-
130. Total other income components after taxes	**22,210**	**76,643**
140. Comprehensive income (Item 10+130)	**238,711**	**214,693**

Comprehensive income consists of the gains for the period and of the changes in value of the assets directly recognized in equity reserves. Comprehensive income for 2015 achieved a positive result coming to Euro 238.7 million, mainly thanks to the net profit for the period.

On the other hand, the contribution of the reserves for measurement of financial assets available for sale decreased, coming to Euro 17 million in 2015.

The inclusion in comprehensive income of the item reporting financial assets available for sale entails strong volatility that must be taken into account when analysing the table.

THE PERFORMANCE OF BALANCE SHEET AGGREGATES

Reclassification of the Balance Sheet

In order to provide a more direct representation of the Company's balance sheet and financial position, a summary balance sheet was prepared by suitably grouping balance-sheet items. Such grouping concerned:

- Presentation of Financial Assets/Liabilities held for trading on a net basis;
- presentation of Loans to banks/Due to banks on a net basis;
- Inclusion of the value of hedging Derivatives and of the Value Adjustment of financial assets/liabilities subject to macro-hedging in the Other Assets/Other Liabilities items;
- Grouping of Intangible Assets and Property, Plant and Equipment into a single aggregate;
- Inclusion of the item "Cash and cash equivalents" in the "Other Assets" residual item;
- Grouping in the "Funding from customers" item of the "Due to customers" and "Debt securities issued" items;
- Grouping of specific-purpose provisions (i.e. employee severance benefits and provisions for risks and charges) into a single aggregate.

Reclassified Balance Sheet

Assets	31.12.2015	31.12.2014	Changes	
			Absolute	%
Financial assets designated at fair value	-	15,972	-15,972	100.0
Financial assets available for sale	4,414,468	4,824,310	-409,842	-8.5
Loans to Customers	27,444,047	28,302,918	-858,871	-3.0
Equity investments	1,310,009	1,287,509	22,500	1.7
Property, plant and equipment and intangible assets	1,335,853	1,462,176	-126,323	-
Tax assets	969,889	967,753	2,136	0.2
Other assets	2,197,238	1,263,759	933,479	73.9
Total net assets	**37,671,504**	**38,124,397**	**-452,893**	**-1.2**

Liabilities	31.12.2015	31.12.2014	Changes	
			Absolute	%
Net financial Liabilities/Assets held for trading	9,448	9,472	-24	-0.3
Net due to banks	670,111	2,952,792	-2,282,681	-77.3
Funding from Customers	30,219,365	28,323,400	1,895,965	6.7
Tax liabilities	246,371	276,152	-29,781	-10.8
Other liabilities	1,535,466	1,674,287	-138,821	-8.3
Specific-purpose provisions	216,681	253,580	-36,899	-14.6
Capital	876,762	876,762	-	-
Reserves (net of treasury shares)	3,613,437	3,574,750	38,687	1.1
Valuation reserves	67,362	45,152	22,210	49.2
Profit/(loss) for the period	216,501	138,050	78,451	56.8
Total net liabilities and equity	**37,671,504**	**38,124,397**	**-452,893**	**-1.2**

Reconciliation of the Official Balance Sheet and reclassified Balance Sheet

Assets	31.12.2015	31.12.2014
Financial assets designated at fair value	**-**	**15,972**
30. Financial assets designated at fair value	-	15,972
Financial assets available for sale	**4,414,468**	**4,824,310**
40. Financial assets available for sale	4,414,468	4,824,310
Loans to Customers	**27,444,047**	**28,302,918**
70. Loans to Customers	27,444,047	28,302,918
Equity investments	1,310,009	1,287,509
100. Equity investments	1,310,009	1,287,509
Property, plant and equipment and intangible assets	**1,335,853**	**1,462,176**
110. Property, plant and equipment	285,330	296,531
120. Intangible Assets	1,050,523	1,165,645
Tax assets	**969,889**	**967,753**
130. Tax assets	969,889	967,753
Other assets	**2,197,238**	**1,263,759**
10. Cash and cash equivalents	1,311,619	194,040
80. Hedging derivatives	511,573	710,803
90. Fair value change of financial assets in macro-hedge portfolios (+/-)	6,620	6,725
150. Other assets	367,426	352,191
Total assets	**37,671,504**	**38,124,397**

Liabilities	31.12.2015	31.12.2014
Net due to banks	**670,111**	**2,952,792**
10. Due to banks	4,870,847	6,990,082
60. Loans to banks	-4,200,736	-4,037,290
Funding from Customers	**30,219,365**	**28,323,400**
20. Due to Customers	21,465,749	18,631,839
30. Debt securities issued	8,753,616	9,691,561
Net financial Liabilities/Assets held for trading	**9,448**	**9,472**
40. Financial liabilities held for trading	109,753	208,006
20. Financial assets held for trading	-100,305	-198,534
Tax liabilities	**246,371**	**276,152**
80. Tax liabilities	246,371	276,152
Other liabilities	**1,535,466**	**1,674,287**
60. Hedging derivatives	507,537	532,210
70. Fair value change of financial liabilities in macro-hedge portfolios (+/-)	385,862	475,964
100. Other liabilities	642,067	666,113
Specific-purpose provisions	**216,681**	**253,580**
110. Employee severance benefits	97,710	116,712
120. Provisions for risks and charges	118,971	136,868
Capital	**876,762**	**876,762**
180. Capital	876,762	876,762
Reserves (net of treasury shares)	**3,613,437**	**3,574,750**
160. Reserves	877,433	838,746
170. Share premium reserve	2,736,004	2,736,004
Valuation reserves	**67,362**	**45,152**
130. Valuation reserves	67,362	45,152
Profit (Loss) for the period	**216,501**	**138,050**
200. Profit (loss) for the period	216,501	138,050
Total liabilities and equity	**37,671,504**	**38,124,397**

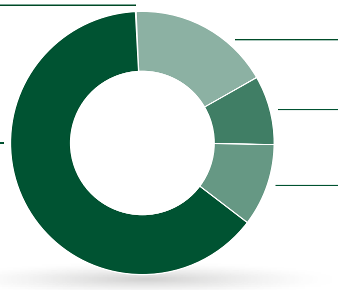
Operations with Customers

Loans to Customers

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Current accounts	1,892,718	2,280,287	-387,569	-17.0
- Mortgage loans	17,112,617	16,944,432	168,185	1.0
- Advances and credit facilities	6,107,042	6,868,478	-761,436	-11.1
- Non-performing loans	2,171,308	2,078,480	92,828	4.5
Loans	**27,283,685**	**28,171,677**	**-887,992**	**-3.2**
Loans represented by securities	160,362	131,241	29,121	22.2
Loans to Customers	**27,444,047**	**28,302,918**	**-858,871**	**-3.0**

Loans to Customers came close to Euro 27.4 billion, decreasing vs. 2014 by approximately Euro 900 million (down by -3%); this decrease mainly referred to the “Advances and credit facilities” item. Actually, the performance of this item was impacted by outgoing assets relating to an important Customer that went into an Interbanking lending scheme, subsequent to the change in its legal form.

On the other hand, mortgage loans increased, coming to Euro 17,112 million (up by +1.0%), with the volumes of new mortgage loans/loans posting a significant growth of approximately Euro 3.3 billion (up by +17%).



Credit quality

Items	31.12.2015			31.12.2014		
	Gross exposure	Total adjustments	Net exposure	Gross exposure	Total adjustments	Net exposure
- Bad debts	1,882,920	1,096,376	786,544	1,773,302	1,028,959	744,343
- Unlikely to Pay(*)	1,705,203	379,680	1,325,523	1,521,654	306,243	1,215,411
- Past-due/overlimit loans	63,081	3,840	59,241	123,322	4,596	118,726
Non-performing loans	3,651,204	1,479,896	2,171,308	3,418,278	1,339,798	2,078,480
Performing loans	25,434,262	161,523	25,272,739	26,391,931	167,493	26,224,438
Total	**29,085,466**	**1,641,419**	**27,444,047**	**29,810,209**	**1,507,291**	**28,302,918**

(*) The “Unlikely to Pay” item reports “former substandard loans” and “former restructured loans”.

Items	31.12.2015			31.12.2014		
	Gross exposure weight	Net exposure weight	Coverage ratio	Gross exposure weight	Net exposure weight	Coverage ratio
- Bad debts	6.5%	2.9%	58.2%	5.9%	2.6%	58.0%
- Unlikely to Pay(*)	5.9%	4.8%	22.3%	5.1%	4.3%	20.1%
- Past-due/overlimit loans	0.2%	0.2%	6.1%	0.4%	0.4%	3.7%
Non-performing loans	12.6%	7.9%	40.5%	11.5%	7.3%	39.2%
Performing loans	87.4%	92.1%	0.6%	88.5%	92.7%	0.6%
Total	**100.0%**	**100.0%**	**5.6%**	**100.0%**	**100.0%**	**5.1%**

(*) The "Unlikely to Pay" item reports "former substandard loans" and "former restructured loans".

Non-performing loans, net of adjustments, came to Euro 2,171 million, posting a slight increase vs. 2014, but with an improvement in the coverage ratio increasing from 39.2% in the previous year to 40.5% in the reporting year.

Net bad debts came to Euro 787 million, confirming their weight on total loans at 3%, with the coverage ratio increasing to 58.2% (up by +0.2% vs. 2014).

The Unlikely to Pay item came to Euro 1,325 million, accounting for 4.8% net loans and with a coverage ratio of 22.3% increasing vs. 20.1% for the previous year.

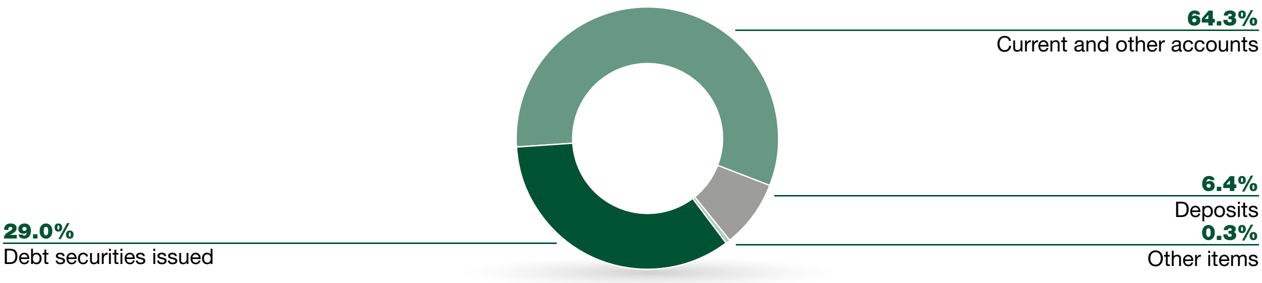
Past-due/overlimit loans decreased by almost one half, coming to a net amount of Euro 59 million, with a coverage ratio increasing to 6.1% vs. 3.7% as at 31 December 2014.

Net performing loans came to Euro 25,273 million, with a coverage ratio of 0.6%.

Funding from Customers

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Deposits	1,942,231	2,351,733	-409,502	-17.4
- Current and other accounts	19,421,930	16,172,297	3,249,633	20.1
- Other items	101,588	103,781	-2,193	-2.1
- Repurchase agreements	-	4,028	-4,028	
Due to Customers	**21,465,749**	**18,631,839**	**2,833,910**	**15.2**
Debt securities issued	**8,753,616**	**9,691,561**	**-937,945**	**-9.7**
Total direct funding	**30,219,365**	**28,323,400**	**1,895,965**	**6.7**
Indirect funding	**50,971,275**	**48,207,029**	**2,764,246**	**5.7**
Total funding	**81,190,640**	**76,530,429**	**4,660,211**	**6.1**

Total funding, which is the aggregate of all sources of funding from Customers, came to Euro 81,191 million, increasing vs. the previous year by over Euro 4,660 million (i.e. up by +6%).

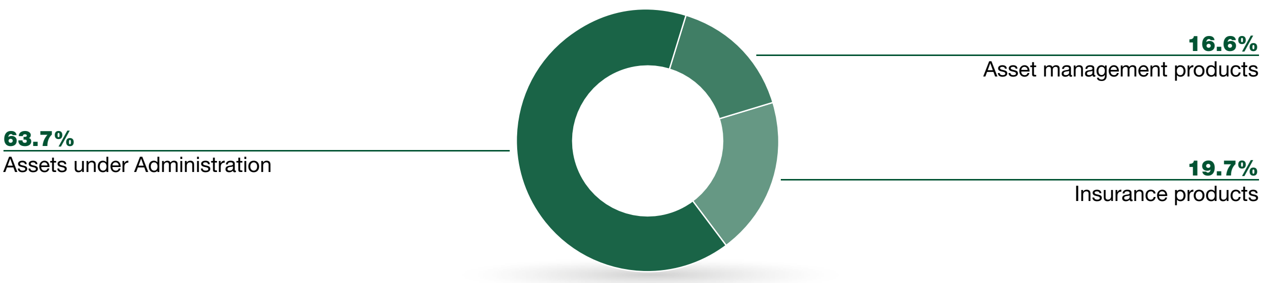


Direct funding came to over Euro 30,219 million, increasing by approximately Euro 1,900 million (up by +6.7%) vs. the previous year, but with a composition oriented towards more liquid products: Up by Euro +3,250 million worth of current and other accounts, down by Euro -937 million worth of debt securities issued.

Indirect Funding

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Asset management products	8,478,814	7,406,448	1,072,366	14.5
- Insurance products	10,022,124	9,349,169	672,955	7.2
Total assets under management	**18,500,938**	**16,755,617**	**1,745,321**	**10.4**
Assets under administration	**32,470,337**	**31,451,412**	**1,018,925**	**3.2**
Indirect funding	**50,971,275**	**48,207,029**	**2,764,246**	**5.7**

As at 31 December 2015, at market values, indirect funding accounted for 63% of total funding and came to Euro 50,971 million, increasing by Euro 2,764 million (up by +5.7%) vs. the previous year. This increase was due to assets under administration and to both sectors of asset management. Specifically, assets under administration came to over Euro 32,470 million, increasing by Euro +1,019 million (up by +3.2%). The increase in asset management was also very good (up by +10.4%), and this business line came to Euro 18,501 million.



Other investments

Financial assets available for sale

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Bonds and other debt securities	4,228,267	4,650,511	-422,244	-9.1
- Equity securities and units of collective investment undertakings	459	2,132	-1,673	-78.5
Securities available for sale	**4,228,726**	**4,652,643**	**-423,917**	**-9.1**
- Equity investments	185,742	171,667	14,075	8.2
Shareholdings available for sale	**185,742**	**171,667**	**14,075**	**8.2**
Net value of the related derivative contracts held for fair value hedging	**4,414,468**	**4,824,310**	**-409,842**	**-8.5**

Financial assets available for sale, almost totally consisting of Government securities and of corporate securities for modest amounts, came to Euro 4,415 million vs. Euro 4,824 million in 2014, subsequent to the downsizing of the portfolio of Government Securities.

Government securities held

The table below shows the composition of the Government Securities held by the Cariparma, which are almost totally classified in the "Available-for-sale financial assets" category and are exclusively Italian Government securities.

	31.12.2015		
	Nominal Value	Book value	Revaluation reserve
FVTPL			
Italian Government securities	2	3	X
AFS			
Italian Government securities	3,480,000	4,222,492	85,844
Total	**3,480,002**	**4,222,495**	**85,844**

Equity investments

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
- Subsidiaries	1,310,007	1,275,007	35,000	2.7
- Joint ventures	-	-	-	-
- Companies subject to significant influence	2	12,502	-12,500	-100.0
Total	**1,310,009**	**1,287,509**	**22,500**	**1.7**

Equity investments came to Euro 1,310 million, increasing by approximately Euro 22.5 million vs. the 2014 figure, and are almost entirely controlling equity investments (Euro 1,310 million). The above increase resulted from some transactions carried out in 2015, which are broken down below:

- The incorporation of the consortium company of the Group, CA Group Solutions, in which Cariparma subscribed an equity investment amounting to Euro 35 million, equal to 87.5% of its share capital;
- Disposal of the equity investment in CA Agroalimentare which was recognized for a value of Euro 12.5 million.

Moreover, it is to be reported that the equity investment in Cariparma OBG, a Special-Purpose Vehicle that was chosen for the Covered Bond transaction, whose control was acquired in 2013 and whose value has been recognized as amounting to Euro 6 thousand, has been recognized as a controlling equity investment.

Associates have not changed compared to 2014.

Property, plant and equipment and intangible assets

The value of property, plant and equipment and intangible assets, coming to Euro 1,336 million, decreased by one half vs. the same figure for 2014, subsequent to the transfer of IT and telecommunication assets to the new consortium company.

Moreover, as in the past, this item reports the goodwill and intangible assets that were recognized subsequent to the transfers from Intesa Sanpaolo of 180 branches in 2007 and of 81 branches in 2011.

As at the reporting date, the intangible assets relating to the above business combinations were tested for impairment and the consistency of the values as recognized was confirmed.

Specific-purpose provisions

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Employee severance benefits	**97,710**	**116,712**	**-19,002**	**-16.3**
Provisions for risks and charges	**118,971**	**136,868**	**-17,897**	**-13.1**
- Post-employment benefits	17,269	19,851	-2,582	-13.0
- other provisions	101,702	117,017	-15,315	-13.1
Total specific-purpose provisions	**216,681**	**253,580**	**-36,899**	**-14.6**

Specific-purpose provisions came to Euro 216.7 million, decreasing by Euro 36.9 million vs. the previous year (down by -14.6%). This decrease mainly concerned provisions for risks and charges, which refer to legal disputes, charges for staff and operational risks and totalled Euro 119 million. Provisions for employees' severance benefits also decreased, coming to Euro 97.7 million.

Equity and Regulatory Capital

Equity

Items	31.12.2015	31.12.2014	Changes	
			Absolute	%
Capital	876,762	876,762	-	-
Share premium reserve	2,736,004	2,736,004	-	-
Income reserves	875,072	836,385	38,687	4.6
Other reserves	2,361	2,361	-	-
Reserve from valuation of financial assets available for sale	89,164	72,211	16,953	23.5
Reserves from valuation of actuarial gains (losses) relating to defined-benefit pension plans	-21,802	-27,059	-5,257	-19.4
Profit (loss) for the period	216,501	138,050	78,451	56.8
Total (book) equity	**4,774,062**	**4,634,714**	**139,348**	**3.0**

Own Funds

Regulatory Capital and capital ratios	31.12.2015	31.12.2014
Common Equity Tier 1 – CET1	**3,262,571**	**3,129,078**
Additional Tier 1 – AT1	-	-
Tier 1 – T1	**3,262,571**	**3,129,078**
Tier 2 –T2	507,409	577,522
Total Capital (Own Funds)	**3,769,980**	**3,706,600**
Risk-weighted assets	**17,325,647**	**17,528,332**
of which by credit and counterparty risks and by the risk of value adjustment of the loan	15,434,957	15,587,642
Common Equity Tier 1 ratio	**18.8%**	**17.9%**
Tier 1 ratio	**18.8%**	**17.9%**
Total capital ratio	**21.8%**	**21.1%**

As at 31 December 2015, the Common Equity Tier 1 ratio and the Tier 1 ratio came to 18.8%, while the Total Capital ratio was 21.8%, with both values posting an increase vs. the previous year.

In calculating Own Funds, the developments in the transitional provisions set down by the supervisory regulation for banks (Regulation (EU) No. 575/2013; Circular No. 285 of the Bank of Italy).

As at 31 December 2015, the Common Equity Tier 1 came to 3,263 million, increasing vs. the previous year (Euro 3,129 million), and reports the earnings as proposed by the Board of Directors to the General Meeting of Shareholders and a slight decrease in the shortfall. Tier 2 capital was calculated taking account of the prudential accumulated amortization of LT 2 instruments (down by Euro -110 million vs. the end of 2014).

Risk-weighted assets came to Euro 17,325 million, slightly decreasing vs. 2014 (down by Euro -203 million, i.e. -1.2%).

OTHER INFORMATION

Italian National Tax Consolidation Regime

In 2013, the option to adopt the tax consolidation scheme between the Group Companies was exercised, pursuant to Article 117 and following ones of the Italian Consolidated Act on Income Taxes (TUIR), in order to obtain the advantages, also in terms of profit and both actual and potential, resulting from its adoption. In 2015, the newly-incorporated consortium company Crédit Agricole Group Solutions also joined the tax consolidation scheme.

Tax-related disputes

A disputed is pending on registration taxes with the *Agenzia delle Entrate*, the Italian Inland Revenue Service. The Agenzia delle Entrate has reclassified the transfers of branches from Intesa Sanpaolo to Cariparma and FriulAdria carried out in 2007 and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units. Based on this reclassification, the total amount jointly due by the various parties involved on various grounds in the specific transactions would be approximately Euro 36 million, plus interest. A similar dispute arose for a transaction carried out by CALIT with the Intesa Group for Euro 2.2 million. On this dispute, favourable decisions were issued by the competent Courts of second instance, against which the *Agenzia delle Entrate* filed appeal with the Italian Court of Cassation.

Also in the light of the opinions, obtained at the beginning of these disputes, from leading Law Firms, as well as in the light of the favourable Court decisions issued, no provisions were allocated for these disputes.

In 2014, a dispute started, again on registration taxes and based on the same grounds, regarding a similar transaction carried out in 2011, once again with the Intesa Sanpaolo Group. This dispute entails a request to pay taxes for a total amount of approximately Euro 13.5 million, plus interest. The considerations set forth above cannot but apply also to this latest dispute.

A tax-related dispute is pending concerning Cariparma as regards the sale of loans made in 2005 on a non-recourse basis to an unrelated securitization firm, for a disputed amount of taxes of Euro 5.5 million, plus penalties and interest. In the light of both the opinions obtained from leading Law Firms and of the latest issued administrative law practices that are relevant for this dispute, the Group believes that no provision is necessary.

A new dispute started in 2014 subsequent to non-payment to Cariparma of part of the specific tax account receivable provided for by Italian Decree-Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008.

With the above Law, the Italian State provided a contribution to tax payers that took out floating-rate mortgage loans for the purchase of their home amounting to the interest paid by the same tax payers in 2009 at a rate of over 4%. This amount was to be credited directly by the lending banks that would recover it through a tax account receivable.

The Italian Inland Revenue Service has refused to acknowledge the portion of this tax account receivable relating to amounts actually credited to Customers in 2010 and issued the relevant tax payment form. Consequently, Cariparma had to pay an amount of Euro 1.3 million and started a specific dispute.

However, the fist-instance judgement has confirmed the claim of the *Agenzia delle Entrate* as to the tax amount, while it overruled the penalty claim. However, the Bank will continue this dispute, believing that its position has valid grounds, as partially upheld in the fist-instance judgement.

Research and Development

No research and development activities were performed in the year.

● *Risks and uncertainties*

The Note to the Financial Statements includes a detailed exam of the risks and uncertainties to which the Bank is exposed and, at the same time, reports the mitigation techniques implemented for such risks and uncertainties; this substantiates that the Bank's Management is fully aware of the importance of a thorough analysis of risks and uncertainties to which the Bank's capital, financial position and performance are exposed, as well as of the importance of effective management of the same risks and uncertainties to take them to acceptable levels, in order to pursue development and sustainable growth that are essential for profitable continuity of operations.

● *Reporting on transactions with related parties and atypical and/o unusual transactions*

The qualitative and quantitative analysis of the transactions made in the year with parties falling within the definition of related party as given by the "Regulation on Risk Assets and Conflict of Interest with Parties associated to the Companies in the Cariparma Crédit Agricole Group" which was adopted by the Group in December 2012 and updated in July 2014, is reported in Part H of the Note to the Financial Statements, to which reference is made. Part H also includes the analysis of any atypical and/or unusual transactions in accordance with the definition given in CONSOB Regulation 11971/99.

● *The Italian Code for Responsible Payments (CPR)*

In January 2015, the Group signed the *Codice Italiano Pagamenti Responsabili* (CPR) the Italian Code for Responsible Payments, launched by Assolombarda, the Employers' Association of the Lombardy Region; by signing the Code, the Bank formalized its commitment to comply with the payment terms agreed on with its suppliers/providers and to promote efficient, punctual and fast payment practices. By signing the Code, the Bank has given evidence of its focus on and awareness of payment fairness and transparency, which is a key topic for the economic and financial balance, as well as for the development of the business system. The average time for payment to suppliers/providers is 60 days, as provided for by the relevant agreements.

■ IRB/BASEL 2 ADVANCED APPROACH

For determining its capital requirement for credit risk ("Retail Loan Exposure" asset class – the so-called "Retail portfolio" – on PD and LGD models), the Cariparma Crédit Agricole Group has been using (since December 2013) internal ratings with an advanced approach (Internal Rating Based – Advanced), for Cariparma and Banca Popolare FriulAdria.

The Cariparma Crédit Agricole Group has scheduled the start-up of the activities to extend the use of advanced approaches (roll-out plan) also to the same portfolio of the subsidiary Cassa di Risparmio della Spezia.

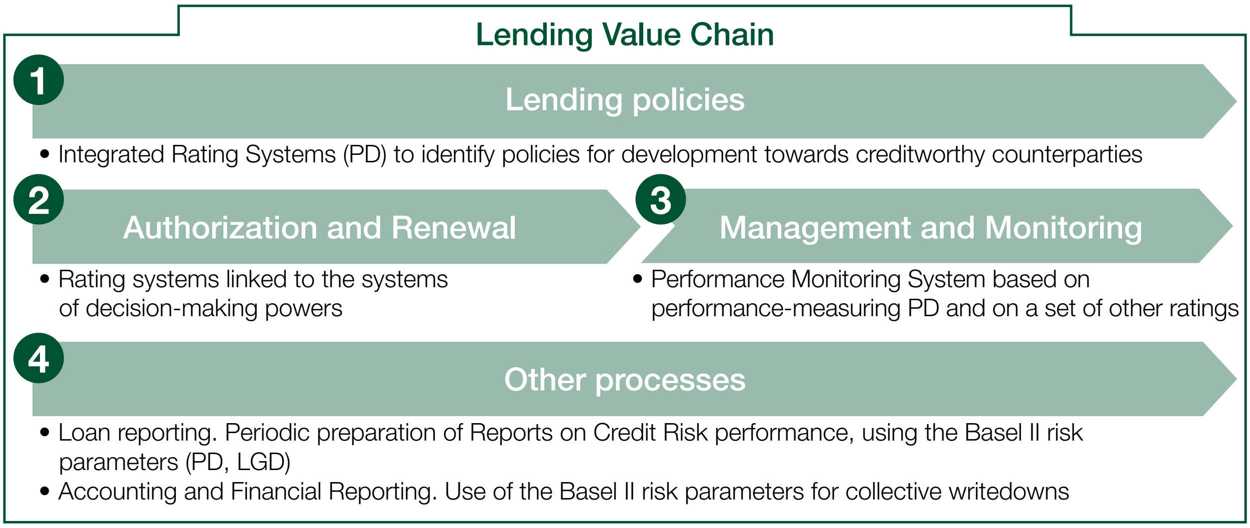
As regards the "Exposures to Corporate Customers" portfolio, in line with the strategic directions issued by the Parent Company Crédit Agricole S.A., the Cariparma Crédit Agricole Group has started the methodological, organizational and technological actions required to obtain the validation also for this exposure class.

The present choice of treating all exposures referring to the subsidiary Crédit Agricole Leasing (hereinafter referred to as CALIT) on a Permanent Partial Use (PPU) basis has been made given the immateriality of the portfolio size and given the specificities of CALIT core business within the Cariparma Crédit Agricole Group as a whole.

The risk measurement system is fully integrated in the decision-making processes and in the management of corporate operations: the rating system has long played an essential role in loan authorization, risk management, internal allocation of capital and in the Bank governance functions, as well as in contributing to ensure risk prevention and mitigation. In order to ensure that lending processes and credit risk measurement are homogeneous, the internal models are used by all the entities of the Cariparma Crédit Agricole Group (that is to say, Cariparma S.p.A., FriulAdria S.p.A., Carispezia S.p.A. and Crédit Agricole Leasing Italia S.r.l.).

The rating systems are used within the main phases in the lending value chain. With specific reference to loan disbursement and monitoring, the management use of the rating system results in:

- (lending policies) the set lending policies govern the procedures through which the Banks and the Companies of the Cariparma Crédit Agricole Group authorize loans and manage credit risk;
- (loan authorization): the assessment of the creditworthiness upon the first authorization and upon review of/change in credit lines, as well as for determination of decision-making powers in terms of loan authorization;
- (loan monitoring) the use of the performance-measuring PD, combined with other variables, for performance monitoring, in order to detect and correct non-performing positions before they are classified as in default;
- (collective write-down): the approach for the collective write-down of Performing Loans implemented by the Bank uses the Basel metrics to determine the amount of the provision (PD and LGD), as well as to identify sensitive loans subject to write-down;
- (Bank reporting): the use of risk measures produced by the Bank's reporting model.



Such full integration in the loan management processes allows the creation and development of internal models that support the measurement of creditworthiness and can be used to assess, with statistical objectivity, the probability that the (Retail) counterparties default.

The calculation of the mandatory capital requirements using internal rating-based approaches allows optimal management of the regulatory capital, as it also allows a "weighted" analysis of the loan portfolio, "aware" lending development considering the risks taken and, thus, better planning of loans and of credit risk over the medium-/long-term.

Finally, more effective detection and measurement of risks allows better disclosure and subsequent enhanced transparency in reporting, which is a key element to meet the requirements of the Bank's various Stakeholders.

■ Report on corporate governance and ownership structure – Information pursuant to Article 123-*bis* paragraph 2, letter b) of Italian Legislative Decree No. 58/98 (the Italian Consolidated Act on Finance – TUF)

For the Report of corporate governance and ownership structure, reference is made to the Annual Report and Consolidated Financial Statements of the Cariparma Crédit Agricole Group.

Proposal to the Shareholders' General Meeting

The Annual Report and Financial Statements for the period from 1 January to 31 December 2015, submitted to the General Meeting of Shareholders, consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows, the Note to the Financial Statements, as well as of the annexes, and are accompanied by the Management Report.

The proposal for the allocation of the net profit amounting to Euro 216,501,202 is as follows:

5% to the legal reserve	10,825,060
to the charity fund	1,000,000
to the shareholders in the amount of €0.18040 to each of the 876,761,620 ordinary shares	158,167,796
to extraordinary reserve	46,508,346

Parma, Italy, 22 March 2016

The Chairman of the Board of Directors
Ariberto Fassati

Statement of compliance of the Annual Report and Financial Statements pursuant to Article 154-*bis* of Italian Legislative Decree No. 58/1998

CARIPARMA
CRÉDIT AGRICOLE

The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Débourdeaux, Senior Manager in charge of the preparation of the company accounting statements of Cassa di Risparmio di Parma & Piacenza S.p.A., hereby certify, considering also the provisions of Article 154-bis, paragraphs 3 and 4, of legislative decree No. 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics and
- the actual application

of the administrative and accounting procedures for the formation of the Financial Statement during the course of the 2015 financial year.

2. With regard to this, no significant aspects have emerged.

3. The undersigned certify also that:

3.1 the report and financial statements as at 31 December 2015:

a) have been drawn up in compliance with the applicable International Accounting Principles endorsed within the European Union pursuant to EC Regulation no. 1606/2002 of the European Parliament and of the European Council dated 19 July 2002;

b) correspond to the results recorded in the accounting books and registers;

c) furnishes a true and correct representation of the capital, economic and financial situation of the Issuer.

3.2 The management report includes a reliable analysis on the management trend and performance, as well as of the issuer's situation and a description of the major risks and uncertainties to which it is exposed.

Parma, 22 March 2016

Giampiero Maioli
Chief Executive Officer

Pierre Débourdeaux
Senior Manager in charge of the preparation
of the Company accounting statements

Independent Auditors' Report

EY
Building a better working world

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milano

Tel: +39 02 722121
Fax: +39 02 72212037
ey.com

INDIPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE N. 39, DATED JANUARY 27, 2010
(Translation from the original Italian text)

To the Shareholders of Cassa di Risparmio di Parma e Piacenza S.p.A.

Report on the financial statements

We have audited the financial statements of Cassa di Risparmio di Parma e Piacenza S.p.A., which comprise the balance sheet as at December 31, 2015, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement for the year then ended, and the related explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated February 28, 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated January 27, 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to 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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cassa di Risparmio di Parma e Piacenza S.p.A. as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated February 28, 2005.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta all'Albo Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Report on other legal and regulatory requirements

Opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and the Company's Ownership Structure with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion on the consistency of the Management Report and of specific information of the Report on Corporate Governance and the Company's Ownership Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated February 24, 1998, with the financial statements, as required by law. The Directors of Cassa di Risparmio di Parma e Piacenza S.p.A. are responsible for the preparation of the Management Report and of the Report on Corporate Governance and the Company's Ownership Structure in accordance with the applicable laws and regulations. In our opinion the Management Report and the specific information of the Report on Corporate Governance and the Company's Ownership Structure are consistent with the financial statements of the Cassa di Risparmio di Parma e Piacenza S.p.A. as at December 31, 2015.

Milan, March 25, 2016
Reconta Ernst & Young S.p.A.
Signed by: Massimiliano Bonfiglio, Partner

This report has been translated into the English language solely for the convenience of international readers.

Financial Statements

BALANCE SHEET

Assets		31.12.2015	31.12.2014
10.	Cash and cash equivalents	1,311,618,708	194,040,091
20.	Financial assets held for trading	100,304,730	198,533,941
30.	Financial assets designated at fair value	-	15,972,307
40.	Financial assets available for sale	4,414,468,148	4,824,309,947
50.	Investments held to maturity	-	-
60.	Loans to banks	4,200,735,948	4,037,290,137
70.	Loans to Customers	27,444,046,623	28,302,918,057
80.	Hedging Derivatives	511,573,225	710,802,784
90.	Fair value change of financial assets in macro-hedge portfolios (+/-)	6,620,008	6,724,550
100.	Equity investments	1,310,009,335	1,287,509,335
110.	Property, plant and equipment	285,329,661	296,530,934
120.	Intangible Assets	1,050,523,290	1,165,645,166
	of which: goodwill	922,339,723	922,339,723
130.	Tax assets	969,888,382	967,752,541
	a) current	304,543,655	283,413,576
	b) deferred	665,344,727	684,338,965
	b1) pursuant to Italian Law No. 214/2011	618,383,771	629,716,515
140.	Non-current assets held for sale and discontinued operations	-	-
150.	Other assets	367,424,954	352,190,227
Total assets		**41,972,543,012**	**42,360,220,017**

Liabilities and Equity		31.12.2015	31.12.2014
10.	Due to banks	4,870,847,126	6,990,081,795
20.	Due to Customers	21,465,748,949	18,631,839,218
30.	Debt securities issued	8,753,615,674	9,691,560,785
40.	Financial liabilities held for trading	109,752,525	208,006,378
50.	Financial liabilities designated at fair value	-	-
60.	Hedging derivatives	507,536,635	532,209,571
70.	Fair value change of financial liabilities in macro-hedge portfolios (+/-)	385,862,205	475,963,613
80.	Tax liabilities	246,370,900	276,152,600
	a) current	175,655,622	210,201,192
	b) deferred	70,715,278	65,951,408
90.	Non-current liabilities held for sale and discontinued operations	-	-
100.	Other liabilities	642,067,198	666,112,516
110.	Employee severance benefits	97,709,793	116,711,870
120.	Provisions for risks and charges	118,971,115	136,867,845
	a) Post-employment benefits	17,268,789	19,851,228
	b) other provisions	101,702,326	117,016,617
130.	Valuation reserves	67,361,566	45,151,815
140.	Redeemable shares	-	-
150.	Equity instruments	-	-
160.	Reserves	877,432,821	838,746,228
170.	Share premium reserve	2,736,003,683	2,736,003,683
180.	Capital	876,761,620	876,761,620
190.	Treasury shares (-)	-	-
200.	Profit (Loss) for the period (+/-)	216,501,202	138,050,480
Total liabilities and equity		**41,972,543,012**	**42,360,220,017**

INCOME STATEMENT

Items		31.12.2015	31.12.2014
10.	Interest income and similar revenues	920,632,206	1,045,918,639
20.	Interest expense and similar charges	(252,221,383)	(363,908,302)
30.	**Net interest income**	**668,410,823**	**682,010,337**
40.	Commission income	503,890,373	496,721,430
50.	Commission expense	(22,839,104)	(22,385,348)
60.	**Net commission income**	**481,051,269**	**474,336,082**
70.	Dividends and similar revenues	43,974,126	36,877,649
80.	Net gains (losses) on trading activities	7,171,231	(906,430)
90.	Net gains (losses) on hedging activities	(12,459,152)	(4,131,309)
100.	Gains (losses) on disposal or repurchase of:	36,025,600	21,074,234
	a) loans	(11,948,666)	3,157,158
	b) financial assets available for sale	49,749,795	21,417,087
	c) financial assets held to maturity	-	-
	d) financial liabilities	(1,775,529)	(3,500,011)
110.	Net profit (loss) of financial assets and liabilities designated at fair value	(421,346)	(1,933,080)
120.	**Net interest and other banking income**	**1,223,752,551**	**1,207,327,483**
130.	Net losses/recoveries on impairment of:	(217,944,454)	(290,664,432)
	a) loans	(216,199,698)	(293,640,017)
	b) financial assets available for sale	(588,734)	(142,526)
	c) financial assets held to maturity	-	-
	d) other financial transactions	(1,156,022)	3,118,111
140.	**Net income from banking activities**	**1,005,808,097**	**916,663,051**
150.	Administrative expenses:	(877,628,831)	(825,287,648)
	a) personnel expenses	(415,796,023)	(428,577,528)
	b) other administrative expenses	(461,832,808)	(396,710,120)
160.	Net provisions for risks and charges	(10,721,010)	(7,084,634)
170.	Net adjustments to (recoveries on) property, plant and equipment	(18,249,273)	(19,948,954)
180.	Net adjustments to (recoveries on) intangible assets	(37,063,288)	(50,166,708)
190.	Other operating expenses/income	237,698,816	242,308,546
200.	**Operating expenses**	**(705,963,586)**	**(660,179,398)**
210.	Gains (losses) on equity investments	10,185,001	(22,546,000)
220.	Net gains (losses) from property, plant and equipment and intangible assets designated at fair value	-	-
230.	Impairment on goodwill	-	-
240.	Gains (losses) on disposal of investments	-	-
250.	**Profit (loss) before taxes on continuing operations**	**310,029,512**	**233,937,653**
260.	Income taxes for the period on continuing operations	(93,528,310)	(95,887,173)
270.	**Profit (loss) after taxes on continuing operations**	**216,501,202**	**138,050,480**
280.	Profit (loss) after taxes from discontinued operations	-	-
290.	**Profit (Loss) for the period**	**216,501,202**	**138,050,480**

STATEMENT OF COMPREHENSIVE INCOME

Items		31.12.2015	31.12.2014
10.	**Profit (Loss) for the period**	**216,501,202**	**138,050,480**
	Other income components after taxes with no reversals to Income Statement		
20.	Property, plant and equipment	-	-
30.	Intangible Assets	-	-
40.	Actuarial gains (losses) on defined-benefit plans	5,257,126	(8,688,892)
50.	Disposal groups	-	-
60.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
	Other income components after taxes with reversal to Income Statement		
70.	Hedging of foreign investments	-	-
80.	Exchange rate differences	-	-
90.	Cash flow hedges	-	-
100.	Financial assets available for sale	16,952,625	85,333,256
110.	Disposal groups	-	-
120.	Share of Valuation Reserves of equity investments measured using the equity method	-	-
130.	**Total other income components after taxes**	**22,209,751**	**76,644,364**
140.	**Comprehensive income (Item 10+130)**	**238,710,953**	**214,694,844**

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015

	Capital: ordinary shares	Share premiums reserve	Reserves:		Valuation reserves	Profit (Loss) for the period	Equity
			Retained earnings	Other			
EQUITY AS AT 31.12.2014	**876,761,620**	**2,736,003,683**	**836,385,317**	**2,360,911**	**45,151,815**	**138,050,480**	**4,634,713,826**
ALLOCATION OF NET PROFIT FOR PREVIOUS PERIOD							
Reserves	-	-	38,686,593	-	-	-38,686,593	-
Dividends and other allocations	-	-	-	-	-	-99,363,887	-99,363,887
CHANGES FOR THE PERIOD							
Changes in reserves	-	-	-	-	-	-	-
Transactions on equity							-
Issue of new shares	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-	-	-	-	-
Change in equity instruments	-	-	-	-	-	-	-
Derivatives on treasury shares	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-
Comprehensive income	-	-			22,209,751	216,501,202	238,710,953
EQUITY AS AT 31.12.2015	**876,761,620**	**2,736,003,683**	**875,071,910**	**2,360,911**	**67,361,566**	**216,501,202**	**4,774,060,892**

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2014

	Capital: ordinary shares	Share premiums reserve	Reserves:		Valuation reserves	Profit (Loss) for the period	Equity
			Retained earnings	Other			
EQUITY AS AT 31.12.2013	876,761,620	2,736,003,683	777,125,813	2,360,911	-31,492,549	126,235,803	4,486,995,281
ALLOCATION OF NET PROFIT FOR PREVIOUS PERIOD							
Reserves	-	-	41,943,449	-	-	-41,943,449	-
Dividends and other allocations	-	-	-	-	-	-84,292,354	-84,292,354
CHANGES FOR THE PERIOD							
Changes in reserves	-	-	17,316,055	-	-	-	17,316,055
Transactions on equity							-
Issue of new shares	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-
Extraordinary dividend distribution	-	-	-	-	-	-	-
Change in equity instruments	-	-	-	-	-	-	-
Derivatives on treasury shares	-	-	-	-	-	-	-
Shares and rights on shares of the Parent Company assigned to employees and directors	-	-	-	-	-	-	-
Comprehensive income	-	-	-	-	76,644,364	138,050,480	214,694,844
EQUITY AS AT 31.12.2014	**876,761,620**	**2,736,003,683**	**836,385,317**	**2,360,911**	**45,151,815**	**138,050,480**	**4,634,713,826**

CASH FLOW STATEMENT

Items	31.12.2015	31.12.2014
A. OPERATING ACTIVITIES		
1. Operations	**765,907,274**	**852,149,522**
- Profit (Loss) for the period (+/-)	216,501,202	138,050,480
- gains (losses) on financial assets held for trading and financial assets/liabilities designated at fair value (-/+)	-3,037,248	5,713,986
- gains/losses on hedging activities (-/+)	30,418,141	16,202,488
- net value adjustments/writebacks for impairment (+/-)	202,419,537	299,939,539
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	55,312,561	70,115,662
- net provisions for contingencies and liabilities and other expenses/revenues (+/-)	10,721,010	7,084,634
- unpaid taxes and levies (+)	93,528,310	95,887,173
- other adjustments (+/-)	160,043,761	219,155,560
2. Liquidity generated/absorbed by financial assets	**1,034,377,806**	**-2,004,313,589**
- financial assets held for trading	101,266,459	-5,644,178
- financial assets designated at fair value	15,972,307	-17,905,387
- financial assets available for sale	425,379,947	-597,990,426
- loans to banks: demand	14,260,135	89,221,666
- loans to banks: other loans	-177,705,946	-251,321,651
- loans to customers	647,659,587	-1,132,781,678
- other assets	7,545,317	-87,891,935
3. Liquidity generated/absorbed by financial liabilities	**-572,096,745**	**1,265,670,963**
- due to banks: demand	-296,094,507	-2,631,441,737
- due to banks: other payables	-1,763,140,162	3,595,853,897
- due to customers	2,833,909,731	1,273,472,928
- outstanding securities	-933,082,504	-873,385,434
- financial liabilities held for trading	-98,253,853	9,229,743
- other liabilities	-315,435,450	-108,058,434
Net liquidity generated/absorbed by operating activities	**1,228,188,335**	**113,506,896**
B. INVESTMENT ACTIVITIES		
1. Liquidity generated by	**40,523,192**	**33,634,324**
- sales of equity investments	11,079,000	-
- dividends from equity investments	43,974,126	36,877,649
- sale of financial assets held to maturity	-	-
- sales of property, plant and equipment	-	-
- sales of intangible assets	-	-
- sales of business units	-14,529,934	-3,243,325
2. Liquidity absorbed by	**-51,769,023**	**-99,996,433**
- purchases of equity investments	-20,000	-29,770,000
- purchase of financial assets held to maturity	-	-
- purchases of property, plant and equipment	-33,479,949	-30,494,834
- purchases of intangible assets	-18,269,074	-39,731,599
- purchases of business units	-	-
Net liquidity generated/absorbed by investment activities	**-11,245,831**	**-66,362,109**
C. FUNDING		
- issues/purchases of treasury shares	-	-
- issues/purchases of equity instruments	-	-
- dividend distribution and other	-99,363,887	-84,292,354
Net liquidity generated/absorbed by funding	**-99,363,887**	**-84,292,354**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**1,117,578,617**	**-37,147,567**

RECONCILIATION

Financial Statement items	31.12.2015	31.12.2014
opening cash and cash equivalent	194,040,091	231,187,658
Total net liquidity generated/absorbed in the period	1,117,578,617	-37,147,567
Closing cash and cash equivalents	**1,311,618,708**	**194,040,091**

KEY: (+) generated (–) absorbed

Note to the Financial Statements

PART A – Accounting policies

A1 General Part

Section 1 – Statement of compliance with the International Accounting Standards

The Annual Report and Financial Statements of Cariparma have been prepared pursuant to Italian Legislative Decree No. 38 of 28 February 2005, in accordance with the International Accounting Standards – IAS/IFRS – issued by the International Accounting Standards Board (IASB) and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission, as provided for by Regulation (EC) No. 1606 of 19 July 2002.

Therefore, the IAS/IFRS in force as at 31 December 2015 (including the interpretations documents called SIC and IFRIC) have been applied, as endorsed by the European Commission and listed in detail in the specific table in an annex to these Financial Statements.

The layouts of the financial statements and of the note to the financial statements have been prepared in accordance with the provisions set down in Circular No. 262 “Banks’ financial statements: layout and preparation” issued by the Bank of Italy on 22 December 2005, within the exercise of its powers as provided for in Article 9 of Italian Legislative Decree No. 38/2005, and, specifically, the developments set down in its fourth update (of 15 December 2015) have been applied.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION AND ENTERED INTO FORCE IN 2015

Standards, amendments or interpretations	Date of publication	Date of first application
IFRIC 21 Levies	14 June 2014 (EU No. 634/2014)	1 January 2015
Amendments to IFRS 3 – Business Combinations	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IFRS 13 – Fair Value Measurement	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IAS 40 – Investment Property	19 December 2014 (EU No. 1361/2014)	1 January 2015
Amendments to IFRS 2 – Share-based Payment	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 3 – Business Combinations	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 8 – Operating Segments	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IFRS 13 – Fair Value Measurement	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 16 – Property, Plant and Equipment	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 24 – Related Party Disclosures	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 38 – Intangible Assets	09 January 2015 (EU No. 28/2015)	1 January 2015
Amendments to IAS 19 – Employee Benefits	09 January 2015 (EU No. 29/2015)	1 January 2015

The application of these new provisions did not generate material impacts on the profit (loss) and net financial position for the period.

The IFRIC 21 interpretation, endorsed by EU Regulation No. 634/2014, provides guidance on when to recognise a liability for a levy imposed by a government, for levies that are accounted for in accordance with IAS 37, clarifying some interpretation problems, with specific reference to levies whose timing and amount are not certain.

With Regulations No. 1361/2014 and No. 28/2015, the European Union endorsed the “Annual Improvements to International Reporting Standards 2011-2013 Cycle” and the “Annual Improvements to International Reporting Standards 2010 – 2012 Cycle”, respectively, within its ordinary activity for the rationalization and clarification of international financial reporting standards, aimed at solving some inconsistencies or to provided clarifications regarding methods.

Regulation EU No. 29/2015 has made some amendments to IAS 19 “Employee Benefits” concerning the recognition of defined-benefit plans that entail contributions to be paid by employees, based on whether the contribution amount is related to the number of years of service.

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED BY THE EUROPEAN UNION IN 2015 BUT NOT YET ENTERED INTO FORCE

Standards, amendments or interpretations	Date of publication	Date of entry into force
Amendments to IAS 16 – Property, Plant and Equipment	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendment to IAS 41 – Agriculture	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendments to IAS 1 Presentation of Financial Statements, IAS 17 Leases , IAS 23 Borrowing Costs, IAS 36 Impairment of Assets and IAS 40 Investment Property	24 November 2015 (EU No. 2113/2015)	1 January 2016
Amendments to IFRS 11 Joints Arrangements	25 November 2015 (EU No. 2173/2015)	1 January 2016
Amendments to IAS 16 – Property, Plant and Equipment	03 December 2015 (EU No. 2231/2015)	1 January 2016
Amendment to IAS 38 Intangible Assets	03 December 2015 (EU No. 2231/2015)	1 January 2016
Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosure, IAS 19 Employee Benefits, IAS 34 Interim Financial Reporting and IFRS 1 First-time Adoption of International Financial Reporting Standards	16 December 2015 (EU No. 2343/2015)	1 January 2016
Amendments to IAS 1 – Presentation of Financial Statements.	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendments to IAS 34 Interim Financial Reporting	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendment to IFRS 7 – Financial instruments	19 December 2015 (EU No. 2406/2015)	1 January 2016
Amendments to IFRS 1 – First-time adoption of International Financial Reporting Standards	23 December 2015 (EU No. 2441/2015)	1 January 2016
Amendments to IAS 27 – Separate Financial Statements	23 December 2015 (EU No. 2441/2015)	1 January 2016
Amendments to IAS 28 – Investments in Associates and Joint Ventures.	23 December 2015 (EU No. 2441/2015)	1 January 2016

Based on the thorough analyses made, the application of these new provisions is not expected to generate significant impacts on the Company's Profit (Loss) and corporate procedures.

OTHER INFORMATION

The standards and interpretations published by the IASB as at 31 December 2015 but not yet endorsed by the European Union are not applicable for the Group. Such standards and interpretations will entry into force and shall mandatorily apply only on the date that will be set by the European Union upon their endorsement. Therefore, they have not been applied by the Bank in preparing the Financial Statements as at 31 December 2015.

This specifically regards IFRS 9, IFRS15 and IFRS 16.

The International Financial Reporting Standard "IFRS 9 – Financial Instruments", published by the IASB, shall replace IAS 39 Financial Instruments. IFRS 9 sets down new principles on the classification and measurement of financial instruments, on adjustments for credit risk and on hedging recognition (macro-hedging is excluded).

IFRS 9 is expected to be applicable to financial periods starting on or after 1 January 2018 (granted that it is endorsed by the European Union before such date).

The Crédit Agricole Group and, as part of it and in line with it, the Cariparma CA Group have made arrangements to implement the new accounting standard within the set terms, joining the Group Administration, Finance and Risk Management functions and involving all subsidiaries. Since the first months of 2015, the Crédit Agricole Group and, therefore, also the Cariparma CA Group have carried diagnosis works on the main financial statement items that will be impacted by IFRS 9. The analyses had the priority objective of identifying any changes caused by:

- the new bases for the classification and measurement of financial assets;
- the full review of the writedown model for credit risk, which provides for the switching from a provision for actual credit losses to a provision for Expected Credit Loss (ECL). The new ECL approach aims at earlier recognition of expected credit losses without having to wait for an objective event of actual loss. The new model is based on a wide range of information, including historical loss data, cyclical and structural adjustments, as well as projections of losses based on reasonable scenarios.

At the present stage of the project, the entire Group is focusing on the definition of the structuring options related to the interpretation of the standard. In parallel, the Group started to implement the principle in its operations, in view of the first evolutions in the architecture of its information systems.

On the date of preparation of this Report, the project had not yet progressed enough to allow any reliable estimation of the impacts on the balance sheet subsequent to the first-time application of the new principle.

"IFRS 15 – Revenue from Contracts with Customers" will be applicable (after its endorsement by the EU) to reporting periods starting on or after 1 January 2018. It will replace IAS 11 (Construction Contracts) and IAS 18 (Revenue), as well as the interpretations 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.

IFRS 15 sets down a single model for the recognition of revenues from sales of goods and from the provision of services that do not fall within the scope of application of the standards regarding financial instruments (IAS 39), insurance policies (IFRS 4) or leases (IAS 17). Therefore, the new accounting standard implements some new concepts that could change the methods used to recognize some income components.

In 2016, an impact analysis on the application of IFRS 15 will be started by the Crédit Agricole Group and, as part of it and in line with it, by the Cariparma Group.

"IFRS 16 – Leases" will be applicable (after its endorsement by the EU) to reporting periods starting on or after 1 January 2019 and will replace IAS 17 (Leases). Early adoption is permitted for entities that have adopted also IFRS 15 – Revenue from Contracts with Customers.

The standards provides for items to be recognized or presented taking account of the substance of the transaction or contract.

Therefore, all lease contracts shall be reported by the entity in the balance sheet, as assets and liabilities, rather than as off-balance-sheet items, as was done before for operating leases.

In the income statement, the standard requires recognition of the asset depreciation and depreciation expense and interest expense cannot be combined in the income statement, but shall be reported as two separate items.

● *Section 2 – General preparation principles*

The Annual Report and Financial Statements consist of the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Note to the Financial Statements, as well as of the Management Report on the performance of operations, on the profits (losses) made and on the Bank's financial and cash flow position.

In accordance with Article 5 of Legislative Decree No. 38/2005, the Euro has been used as the reporting currency in the preparation of the financial statements. The amounts in the Financial Statements are expressed in Euro units, whereas the amounts in the Note to the Financial Statements and in the Management Report are expressed in thousands of Euro, where not otherwise specified.

The Annual Report and Financial Statements have been prepared in compliance with the general presentation principles set down by IAS 1 and with the specific accounting standards endorsed by the European Commission and reported in Part A.2 of this Note.

No exceptions were made in applying the IASs/IFRSs.

The Annual Report and Financial Statements as at 31 December 2015 have been prepared on a going-concern basis, since the Bank is believed to continue in operation in the foreseeable future.

As regards the reporting required pursuant to IFRS 7 on the risks which the Bank is exposed to, appropriate information is provided in the Management Report and in the Note to the Financial Statements, specifically in Section E.

The Note to the Financial Statements also reports the verifications that were carried out in order to assess any impairment of equity investments, available-for-sale securities and intangible assets (including goodwill).

The Financial Statements and the Note also report comparative figures for the year ended as at 31 December 2014, as well as the figures for the year being reported.

USE OF ESTIMATES AND ASSUMPTIONS IN PREPARING THE ANNUAL REPORT AND FINANCIAL STATEMENTS

To prepare the Annual Report and Financial Statements, estimates and assumptions must be made, which can generate significant effects on the values recognized in the Balance Sheet and in the Income Statement, as well as on the information on contingent assets and liabilities reported. Making such estimates entails the use of the information that is available at the relevant time and of subjective assessments.

By their very nature, the estimates and assumptions used may vary from one period to another. Therefore, it cannot be ruled out that the recognized values for this reporting period may vary, even to a significant extent, in future periods, subsequent to any changes in the subjective assessments used. The main instances that require the use of subjective assessments to be made by the Senior Management are the following:
- quantifying losses resulting from the impairment of loans and of other financial assets in general;
- calculating the fair value of financial instruments to be used for financial reporting purposes;
- using measurement models for the recognition of the fair value of financial instruments that are not listed on active markets;
- assessing the consistency of the value of goodwill and of the other intangible assets;
- quantifying the provisions for staff and for risks and charges;
- making estimates and assumptions concerning the recoverability of deferred tax assets.

The description of the accounting policies applied to the main aggregates reported in the financial statements provides detailed information on the major assumptions made and subjective assessments used in preparing the financial statements.

CONTENTS OF THE FINANCIAL STATEMENTS

Balance Sheet and Income Statement

The Balance Sheet and Income Statement contain items, sub-items and further information (the “of which” for items and sub-items) and comply with the templates supplied by the Bank of Italy with Circular No. 262 of 22 December 2005, as updated and specified.

In order to facilitate understanding of the figures, the statements are given in full including also the items with no amounts for the reporting year, and with no amounts for the previous year. In the Income Statement, revenues are set forth without a sign, while expense figures are set forth in parenthesis.

Statement of comprehensive income

The statement of comprehensive income consist of items showing the changes in the value of the assets recognized in the year as balancing items of the valuation reserves, net of the related tax effect.

As for the Balance Sheet and the Income Statement, in the statements, in accordance with the Bank of Italy’s definition, the items with no amounts for the reporting year, and with no amounts for the previous one, have been stated also.

Negative amounts are set forth in parenthesis.

Statement of Changes in Equity

In order to facilitate understanding of the figures, the rows and columns of the statement of changes in equity were inverted with respect to the same statement prepared in accordance with the above Bank of Italy Circular no. 262/2005. The statement shows the composition and changes in equity items during the reporting year and in the previous one, broken down into share capital (ordinary shares and savings shares), capital reserves, income reserves, comprehensive income and the profit or loss. The value of treasury shares is deducted from equity.

No equity instruments other than ordinary shares have been issued.

Statement of cash flows

The statements of cash flows for the period under review and for the previous one were prepared using the indirect method, by which cash flows from operations are represented by the profit or loss for the year, adjusted for the effects of non-monetary transactions.

Cash flows are broken down into flows generated by operations, investment operations and funding.

In the Statement, cash flows generated in the period are reported without sign, while those absorbed are reported with a negative sign.

CONTENTS OF THE NOTE TO THE FINANCIAL STATEMENTS

The Note to the Financial Statements contains the information required by Circular No. 262/2005 issued by the Bank of Italy, as updated and specified, as well as further information required by the International Accounting Standards.

As for the Balance Sheet and the Income Statement, in the statements, in accordance with the Bank of Italy's definition, the items with no amounts for the reporting year, and with no amounts for the previous one, have been stated also.

In the tables relating to the Income statement items, revenues are set forth without a sign, whereas expense figures are set forth in parenthesis.

● *Section 3 – Events occurred after the reporting date*

From 31 December 2015 to the date of approval of the Annual Report and Financial Statements for the period, no events occurred which could significantly change the structures of Cariparma.

● *Section 4 – Other aspects*

OPTION FOR THE ITALIAN NATIONAL TAX CONSOLIDATION

Since 2013, the Italian Parent Company, Cassa di Risparmio di Parma e Piacenza S.p.A. and some Italian Companies of its Group (Banca Popolare FriulAdria, Cassa di Risparmio della Spezia, CALIT and Crédit Agricole Group Solutions) have adopted the “Italian national tax consolidation regime”, which is governed by Articles 117-129 of the Italian Consolidated Act on Income Taxes (TUIR) and was introduced in the Italian tax legislation with Legislative Decree No. 344/2003.

This regime provides for the consolidated companies to transfer their taxable income (or their tax loss) to the Controlling Company Cariparma S.p.A., which calculates a single taxable income or a single tax loss for the Group, as the algebraic sum of the income and/or losses of the single Companies, and recognizes a single tax account receivable from or payable to the Italian Inland revenue Service.

AUDIT OF THE ACCOUNTS

The Annual Report and Financial Statements are subject to audit by Reconta Ernst & Young S.p.A, implementing the Resolution passed by the Shareholders' General Meeting on 21 April 2012, whereby this Firm was given the assignment for the period 2012-2020.

A.2 Part reporting on the main financial statement items

1. Financial assets held for trading

CLASSIFICATION

This category consists of debt and equity securities, as well as of the positive value of derivatives contracts held for trading.

Derivatives contracts include derivatives embedded in complex financial instruments that have been recognized separately because:
- their economic characteristics and risks are not closely related to the characteristics of the host contract;
- The embedded instruments, also when separated, meet the definition of derivative;
- the hybrid instruments which they belong to are not measured at fair value with the relevant changes taken to the Income Statement.

RECOGNITION

Debt and equity securities are initially recognized at the settlement date, while derivative contracts are recognized at the date they are signed.

Financial assets held for trading are initially recognized at fair value, excluding transaction expenses and income that can be directly attributed to the instrument itself.

Any derivatives embedded in complex host contracts that are not strictly connected with the embedded derivatives and having the characteristics to meet the definition of derivative, are separated from the host contract and recognized at fair value.

MEASUREMENT

After initial recognition, financial assets held for trading are designated at fair value. The effects of the application of this measurement standard are taken to the Income Statement.

IFRS 13 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

To measure the fair value of financial instruments that are listed on an active market, market prices are used. Where there is no active market, fair value is measured using generally accepted estimation methods and measurement models that take account of all the risk factors correlated to the instruments and that are based on information available on the market, such as: the measurement of the price of listed instruments with similar features, discounted cash flows, option pricing models, values reported for recent comparable transactions, etc.

Equity securities, derivatives on equity securities and UCITS units, whose fair value cannot be reliably measured according to the above guidelines, are recognized at cost.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the asset continues to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if the company retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

2. Financial assets available for sale

CLASSIFICATION

This category includes financial assets that are not otherwise classified as “Loans and Receivables”, “Financial Assets Held for Trading”, “Investments Held to Maturity” or “Financial Assets designated at Fair Value”.

In addition to bonds that are not held for trading and are not classified as “Investments Held to Maturity”, as “Financial Assets designated at Fair Value” or as “Loans and Receivables”, this item includes also equity investments that are not held for trading and do not amount to subsidiaries, associates or joint ventures, including investments in private equity and in private equity funds, as well the shares of subscribed syndicated loans, which have been held for sale since inception.

RECOGNITION

Available-for-sale financial assets are initially recognized at the settlement date for debt and equity securities and at the disbursement date in the case of loans. Financial assets are initially recognized at fair value, including transaction expenses or income that can be directly attributed to the instrument itself.

If, in the cases allowed by the accounting standards, recognition occurs as a result of reclassification of these assets from “Investments held to maturity” or of unusual events, from “Financial assets held for trading” they would be recognized at their fair value as at the time of transfer.

MEASUREMENT

Following initial recognition, debt securities classified as “Assets Available for Sale” are designated at fair value, with recognition in the Income Statement of the interests calculated based on the effective rate of return, whereas the gains or losses resulting from changes in the fair value are recognized in a specific equity reserve until the asset is derecognized or impairment is recognized. Upon disposal or derecognition of an impairment loss, the accumulated gains or losses are recognized in the Income statement.

Fair value is determined using the standards adopted for “Financial assets held for trading”.

Equity instruments included in this category, for which the fair value cannot be reliably determined, are recognized at cost.

“Financial assets available for sale” undergo impairment testing to determine whether there is objective evidence of impairment.

Where impairment is found, the amount of the loss is measured as the difference between purchase cost and fair value, net of any losses already recognized in the Income Statement.

For equity securities, a fair value decrease by over 30% below the initial book value or for a period over 6 months is considered evidence of impairment. Further impairment is reclassified from equity to gains (losses) for the period, until the asset is derecognized.

Where the reasons for impairment should cease to exist subsequent to and event occurred after the recognition of the impairment loss, writebacks are recognized in the income statement for loans or debt securities. The amount of the writeback shall not in any event exceed the loss originally recognized in the income statement.

For equity instruments this writeback is recognized in equity.

LOAN RESTRUCTURING TRANSACTIONS ENTAILING PARTIAL OR FULL CONVERSION INTO EQUITY INSTRUMENTS CLASSIFIED AS AVAILABLE-FOR-SALE FINANCIAL ASSETS

For equity instruments received within loan restructuring transactions carried out by debtors, the received equity instruments are initially recognized at fair value; the difference between the book value of the loans and the fair value of the equity instruments is taken to the income statement under value adjustments.

Moreover, where the restructuring with total or partial equity conversion relates to non-performing exposures, since the conversion does not modify their quality, the equity instruments received are also considered as issued by a "non-performing" issuer"; this entails that the subsequent reductions in their fair value are considered impairment evidence and, therefore, are recognized in the income statement until the issuer is restored to a performing status.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the asset continues to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if even a portion of control is retained, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

3. Investments held to maturity

CLASSIFICATION

This category includes debt securities with fixed or determinable payments and fixed maturity that the Company has the intention and the ability to hold to maturity. If, following a change in such intention or ability, it is no longer appropriate to continue to classify an investment as "held to maturity", is is reclassified under "Financial Assets available for sale".

RECOGNITION

Financial assets are initially recognized at the settlement date.

Financial assets classified in this category are initially recognized at fair value, including any costs and revenues directly attributable to them. If recognition in this category occurs as a result of reclassification from "Financial Assets available for sale", the fair value of the asset at the date of reclassification is taken as the new amortized cost of the asset.

MEASUREMENT

Following initial recognition, Investments held to maturity are measured at amortized cost using the effective interest rate method.

Gains and losses relating to assets held to maturity are recognized in the Income Statement at the moment in which the assets are derecognized or have incurred impairment, as well as through the amortization of the difference between the book value and the amount repayable upon maturity.

Investments held to maturity are subject to impairment testing to determine whether there is objective evidence of impairment.

If such evidence exists, the amount of this loss is measured as the difference between the book value of the asset and the current value of expected future cash flows, discounted using the original effective interest rate.

The amount of the loss is recognized in the income statement. Should the reasons for the impairment cease to apply after the recognition of the impairment loss, a writeback is taken to the income statement. The amount of the writeback shall not in any event exceed the amortized cost that the financial instrument would have had in the absence of prior adjustments.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if the relevant legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if the company retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

4. Loans and receivables

CLASSIFICATION

Loans and receivables include loans to customers and banks, whether disbursed directly or acquired from third parties, with fixed or determinable payments, that are not listed on an active market and are not originally classified as “Financial Assets available for sale”.

The category also includes trade receivables, repurchase transactions, and securities purchased through subscription or private placements, with fixed or determinable payments, that are not listed on an active market.

RECOGNITION

Loans and receivables are initially recognized at the date of signing, which usually coincides with the disbursement date at fair value. The fair value of the financial instrument is equal to the amount disbursed, or subscription price, including costs and revenues directly attributable to the individual loan and determinable from the inception of the transaction, even if settled at a later time. The initially recognized amount does not include costs to be reimbursed by the debtor or that can be classified as normal administrative overhead costs, despite having the above characteristics.

MEASUREMENT

After initial recognition, loans and receivables are measured at amortized cost. The amortized cost is equal to the amount at which a financial asset is measured at initial recognition, decreased/increased by principal repayments, adjustments/writebacks and by amortization – using the effective interest rate method – of any difference between the amount disbursed and the one to be repaid at maturity, usually relating to costs/revenues directly attributable to the individual position. The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the loan in respect of principal and interest to the amount disbursed including costs/revenues attributable to the loan. This accounting treatment, using a financial logic, allows the cost/revenue economic impact to be distributed over the expected remaining life of the loan.

The amortized cost method is not used for short-term receivables (lower than 12 months) as the effect of discounting back would be negligible. Short-term loans are valued at historic cost. The same approach is adopted for loans without a specified maturity or subject to revocation.

Loans are tested to determine whether events subsequent to recognition have given rise to objective evidence of possible impairment. Loans subject to testing include loans classified as bad debts, unlikely-to-pay or past-due positions in accordance with the Bank of Italy's rules in force as at 31 December 2015 and consistent with the IAS/IFRS.

Non-performing loans are measured individually and the amount of the writedown of each loan is equal to the difference between the book value of the loan at the time of measurement (amortized cost) and the present value of expected future cash flows, calculated by applying the original effective interest rate.

Expected cash flows take account of expected recovery times, the assumable realizable value of any security, as well as the costs likely to be incurred to recover the claim.

The original effective interest rate of each loan remains unchanged over time unless the position undergoes a restructuring that involves a change in the contractual interest rate, including when it becomes, in actual fact, a non-interest-bearing loan.

The writedown is recognized in the Income Statement.

The original value of the loan is written back in subsequent financial years to the extent that the reasons for the adjustment cease to apply, provided that this assessment is objectively connected with an event that occurred subsequent to the adjustment. Writebacks are recognized in the Income Statement and the value of the loan after the writeback shall not in any event exceed the amortized cost that it would have had in the absence of the prior adjustments.

Any value recoveries linked to time passing are reported under writebacks.

Loans for which no objective evidence of impairment has been found on an individual basis undergo collective impairment testing. As reported in Part E of the Note to the Financial Statements, this is performed by category of loans with uniform credit risk profiles, while the related loss percentages are based on the Probability of Default (PD) and Loss Given Default (LGD) that can be observed as at the date of measurement and allow an estimation of any incurred loss.

Collective impairment losses are taken to the income statement.

In Part E of the Note to the Financial Statements, the procedures for loan management and control are exhaustively described covering all risk-related aspects.

DERECOGNITION

Transferred loans and receivables are derecognized only if their disposal has substantially transferred all the risks and rewards associated with their ownership. Conversely, when a prevalent share of the risks and rewards associated with the ownership of the loans and receivable is retained, they continue to be recognized, even though legal title has been transferred.

Where it is not possible to ascertain whether substantially all the risks and rewards of ownership have been transferred, loans and receivables are derecognized where no form of control over the instrument has been retained. Conversely, if even a portion of control is retained, the loan or receivable continues to be recognized to the extent of the continuing involvement, measured by the exposure to changes in the value of the transferred assets and to changes in the related cash flows.

Finally, loans and receivables which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

5. Financial assets designated at fair value

CLASSIFICATION

In accordance with the IAS/IFRS endorsed by the European Commission, any financial assets so defined upon acquisition may be classified in the "financial instruments designated at fair value" category with a balancing item in the Income Statement, in compliance with the cases provided for by the applicable regulations.

No reclassifications to other categories of financial assets are allowed. The Group classifies some hybrid instruments in this category, which, otherwise, would have required to be separated from the host contract.

RECOGNITION

Financial assets are initially recognized at fair value, excluding transaction expenses or income that can be directly attributed to the instrument itself.

MEASUREMENT CRITERIA

After initial recognition, these financial instruments are designated at fair value. The effects of the application of this measurement standard are taken to the Income Statement.

DERECOGNITION

Financial assets are derecognized only if their sale has substantially transferred all the risks and rewards associated with ownership of the same assets. Conversely, when a prevalent share of the risks and rewards associated with ownership of the financial assets is retained, the assets continue to be recognized, even if legal title has been transferred.

Where it is not possible to ascertain whether all the risks and rewards of ownership have been substantially transferred, financial assets are derecognized when no form of control over the assets has been retained. Conversely, if the company retains even a portion of control, the asset continues to be recognized to the extent of the continuing involvement, measured by exposure to changes in value of the assets transferred and to changes in the related cash flows.

Finally, financial assets which have been disposed of are derecognized if the contractual rights to receive the related cash flows are retained with the simultaneous assumption of an obligation to pay such flows, and only such flows, to other third parties.

6. Hedging

TYPES OF HEDGES

Hedging transactions are used to neutralize potential losses occurring on a given item or group of items attributable to a given risk where the risk event actually takes place.

The following types of hedges are used:
- fair value hedges: these are used to hedge exposures to changes in the fair value (attributable to the different types of risk) of assets and liabilities or portions thereof, groups of assets and liabilities, irrevocable commitments and portfolios of financial assets and liabilities, including core deposits, as permitted by IAS 39 as endorsed by the European Commission;
- hedge of an investment in a foreign currency: it is used to hedge risks of an investment in a foreign operation expressed in a foreign currency.

RECOGNITION

Hedging derivatives, like all derivatives, are initially recognized and later designated at fair value.

MEASUREMENT

Hedging derivatives are designated at fair value. Specifically:
- in case of fair value hedging, changes in the fair value of the hedged item are offset against changes in the fair value of the hedging instrument. This offset is recognized by reporting changes in value in the income statement, both for the hedged item and for the hedging instrument. Any difference that may arise, since it represents the partial ineffectiveness of the hedge, also represents its net effect on the income statement;
- in case of hedging of currency investments, changes in the fair value of the derivative are recognized in equity, for the hedging effective portion, and are recognized in the Income Statement only when, with reference to the hedged investment, hedging is not effective.

The derivative instrument is considered a hedge where there is formal documentation of the relationship between the hedged item and the hedging instrument and where it is effective at inception and, prospectively, throughout its life.

The effectiveness of the hedge depends on the degree to which changes in fair value of the hedged instrument or the relative expected cash flows are offset by changes in that of the hedging instrument. Accordingly, the actual effectiveness is gauged by comparing the above-mentioned changes, taking into account the intention of the company at the inception of the hedge.

Hedging is deemed effective when changes in the fair value (or the cash flows) of the hedging instrument almost entirely – i.e. within an interval of between 80% and 125% – offset changes in the value of the hedged item for the hedged risk factor.

Effectiveness is assessed at the end of each year, or interim period, using:
- prospective tests, which justify the application of hedge accounting, since they demonstrate the expected effectiveness of the hedge;
- retrospective tests, which show the degree of effectiveness of the hedge achieved during the reference period. In other words, they measure how actual results deviate from the perfect hedge.

Any ineffective hedge produced by economic circumstances that are expected to return to normal as confirmed by prospective tests are not taken into account.

If the tests do not confirm the effectiveness of the hedge, hedge accounting, as described above, is discontinued and the hedge derivative contract is reclassified under instruments held for trading, while the hedged financial instrument is again measured using the standard applicable to its original classification.

In case of macrohedging, IAS 39 allows fair value hedging of the exposure to interest rate risk of a designated amount of financial assets or liabilities such that a group of derivative contracts can be used to reduce changes in the fair value of the items hedged against fluctuations in market interest rates.

Amounts determined as mismatch between financial assets and liabilities cannot be macro-hedged. Macro-hedging is deemed to be highly effective if, along with the fair value hedge, both at inception and during the hedge, changes in the fair value of the hedged amount are offset by the changes in the fair value of the hedging derivative, within a range of between 80% and 125%.

7. Equity investments

RECOGNITION, CLASSIFICATION AND MEASUREMENT

This item includes shares held in associates and joint ventures.

Joint ventures are companies in which the voting rights and the control of its business activities are shared equally, directly or indirectly, between the Parent Company and another party. Joint ventures also include equity investments in which, despite the lack of equal voting rights, control over the business activities and the strategic policies of the investee company is shared with other parties under contractual agreements.

Associates are companies in which the Group exercises significant influence, holding, directly or indirectly, at least 20% of the voting rights (including "potential" voting rights as defined above) or – has the power to participate in determining the investee's financial and management policies, despite holding less than 20% of the voting rights, owing to specific legal ties, such as being party to a shareholders' agreement.

Significant influence is not ascribed to interests of more than 20%, in which the Company holds only equity rights to a portion of the return on the investments, does not have a say in the investee's management policies and can exercise governance rights only to the extent required to protect its equity investment.

Where there is evidence that the value of an equity investment may be impaired, its recoverable value is determined, taking into account the present value of future cash flows that the shareholding could generate, including its value upon disposal.

If the recoverable value is lower than the book value, the difference is recognized in the income statement.

If the reasons for the impairment should be removed subsequent to the recognition of the impairment loss, a writeback is taken to the income statement.

8. Property, plant and equipment

CLASSIFICATION

"Property, plant and equipment" includes land, buildings used in operations, investment property, technical plants, furniture, furnishings and equipment of any type.

This item includes assets that are used in providing goods and services, to be rented to third parties, and intended to be used for more than one year.

RECOGNITION

"Property, plant and equipment" items are initially recognized at cost, which includes, in addition to the purchase cost, all costs directly attributable to purchasing and placing the asset in service. Extraordinary maintenance expenses that increase future economic benefits generated by such assets are recognized as an increase in the value of the assets, while ordinary maintenance costs are recognized in the Income Statement.

MEASUREMENT

Property, plant and equipment items, including investment property, are measured at cost less depreciation and impairment.

These assets are systematically depreciated over their useful life on a straight-line basis, as reported in the table below:

Description	Duration
Land	No depreciation
Operating property	33 years(1)
Other investment property – Other	
- Property of artistic value	No depreciation
- Other	33 years(1)
Furniture, fittings, alarm systems and vehicles	From 4 to 10 years
Computers and electronic equipment	From 3 to 10 years
Works of art	No depreciation

(1) It is specified that, in some cases and for specific property units, their useful life, appropriately calculated, can have different durations.

Buildings are depreciated at a rate based on a useful life considered to appropriately represent the deterioration of the assets over time die to use, taking into account any extraordinary maintenance costs, which increase the value of the asset, and ordinary maintenance costs, which maintain the value of the assets for longer periods of time. Tests are however periodically performed to measure the assets' remaining useful life.

The following assets are not depreciated:

- land, whether acquired separately or incorporated in the value of the building, since it has an indefinite useful life. Where its value is incorporated in the value of the building, under the components approach, the land is considered separable from the building. The division between the value of the land and the value of the building is based on appraisals by independent experts, for buildings entirely owned by, and, therefore, fully available to the company, including the land;
- Property of artistic value;
- Works of art, since their useful life cannot be estimated and their value normally increases over time.

If there is evidence of impairment of the asset, the asset's carrying value is compared with its recoverable value. Any writedowns are recognized in the income statement.

If the reasons for the impairment should no longer exist, a writeback is recognized. The book value following the writeback shall not exceed the value the asset would have had, net of depreciation, in the absence of the prior writedowns.

DERECOGNITION

Property, plant and equipment items are derecognized when disposed of or when the asset is permanently withdrawn from use and no future benefits are expected from its disposal.

9. Intangible Assets

CLASSIFICATION

Intangible assets are recognized as such if they are identifiable and are based on legal or contractual rights (for example, software). The "Intangible Assets" item also reports:

- software acquired from external sources or with licence for use;
- in-house developed software;
- residual goodwill recognized as the difference between purchase cost and the fair value of the assets and liabilities acquired and potential assets and liabilities recognized upon acquisition;
- the intangibles representing business with Customers are recognized subsequent to the application of IFRS 3.

RECOGNITION AND MEASUREMENT

Intangible assets acquired separately and generated in-house are initially capitalized at cost, whereas those acquired through business combination transactions are recognized at fair value as at the acquisition date.

After initial recognition, intangible assets are recognized net of the accumulated amortization and of any accumulated impairment losses. Intangible assets' useful life is assessed as finite or indefinite.

Intangible assets with finite useful life are amortized over their useful life and are tested for impairment every time signals are recorded of a possible impairment. The amortization period and approach for intangible assets with finite useful life are reassessed at least at the end of every year. Changes in the expected useful life or in the modalities with which the future economic benefits linked to the assets occur, are recognized through the change of the period or amortization approach, as the case may be, and are considered as accounting estimate changes. The amortization cost for intangible assets with finite useful life is recognized in the Income Statement in the cost category consistent with the intangible asset function.

Generally, software useful life is estimated as being five years. In compliance with IAS 38 par. 104, some large projects have been specifically identified and their useful life has been measured as being ten years.

Intangible assets with indefinite useful life, including goodwill are not amortized, but are tested for impairment annually, both at individual level and at level of cash-generating unit.

The amount of any impairment is calculated based on the difference between the recoverable value of the cash-generating unit and the book value of the same.

This recoverable value is the higher of the fair value of the cash-generating unit, net of any selling costs, and its value in use. Any subsequent writedown is recognized in the income statement.

DERECOGNITION

Intangible assets are derecognized when disposed of or when no future economic benefits are expected to be generated by the asset.

Profits or losses resulting from the derecognition of intangible assets are calculated as the difference between the net disposal revenue and the book value of the intangible asset and are recognized in the income statement for the year in which the derecognition is made.

10. Non-current assets held for sale and discontinued operations

"Non-current assets held for sale and discontinued operations" and "Liabilities in respect of assets held for sale" report non-current assets or groups of assets/liabilities which are in the process of being divested, and for which a sale is considered highly probable. In case of transactions subject to authorization to be issued by Supervisory Authorities, the Group's accounting policy, since it attaches an essential value to such authorization, provides for "Non-current Assets/Liabilities and disposal groups held for sale" to be recognized as from the date of receipt of the such authorization (whether express or tacit).

These assets/liabilities are designated at the lower between their book value and their fair value net of disposal costs. The related income and expenses (net of tax effects) are recognized as a separate item in the Income Statement.

11. Current and Deferred Taxes

The effects of current taxes and deferred tax assets and liabilities are recognized at the applicable tax rates.

Income taxes are recognized in the Income Statement, except for those referring to items directly recognized in equity.

Provisions for income tax are calculated on the basis of a prudential forecast of the current tax liability and deferred tax assets and liabilities. Specifically, deferred tax assets and liabilities are calculated on the basis of temporary timing differences – without time restrictions – between the value attributed to an asset or a liability pursuant to the Italian Civil Code and the corresponding values used for tax purposes.

Deferred tax liabilities are calculated using the so-called balance-sheet liability method.

Deferred tax assets, with regard to deductible timing differences or future tax benefits that can be gained by carrying forward tax losses, are recognized to the extent their recovery is deemed likely.

Deferred tax liabilities are recognized for all taxable temporary differences, except for the reserves on which taxation is suspended, since the amount of distributable reserves already subject to taxation makes it likely that no operations will be carried out entailing their taxation.

Deferred tax assets and deferred tax liabilities are recognized in the balance sheet with open balances and without any offsetting, taking the former under the “Tax assets” item and the latter under the “Tax liabilities” item.

Deferred tax assets and liabilities are systematically measured to reflect any changes in tax regulations or rates, as well as in any other situation applicable to the company. The effects are recognized in the Income Statement, except when these regard changes in the temporary differences in items for which accounting policies require recognition directly in equity, in which case the change in the deferred tax liability or asset is taken directly to equity.

12. Provisions for risks and charges

POST-EMPLOYMENT BENEFITS

The company pension plans, created pursuant to corporate agreements, qualify as “defined-benefit plans”.

The liability in respect of these plans and relative current service cost are determined on an actuarial basis by applying the projected unit credit method. Under this method, future outlays are projected based on analyses of time series and the demographic curve and the discounting of these cash flows using a market interest rate, as set forth in the relevant tables in the Note to the Financial Statements. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

OTHER PROVISIONS

Other provisions for risks and charges include accruals for legal or other obligations associated with employment relationships and disputes, including tax disputes, resulting from a past event for which a cash outflow to settle the obligation is likely, granted that a reliable estimate can be made of the amount.

Where the time factor is significant, provisions are discounted using current market rates. The accrual is recognized in the Income Statement and includes the increase in the provision due to the passage of time.

This item also includes long-term employee benefits, the charges for which are determined using the same actuarial criteria described for retirement benefits. Actuarial gains and losses are immediately recognized in full in the Income Statement.

13. Debt securities issued

CLASSIFICATION

“Due to banks”, “Due to customers” and “Debt securities issued” include all forms of interbank and customer funding, repurchase agreements and funding through certificates of deposit, outstanding bonds and other funding instruments, less any amounts repurchased.

RECOGNITION

These financial liabilities are initially recognized upon the signing of the contract, which usually is the date of receipt of the funds raised or the issue of debt securities.

These financial liabilities are initially recognized at fair value, which usually is equal to the amount collected or the issue price plus any additional expenses/income that can be directly attributed to the single funding or issue transaction. Internal administrative expenses are excluded.

MEASUREMENT CRITERIA

Following initial recognition, the financial liabilities are measured at amortized cost using the effective interest rate method.

This does not apply to short-term liabilities which are recognized in the amount received since the time factor is negligible.

DERECOGNITION

Financial liabilities are derecognised when they expire or are extinguished. Liabilities are also derecognized when previously issued securities are repurchased. The difference between the book value of the liability and the amount paid to repurchase it is recognized in the Income Statement.

The subsequent placement of repurchased securities on the market is treated as a new issue and is recognized at the new placement price.

14. Financial liabilities held for trading

RECOGNITION

These financial instruments are recognized at the date of subscription or at the date of issue at cost that is equal to the instrument fair value, taking no account of any transaction costs or income that can be directly attributed to the same instruments.

This item also reports the negative value of derivative contracts held for trading, as well as the negative value of derivatives that are embedded in complex contracts but that are not strictly connected to such contracts. It also includes liabilities originating from technical overdrafts generated by securities trading.

MEASUREMENT

All liabilities held for trading are designated at fair value and the result of such measurement is taken to the Income Statement.

DERECOGNITION

Financial liabilities held for trading are derecognized when the contractual rights to the relevant cash flows expire or when the financial liability is sold with substantial transfer of all risks and rewards of ownership.

15. Financial liabilities designated at fair value

No Company in the Cariparma Crédit Agricole Group has exercised the fair value option. In other words, no Group Company has opted to measure financial liabilities at fair value, taking the result of such measurement to the income statement, with the exception of financial liabilities for which IAS 39 provides for fair value measurement owing to their specific functional purpose. Therefore, only financial liabilities classified in the trading book, subject to fair value hedging and hedging derivatives are designated at fair value and the results of this measurement are recognized in the income statement.

16. Foreign currency transactions

INITIAL RECOGNITION

Transactions in a foreign currency are initially recognized in the reporting currency by translating the foreign currency amount at the exchange rate in force on the date of the transaction.

SUBSEQUENT RECOGNITION

At each annual and interim Balance Sheet date, foreign currency items are measured as follows:
- monetary items are translated at the exchange rate in force as at the reporting date;
- non-monetary items measured at historical cost are translated at the exchange rate in force as at the transaction date;
- non-monetary items designated at fair value are translated at the exchange rate in force as at the reporting date.

Exchange rate differences resulting from the settlement of monetary items or from the translation of monetary items at exchange rates other than the initial translation rate, or the translation of previous Financial Statements, are recognized in the Income Statement for the period in which they emerge.

When gains or losses relating to a non-monetary item are recognized in equity, the exchange rate difference for the item is also recognized in equity. Conversely, when gains or losses are recognized in the income statement, the relevant exchange rate difference is also recognized in the income statement.

17. Other information

NEW CATEGORIES OF NON-PERFORMING LOANS

Effective since 1 January 2015, the Bank of Italy has amended the classification of non-performing exposures (7th update to Circular No. 272 of 30 July 2008 – “Matrix of Accounts” issued by the Bank of Italy on 20 January 2015) in order to align its provisions to the definitions of Non-performing Exposures and Forbearance as set down in the Commission Implementing Regulation (EU) No. 680/2014 as amended and supplemented (“Final Draft Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures”).

The new regulation provides for the classification of non-performing exposures into three categories: “Bad debts”, “Unlikely to Pay” and non-performing “past due and/or overlimit positions”). Therefore, the substandard and restructured exposures categories have been eliminated and have been actually included in the “unlikely to pay” category.

The classification into the above-reported categories shall be made in accordance with the rules set down by Bank of Italy Circular No. 272, which are specified below:
- Bad debts (*sofferenze*): the set of on- and off-balance sheet exposures to borrowers in a state of insolvency (even when not declared by a court of law) or in an essentially equivalent situation, regardless of any loss forecasts made by the bank. Exposures whose non-performing situation can be attributed to Country Risk shall not be included in this category.

- Unlikely to Pay (*Indempienze probabili*): the set of on- and off-balance-sheet exposures which do not meet the conditions for the debtor's classification in the bad debts category and for which the bank has assessed that the debtor is unlikely to be able to fully comply with its credit obligations (principal and/or interest repayment), unless guarantees/collaterals are enforced. This assessment shall be made regardless of the existence of any past-due amounts (or instalments).

  The classification as unlikely to pay is not necessarily linked to explicitly non-performing instances (failure to repay), but it is linked to elements that indicate that the obligor is at risk of default.
- Non-performing past due and/or overlimit positions: the set of on-balance-sheet exposures, other than those classified as bad debts or unlikely to pay, which, as at the reporting date, are past due or overlimit. Non-performing past due and/or overlimit positions can be assessed with reference to, alternatively, the single debtor or the single transaction.

FORBORNE EXPOSURES – PERFORMING AND NON-PERFORMING

Within loans, single exposures are identified and classified as "forborne" (that is to say, subject to Forbearance measures), for which the Bank, due to the deterioration in the debtor's business and financial conditions (experiencing "financial difficulties"), consents to amend the original agreement conditions or to total/partial refinancing of the contract, which would not have been granted if the debtor had not been experiencing such difficulties. These exposures do not make up a separate category, but they are a shared feature across the various categories of assets and are recognized on the single position that is subject to forbearance measures.

Therefore, from among Performing Loans, Performing Forborne Exposures are identified to which the "forbearance measure" applies. In order to recover from the status as a Forborne exposure, an observation period of at least 2 year from the application of the forbearance measure (the so-called probation period) is required.

Within Non-Performing Loans, Non Performing Forborne Exposure are a category that extends across Bad Debts, Unlikely to Pay and Past due and/or overlimit exposures.

BANK RECOVERY AND RESOLUTION DIRECTIVE – 2014/59/EU (BRRD) AND DEPOSIT GUARANTEE SCHEMES DIRECTIVE – 2014/49/EU (DGSD)

The Bank Recovery and Resolution Directive (BRRD – 2014/59/EU) sets down the new resolution rules applying since 1 January 2015 to all the banks within the European Union. The measures provided for shall be financed by the National Resolution Fund that every Member State shall set up with ex-ante contributions (plus possible extraordinary ex-post contributions if certain circumstances occur).

Effective on 1 January 2016, the National Resolution Funds shall be merged into the Single Resolution Fund (SRF), managed by the Single Resolution Board (SRB). The Single Resolution Fund, provided for by the Single Resolution Mechanism Regulation, shall Reach a target level equal to at least 1% of the amount of covered deposits of all credit institutions authorised in all the Banking Union participating member states over a 8-year time horizon (1 January 2016 – 31 December 2023).

Therefore, the banks of all Member States of the Banking Union (including Italian ones) started in 2015 to contribute to the National Resolution Fund and, from 2016, will contribute to the Single Resolution Fund. The contribution rules are set down by Council Implementing Regulation (EU) 2015/81 of 19 December 2014 (published on the Italian Official Journal on 19 March 2015).

As regards Italy's implementation of the BRRD, Italian Law No. 114 of 9 July 2015 (2014 European delegation Law) has set down the standards to assign the powers, responsibilities and functions as needed to implement the Directive in Italy. The legislation procedure was completed with the issue of Italian Legislative Decrees No. 180 and 181 of 16 November 2015, which have fully implemented the BRRD in the Italian system.

Therefore, in its capacity as the Italian National Resolution Authority, the Bank of Italy set up, for 2015, with Measure No. 1226609/15 of 18 November 2015, the Italian National Resolution Fund.

For 2015, since the Fund had to be used immediately within the well-known Programme for the resolution of the crisis of some Italian Banks, the Italian National Authority called in not only ordinary (ex-ante) contributions, but also extraordinary (ex-post) contributions, equal to three years' worth of ordinary contributions. For Cariparma, the 2015 ex-ante contribution came to approximately Euro 6 million, while the ex-post contribution to about Euro 18 million, for a total amount of approximately Euro 24.1 million.

The Deposit Guarantee Schemes Directive (DGSD – 2014/49/EU) aims at strengthening protection of depositors, to harmonize the regulatory framework at a EU level and provides for all Member States to implement an ex-ante financing scheme. The Directive provides for the target level, equal to 0.8% of guaranteed deposits, to be reached by 2024 (10-year timeframe).

With a specific Bill, the Government was assigned the task and powers to implement the European Directives and other acts of the European Union (the so-called *Legge di Delegazione Europea 2014* – 2014 European Delegation Law). The above Bill was converted into Italian Law No. 114 of 9 July 2015, thus ensuring the alignment of the Italian national legislation to the European Union one.

It is reported that, for Cariparma, the 2015 ex-ante contribution to the DGS came to approximately Euro 4.6 million.

In terms of financial reporting, the contributions to the Italian National Resolution Fund and to the Deposit Guarantee Scheme (both "ordinary" and "extraordinary") have been recognized under item 150b "Administrative Expenses – other administrative expenses". The above approach is consistent with the provisions issued by the Bank of Italy with communication dated 19 January 2016 "Contributions to resolution funds: recognition and supervisory reporting".

LEASES

Leases have been recognized based on the provisions of IAS 17.

In particular the definition of a contract agreement as a lease transaction (or including a lease transaction) is based on the fact that the same agreement depends on the use of one or more specific assets and whether the agreement transfers the right of use of that asset.

Leases are considered finance leases if they transfer all risks and rewards of ownership; otherwise, leases are classified as operating leases.

Financial lease contracts for which the Cariparma Credit Agricole Group takes up the role as lessor, the assets granted in financial lease are recognized as receivables in the Balance Sheet with a value equal to the lease net investment, while interests receivable (financial components of lease fees) are recognized in the income statement, and the fee part representing capital refunding reduces the receivable value.

CLASSIFICATION OF LEASES

In the initial value of the loan also includes the so-called "initial direct costs"; more specifically, the accounting standard:

- Defines the initial direct costs as "incremental costs that are directly attributable to negotiating and arranging a lease", specifying that "the interest rate implicit in the lease is the discount rate that, at the inception of the lease, causes the aggregate present value of (a) the minimum lease payments and (b) the unguaranteed residual value to be equal to the sum of the fair value of the leased asset and any initial direct costs borne by the Lessor";
- Specifies that "Lessors include in the initial lease amount the initial direct costs borne for negotiating the lease. This treatment does not apply to Lessors that are manufacturers or dealers";
- Specifies that "the Principle does not allow initial direct costs to be recognized as expenses by the Lessors".

It is to be noted that the IAS 17 provision for the inclusion of the initial direct costs in the financial lease recognition by the Lessor essentially entails that lease receivables are treated as financial receivables measured at amortized cost.

Initial direct costs to be attributed to net investment increase include only the additional costs directly attributable to negotiating and finalizing the finance lease transaction which are certain and immediately determinable upon the initial recognition of the lease receivable, such as commission and legal expenses.

The Group has also entered into operating lease agreements as Lessee, concerning cars and other capital assets. The fees for these operating lease agreements have been recognized in the Income Statement on a straight-line basis over the duration of the agreement.

Cariparma has no finance lease contracts currently active.

INSURANCE ASSETS AND LIABILITIES

The Financial Statements of Cariparma do not report any assets or liabilities bearing insurance risks.

TREASURY SHARES

Treasury shares are deducted from Shareholders' Equity. Similarly, the original costs of these shares and any gains or losses resulting from their subsequent sale are recognized as changes in Shareholders' Equity.

LEASEHOLD IMPROVEMENT

The costs of renovating leased property are capitalized in consideration of the fact that, for the duration of the lease, the tenant has control over and enjoys the future economic benefits of the assets. These costs, classified among "Other Assets" as per the instructions issued by the Bank of Italy, are amortized over a period that does not exceed the residual duration of the lease.

The balancing item in the income statement of the above provisions is recognized under other operating expenses.

EMPLOYEE SEVERANCE ISSUED

Until 31 December 2006 the employee severance benefits of Italian companies were considered a defined-benefit plan. The regulation of these benefits was amended by Italian Law 27 December 2006, No. 296 ("Financial Act 2007") and subsequent Decrees and Regulations issued in the first months of 2007. In the light of said amendments, with particular reference to the Group companies with at least 50 employees, this item is now to be considered a defined benefit scheme exclusively for the portions accrued before 1 January 2007 (and not settled yet as at the Balance-sheet date), whereas after such date it is treated as a defined contribution scheme.

Therefore, with reference to the defined benefit scheme component the benefit cost is calculated separately for each scheme using the actuarial unitary credit projection method. Under this method, future outlays are projected based on an analysis of time series and the demographic curve, and the discounting of these cash flows using a market interest rate. Contributions paid in each period are treated as separate items, recognized and measured individually in calculating the final obligation.

The expenses for the plan are recognized under staff expenses, include interests accrued, while employees' severance benefits accrued in the year, following the supplementary pension scheme reform introduced with the 2007 Financial Act, are entirely allocated to the " defined-contribution plan".

Actuarial gains and losses, including revaluation of the portions accrued in the previous years, based on the reference ISTAT (Italian National Institute of Statistics) index, are taken to a specific equity reserve, starting from 2010.

Based on the employees' choice, the amounts are allocated to supplementary pension schemes or to the Treasury fund managed by INPS (Italian Social Security Institute). The portions allocated to the defined contribution scheme are calculated based on the contributions due for each year without applying actuarial calculation methods.

PROVISIONS FOR GUARANTEES ISSUED AND COMMITMENTS

Financial guarantee liabilities issued by the Group are the contracts requiring a payment to refund the holder of a loss following the default of a specific debtor in making the payment due at the set maturity date based on the contract clauses of the debt instrument. Financial guarantee contracts are initially recognized as liabilities at fair value, increased by the transaction costs directly attributable to the guarantee issue.

Later, liabilities are measured at the higher between the best estimate of the cost required to meet the actual obligation as at the reporting date and the amount initially recognised after deducting the accrued amortization. These guarantees have been recognized under the “Other liabilities” item, in accordance with the instructions issued by the Bank of Italy.

SHARE-BASED PAYMENT

Share-based compensation plans for employees are recognized in the Income Statement, with a corresponding increase in Shareholders’ Equity, based on the fair value of the financial instruments allocated at the grant date, divided over the time period covered by the plan.

The fair value of any options is calculated using a model that takes into account information such as the exercise price and term of the option, the current price of the shares and their expected volatility, expected dividends and the risk-free interest rate, as well as the plan specific features The measurement model separately measures the options and the probability that the conditions for granting the options will be achieved.

Any reduction in the number of financial instruments granted is recognized as a cancellation of a portion of such instruments.

REVENUE RECOGNITION

Revenues are recognised when realized or when it is probable that future benefits will be received and these future benefits can be reliably determined. Specifically:

- interest revenues are recognized on an accrual basis, using the contractual interest rate or the effective interest rate where the amortized cost method is applied;
- default interest, if any is contractually provided for, is recognized in the Income Statement only upon collection;
- dividends are recognized in the income statement when their distribution is authorized;
- commission income for revenues from services is recognized, in accordance with the terms of the relevant agreement, in the period in which the services have been provided;
- revenues from intermediation of financial instruments held for trading, calculated as the difference between the transaction price and the instrument fair value, are recognized in the Income Statement when the transaction is recognized, if the fair value can be determined with reference to parameters or transactions recently observed in the same market in which the instrument is traded.

If these values cannot be easily detected or the instrument is not highly liquid, the financial instrument is recognized at a value equal to the transaction price, less the business profit; the difference with the fair value is recognized in the Income Statement over the transaction duration with progressive reduction, in the measurement model, of the correction factor relating to the instrument’s low liquidity.

FAIR VALUE MEASUREMENT

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price) on the main (or more advantageous) market, irrespective of whether this price can be directly observed or estimated using a valuation technique. Fair value applies to each financial asset or liability on an individual basis. As an exception, it can be estimated at a portfolio level, if the strategy for the management and monitoring of risk allow it and it appropriate documentation is provided.

However, certain fair value parameters are calculated on a net basis, when a group of financial assets and financial liabilities is managed based on its net exposure to market or credit risks. This is the case for calculation of Credit Valuation Adjustment (CVA) or Debt Valuation Adjustment (DVA).

More exhaustive reporting on these parameters is given in Part A.4 of the Note to the Financial Statements.

ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE ON A RECURRING BASIS

For financial instruments that are to be designated and recognized at fair value pursuant to the international financial reporting standards, the fair value is determined using prices from financial markets in the case of financial instruments listed in active markets, or using internal measurement models for other financial instruments.

A market is considered active if quoted prices, representing actual and regular market transactions occurring during an appropriate reference period, are readily and regularly available from sources such as stock exchanges, stockbrokers, intermediaries, industry companies, pricing services or authorized bodies. Collective investment schemes (EFT), spot exchange transactions, futures, options and equity securities listed on a regulated market are considered as traded on a regulated market. Bonds for which at least two executable prices can be detected on a quotation service with a bid-asking spread that is less than an interval deemed consistent are also considered as traded in an active market. Otherwise, all securities, derivatives and hedge funds that do not belong to the above categories are not considered as traded on an active market.

For financial instruments traded on active markets, the price is used which is defined as “official”, as at the closure of the reference period.

In the case of financial instruments for which the bid-ask spread is immaterial, or for financial assets and liabilities capable of offsetting market risk, a “mid-price” is used, i.e. the average market price (on the last day of the reference period) instead of the bid or ask price.

Where there is no active, liquid market, the fair value of financial instruments is defined mainly by using standard measurement techniques designed to establish what the transaction price would have been on the measurement date in an arm’s length trade carried out for normal market reasons. In incorporating all the factors that operators would consider in setting the price, development of the valuation models takes into account the time value of money at the risk-free rate, the volatility of the financial instrument, as well as, where applicable, exchange rates, commodity prices and stock prices.

With finance products for which the fair value determined with measurement techniques cannot guarantee a sufficient degree of reliability, the value is prudentially calculated as the fair value at the reference date communicated by the parties with which the transactions were signed.

The measurement method chosen for a financial instrument is applied consistently over time and may only be altered if significant changes in market conditions or the subjective condition of the issuer of the financial instrument occur.

For bonds and derivative contracts, measurement models globally accepted have been defined, which refer to market parameters (communicated by the Parent Company Crédit Agricole), to the time value of money and to risk-free rates.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; variable-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameters.

Derivative contracts are measured using specific calculation algorithms and specific numerical procedures according to the type of the different categories of transactions.

Stocks are measured considering the direct transactions, that is, significant transactions on the security registered in a sufficiently short timeframe with respect to the time of measurement and in constant market conditions, the comparable transactions by companies operating in the same sector and supplying the same type of products and services as the associated company being evaluated provides, application of the average of significant stock exchange multiples of companies of a comparable financial size to the financial aggregates of the investee and, finally, financial, income and equity measurement methods.

ASSETS AND LIABILITIES THAT ARE NOT DESIGNATED AT FAIR VALUE OR ARE DESIGNATED AT FAIR VALUE ON A NON-RECURRING BASIS

For financial instruments held for sale and for those assets and liabilities recognized at cost or amortized cost, the fair value for reporting purposes or given as information in the Note to the financial statements is calculated as follows:

- medium- and long-term assets and liabilities are primarily measured by discounting future cash flows, taking account of the riskiness of the relevant portfolio;
- a good approximation of the fair value of demand or short-term assets and liabilities is represented by the initial book value, net of collective/individual writedowns;
- the book value of non-performing loans (bad debts, unlikely to pay and past-due positions) is deemed to be a reasonable fair value approximation;
- the book value initially recognized of floating-rate and short-term fixed-rate securities is deemed a reasonable fair value approximation, due to the fact that it reflects both the change in rates and the measurement of the credit risk associated with the issuer. An analogous approach is applied for the fair value measurement of medium-/long-term fixed-rate securities and structured securities that are hedged for interest rate risk, for which the book value determined for hedge accounting purposes already takes account of interest rate risk measurement. For the latter, in determining the fair value reported in the Note to the financial statements, changes in their credit spread were not taken into account, considering the same within the Crédit Agricole Group.

With regard to real estate, for which the fair value is calculated only for the purposes of disclosure in the Note to the financial statements, reference is made to a value primarily based on appraisals by independent experts, considering transactions at current prices in an active market for similar properties in the same geographical area and under the same conditions for leases and other contracts.

AMORTIZED COST CALCULATION METHOD

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is designated at initial recognition minus principal repayments, plus or minus the cumulative amortization, calculated using the effective interest method, of any difference between the initial amount and the amount at maturity, and minus any impairment loss.

The effective interest rate is the rate that exactly discounts the estimated future cash flows generated by the financial asset or liability up to maturity or the subsequent repricing date to the present value of the financial asset or liability.

To calculate the present value, the effective interest rate is applied to future cash flows or payments over the life of the financial asset or liability or for a shorter period of time under certain conditions (for example, changes in market rates).

Subsequent to initial recognition, the amortized cost method makes it possible to allocate revenues and costs decreasing or increasing the value of the instruments over their expected lifetime, through the amortization process. The determination of the amortized cost varies according to whether the financial assets/liabilities being assessed are at fixed or variable rate, and – in the latter case – according to whether the rate variability is known or not beforehand. For fixed-rate instruments, or instruments with fixed rate over specified time periods, future cash flows are measured using the known interest rate (single or variable) over the life of the loan. For floating rate financial assets and liabilities whose variability is not known ahead of time (e.g. because it is linked to an index), cash flows are determined using the last known rate. Each time the rate is changed, the amortization schedule is recalculated, as is the effective rate of return over the entire useful life of the instruments, i.e. to maturity. Any adjustments are recognized as expense or income in the Income Statement.

Amortized cost is calculated for loans and receivables, investments held to maturity financial assets available for sale, debt and debt securities issued.

Financial assets and liabilities traded on an arm's length basis are initially recognized at fair value, which normally corresponds to the amount received or paid, including, for instruments measured at amortized cost, directly attributable transaction costs and commissions.

Transaction costs are marginal internal or external costs or revenues that are directly attributable to the issue, acquisition or disposal of a financial instrument that cannot be charged to the customer. These commissions, which must be directly attributable to individual financial assets or liabilities, affect the original effective rate of return and cause the effective interest rate associated with the transaction to vary from the contractual interest rate. Transaction costs do not include costs and revenues that apply, indiscriminately, to more than one transaction and components relating to events that could occur over the life of the instruments that are not certain at the time the instrument is initially prepared, such as: commissions for retrocession, failure to use a credit line, early repayment, underwriting, facility and arrangement.

In addition, not considered in the amortized cost calculation are the costs that the Group would sustain independently of the transaction (for example, administrative costs, recording and communication expenses), nor those that, though specifically attributable to the transaction, fall within normal loan management practices (for example, activities associated with disbursement of the loan), as well as commissions for services collected for the completion of Structured Finance operations, which would however have been collected independently of the subsequent financing of the transaction (such as, for example, arrangement commissions).

With specific reference to loans, costs attributable to the financial instrument include commission paid to distribution channels, fees paid for advice/assistance to the organization and/or participation in syndicated loans, expenses borne for loans acquired by subrogation and, finally, up-front commissions relating to loans granted at a higher-than-market rates; while the revenues considered in the calculation of amortized cost are up-front commissions relating to loans granted at lower-than-market rates, commissions for participation in syndicated transactions and brokerage fees linked to commissions paid by intermediation companies.

As to securities not classified as held for trading, transaction costs include commissions on contracts with stockbrokers operating in Italian markets, commissions paid to intermediaries operating in foreign stock and bond markets based on a prepared schedule of commissions. The amortized cost does not include stamp duties, as these are deemed immaterial.

With regard to securities issued, amortized cost is calculated taking into account commission for placing debenture loans paid to third parties, legal expenses, fees paid to stock exchanges and fees paid to auditors for work done on each individual issue, while the amortized cost excludes commissions paid to rating agencies, legal and advice/ audit expenses for the annual update of prospectuses, expenses for the use of indexes and commissions that arise during the life of the debenture loan issued.

Following initial measurement, they are measured at amortized cost, reporting effective interest rates that are higher or lower than the nominal rates. Finally, structured assets or liabilities not assessed at fair value are assessed at amortized cost as well, and attributed to the Profit and Loss Account where the derivative contract incorporated in the financial instrument is separated and entered separately.

Hedged financial assets and liabilities, for which changes in fair value with respect to the hedged risk are recognized in the income statement, are not measured at amortized cost. However, the financial instrument is once again measured at amortized cost where the hedge terminates. From that moment, previously recognized changes in fair value are amortized, calculating the new effective interest rate that takes account of the value of the loan adjusted for the fair value of the hedged item, up to the originally scheduled expiry of the hedge. Moreover, as stated previously in the section on measuring loans and receivables, debt and debt securities issued, the amortized cost method does not apply to short-term financial assets and liabilities since the impact of discount is negligible, and does not apply to to loans without a specified maturity or loans subject to revocation.

METHOD TO CALCULATE IMPAIRMENT LOSSES

● *FINANCIAL ASSETS*

At every reporting date, financial assets not classified as “Financial Assets held for trading” undergo impairment testing to determine whether there is objective evidence that their book value is not fully recoverable.

Impairment exists where there is objective evidence of a reduction in future cash flows compared with the ones originally estimated, following the occurrence of specific events. It must be possible for the loss to be measured reliably and it must be correlated with actual, not merely expected, events.

Impairment is measured on an individual basis for financial assets that show specific evidence of impairment, and collectively for financial assets for which individual measurement is not required or for which individual measurement has not determined any writedown.

As regards loans to customers and loans to banks, measurement on an individual basis is applied to those classified as bad debts or unlikely to pay, in accordance with the Bank of Italy definitions and consistently with the IAS/IFRS.

Non-performing loans are measured individually and the amount of the writedown of each loan is equal to the difference between the book value of the loan at the time of measurement (amortized cost) and the present value of expected future cash flows, calculated by applying the original effective interest rate.

Expected cash flows take account of expected recovery times, the assumable realizable value of any security, as well as the costs likely to be incurred to recover the claim. Cash flows from loans for which recovery is expected in the short-term are not discounted, since the impact of the time factor is deemed immaterial.

Loans for which no objective evidence of impairment has been found on an individual basis undergo collective impairment testing. To this end performing loans are subdivided into categories with uniform credit risk profile, referred to as “rating grades”, and the scope of application is defined by identifying “sensitive” loans, considered as loans that implicitly include the possibility of incurred losses.

The collective impairment value of sensitive loans is, therefore, calculated applying the percentage expressing the Probability of Default assigned to the rating grade, considering also the residual life of the loan (maturity) and the loss given default rate, defined in a perspective of Basel 2 prudential supervision. The loss given default rate is, moreover, further corrected by a sector coefficient, established based on the run-off rates published by the Bank of Italy. The impairment loss measurement also takes into account the risk associated with the counterparty’s country of residence.

Please, see the relevant section of the notes for information on how the fair value is calculated.

● *OTHER NON-FINANCIAL ASSETS*

Property, plant and equipment and intangible assets with a finite useful life undergo impairment testing if there is evidence that the book value of the asset can no longer be recovered.

The recoverable value is calculated for each single asset, except in case this asset generates cash flows that are not widely independent of those generated by other assets or groups of assets.

If the book value of an asset is higher than its recoverable value, that asset is impaired and consequently written down to the recoverable value.

The recoverable value is determined with reference to the fair value of the asset, excluding disposal costs, or value in use, if calculable and higher than the fair value.

The fair value of property is mainly determined on the basis of appraisals by independent experts. The appraisal is updated whenever there is a change in the property market trend that could affect the validity of the previous estimates and, in any case, every three years. Impairment losses are recognized only when the fair value, net of sale costs, or the value in use of the asset is lower than its book value for three consecutive years.

For other Property, plant and equipment items and intangible assets (other than goodwill), Cariparma determines the value in use as the present value of the estimated future cash flows using a discount rate before-taxes reflecting market data (the current cost of money and asset-specific risks).

SEGMENT REPORTING METHOD

The Bank is required to present a segment report, as required by IFRS 8.

The sectors of economic activity included in segment reporting are determined based on the Group’s organisational and management structure.

The Group's business segments are:
- Retail/Private Banking;
- Large-corporate/Mid-corporate;
- Other/sundry.

For segment reporting purposes, management figures, suitably reconciled with Financial Statement figures, have been used. The methods used for the impairment testing of goodwill are reported in point 13.3 – Assets.

A.3 Disclosure of transfers of financial assets between portfolios

In 2015, no transfers between portfolios were made.

A.4 Fair value reporting

QUALITATIVE DISCLOSURES

CLASSIFICATION OF FINANCIAL INSTRUMENTS AND OF NON-FINANCIAL ASSETS/LIABILITIES

Reporting on the fair value hierarchy as required by IFRS 13 applies to financial instruments and to non-financial assets/liabilities that are designated at fair value (irrespectively of whether they are designated on a recurring or non-recurring basis). The standard classifies fair value into three different levels based on the observability of the inputs used for its measurement:
- **Level 1:** Fair value equal to quoted prices (with no adjustments) in active markets. Level 1 includes financial instruments that are quoted on active markets.

Specifically, these financial instruments are stocks and bonds quoted on active markets, investment schemes quoted on active markets (EFT) and derivatives traded on regulated markets.

Markets are considered active if the quotations are easily and regularly available on the stock exchange, from brokers, intermediaries, price quotation services or regulatory agencies and these prices represent actual transactions that are regularly carried out in the market on an arm's length basis.
- **Level 2:** Fair value determined using measurement models that are universally acknowledged and based on observable or indirectly observable market inputs.

These data are directly observable or indirectly observable (for example, determining the interest rate curve based on the interest rates that can be observed directly on the market as at a reference date).

Level 2 includes:
  - stocks and bonds that are quoted on markets considered inactive or that are not quoted on an active market, but whose fair value is determined using a universally acknowledged measurement model based on observable or indirectly observable inputs;
  - financial instruments whose fair value is determined with measurement models using observable market inputs.
- **Level 3:** Financial instruments whose fair value is determined using, to a significant extent, inputs that do not meet the set observability requirements.

The fair value of some complex instruments that are not traded on active markets is determined with measurement techniques based on inputs that are not observable on the market.

The above are mainly complex interest rate instruments, stock derivatives and structured loans, where the measured correlation or volatility inputs are not directly comparable to market inputs.

Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA)

In accordance with the IFRS 13 regulatory framework, derivatives shall be priced based on market factors, as well as on the possible effects of the risk of the counterparty's default, which comprises the risk associated to the counterparty's creditworthiness, by calculating the Credit Valuation Adjustment (CVA) and the Debit Valuation Adjustment (DVA).

CVA is the value adjustment of an OTC derivative contract entered into by the Bank with an external counterparty, which reflects the possible loss resulting from the worsening of the creditworthiness/default of the counterparty.

In a mirror-like way, the DVA expresses the CVA from the external counterparty's standpoint and consists in an adjustment of the derivative fair value based on the change in the creditworthiness of the Bank (issuer).

Based on the above, the value of a portfolio of OTC derivatives that are in force with a market counterparty, is equal to the value of the same risk-free portfolio less the CVA plus the DVA.

As provided for by the IFRS13, in certain conditions, risk mitigation tools may be used, such as ISDA master agreements and Credit Support Annexes (CSA).

By signing ISDA Master Agreements, which are framework agreements that amount to the reference international standard on OTC derivatives, the Bank can calculate the CVA and DVA by netting set or by counterparty, after assessing the netting effect potentially resulting from such Agreements, rather than calculating it by single derivative.

Much in the same way, risks can be mitigated by finalizing Credit Support Annexes (CSA), which are attached to the ISDA Mater Agreement and provide for the deposit with the creditor of an amount equal to the mark-to-market value of the exposure as collateral.

Such collateral allows the present exposure and the subsequent risk to be reduced and provides, on a regular basis, for the exposure to be recalculated in order to verify that the deposited amount is consistent.

In accordance with the IFRS 13, the Cariparma Group has adopted a model implemented by the Parent Company Crédit Agricole SA; in addition to the effects of any changes in the counterparty's creditworthiness (Credit Valuation Adjustment – CVA), this model also expresses any changes in the Group's creditworthiness (Debit Value Adjustment – DVA).

In accordance with the model, the calculation of the CVA depends on the exposure, on the probability of default (PD) and on the Loss Given Default (LGD) of the counterparties.

This model provides for the use of a forward-looking PD as a function of the type of counterparty, to which a CDS spread or a CDS proxy is assigned. For this purpose, the external counterparties are classified into three categories:

- the first category includes the counterparties for which CDS input parameters are directly observable in the market;
- the second category includes counterparties for which there is no official quoted parameter, but to which a CDS proxy can be assigned, based on the observable market value that is given to counterparties with the same characteristics in terms of economic activity sector, rating and geographical area;
- the third category includes the counterparties to which a proxy cannot be assigned and for which, therefore, historical data are used.

On the other hand, the DVA calculation depends on the Bank's exposure, probability of default (PD) and Loss Given Default (LGD) and this measure expresses the potential earnings from the change in the market prices of the relevant derivative, due to the worsening of the Issuer Bank's creditworthiness.

In this case, a forward-looking PD is used which reflects the Group's credit risk.

As at 31 December 2015, the CVA value for Cariparma, calculated in accordance with the method reported above, was Euro 10.5 million.

Similarly, as at 31 December 2015, the DVA value was Euro 0.9 million.

The difference between the CVA and DVA amounts as calculated, equal to Euro 9.6 million, is a negative income component and, as such, has been recognized in the Income Statement.

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

Level 2: this level includes all financial instruments for which there is no active market, but whose measurement is based on observable market inputs. Therefore, universally acknowledged measurement models have been set, which refer to observable market inputs.

Specifically, fixed-rate bonds relating to financial assets or liabilities are measured using the discounted cash flow method pursuant to the security contractual scheme; variable-rate bonds are measured by discounting back future cash flows estimated on the basis of the forward rates with the application of index-linking parameters.

Derivative contracts are measured using specific calculation algorithms according to the type of the different categories of transactions.

Level 3: this level includes all financial instruments for which there is no active market and whose measurement is not based on observable market inputs, it also includes the measurements communicated by qualified market players.

A.4.2 Processes and sensitivity of measurement

The Financial Management Division of Cariparma is responsible for verifying the fair value categorization of the financial instruments recognized. Choosing between the above methods is not an option, since they must be applied in a hierarchical order: absolute priority is given to official prices that are available on active markets for assets and liabilities to be measured (Level 1) or for assets and liabilities that are measured using techniques based on parameters that are observable on the market (Level 2); lower priority is given to assets and liabilities whose fair value is determined based on measurement techniques referring to parameters that are unobservable on the market and, thus, more discretionary (Level 3).

IFRS 13 also requires that, for recurring fair value measurements categorized within Level 3 of the fair value hierarchy, a narrative description is given of the sensitivity of the fair value measurement to changes in unobservable inputs, if a change in those inputs could result in a significantly higher or lower fair value measurement.

In this regard, it is reported that the case under examination does not apply to the L3 financial instruments classified as Held for Trading and AFS Indeed, unobservable inputs that can affect the measurement of financial instruments classified as Level 3 mainly consist in estimates and assumptions underlying the models used to measure investments in equity securities and OTC derivatives. For these investments no quantitative sensitivity analysis of the fair value based on the change in unobservable inputs was carried out, since either the fair value was obtained from third-party sources without any adjustments or resulted from a model whose inputs are specific for the entity being measured (for example the company equity values) and for which alternative values cannot be reasonably assumed.

Reference is made to the breakdown analysis of the composition of these cases, which is reported in the next section on quantitative disclosures.

A.4.3 Fair value hierarchy

For assets and liabilities recognized, the Financial Management Division assesses whether transfers between fair value levels have occurred and reviews the fair value categorization at each reporting date.

The Financial Management Department moves financial instruments from level 1 to level 2 only in case of financial instruments that are quoted in a regulated but not active market and that can be measured using the Group's internal standard pricing models.

The Financial Management Department makes transfers to Level 3 only for financial instruments that are no longer listed in a regulated market and that cannot be measured using standard internal pricing models of the Group.

A.4.4 Other information

The cases provided for by IFRS 13 at paragraphs 51, 93 item (i) and 96 did not apply to the Group.

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

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

Financial assets/liabilities designated at fair value	31.12.2015			31.12.2014		
	L1	L2	L3	L1	L2	L3
1. Financial assets held for trading	3	100,263	39	25	188,642	9,867
2. Financial assets designated at fair value	-	-	-	-	15,972	-
3. Financial assets available for sale	4,237,937	-	176,531	4,601,568	-	222,742
4. Hedging derivatives	-	511,573	-	-	710,803	-
5. Property, plant and equipment	-	-	-	-	-	-
6. Intangible Assets	-	-	-	-	-	-
Total	**4,237,940**	**611,836**	**176,570**	**4,601,593**	**915,417**	**232,609**
1. Financial liabilities held for trading	-	109,753	-	-	198,161	9,845
2. Financial liabilities designated at fair value	-	-	-	-	-	-
3. Hedging derivatives	-	215,059	292,478	-	271,279	260,931
Total	**-**	**324,812**	**292,478**	**-**	**469,440**	**270,776**

The impact resulting from applying CVA and DVA on the fair value measurement of derivatives classified in the “Financial Asset held for trading” item came to Euro 9,627 thousand.

As at the reporting date, Cariparma portfolios designated at fair value, i.e. the portfolio of available-for-sale financial assets (AFS) and hedging derivatives, consisted by 84.3% of financial assets qualifying to be allocated in class L1, with an essentially unchanged weight vs. the previous year. For the most part this category consists of Italian and French Government securities (Euro 4,222.5 million).

On the other hand, the financial assets allocated to class L2 mainly consist of OTC derivatives held for hedging (Euro 511.6 million) and held for trading (Euro 100.3 million).

The portfolio of AFS financial assets designated at fair value and falling within class L3 consists of unlisted equity securities that have been measured using internal models mainly equity-based (Euro 170.3 million) and Index-linked policies with underlying assets issued by Glitnir Banki Hf (Euro 5.8 million).

The portfolio of hedging derivatives with class L3 fair value consists of derivatives whose value has been measured using techniques based on assumptions that do not rely on market inputs.

A.4.5.2 Changes for the period in assets designated at fair value on a recurring basis (level 3)

	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for sale	Hedging derivatives	Property, plant and equipment	Intangible Assets
1. Opening balance	**9,867**	**-**	**222,742**	**-**	**-**	**-**
2. Increases	**1,937**	**-**	**3,557**	**-**	**-**	**-**
2.1 Purchases	1,903	-	2,149	-	-	-
2.2 Profits recognized in:						
2.2.1 Income Statement	34	-	938	-	-	-
- of which: Capital gains	-	-	-	-	-	-
2.2.2 Equity	X	X	470	-	-	-
2.3 Transfers from other levels	-	-	-	-	-	-
2.4 Other increases	-	-	-	-	-	-
3. Decreases	**11,765**	**-**	**49,768**	**-**	**-**	**-**
3.1 Sales	1,937	-	6,018	-	-	-
3.2 Redemptions	9,828	-	43,127	-	-	-
3.3 Losses recognized in:						
3.3.1 Income Statement	-	-	38	-	-	-
- of which Capital losses	-	-	-	-	-	-
3.3.2 Equity	X	X	579	-	-	-
3.4 Transfers to other levels	-	-	-	-	-	-
3.5 Other decreases	-	-	6	-	-	-
4. Closing Inventories	**39**	**-**	**176,531**	**-**	**-**	**-**

A.4.5.3 Changes for the period in liabilities designated at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
1. Opening balance	**9,845**	**-**	**260,931**
2. Increases	**-**	**-**	**77,075**
2.1 Issues	-	-	65,240
2.2 Losses recognized in:			
2.2.1 Income Statement	-	-	11,835
- of which Capital losses	-	-	11,835
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
3. Decreases	**9,845**	**-**	**45,528**
3.1 Redemptions	9,845	-	40,851
3.2 Repurchases	-	-	-
3.3 Profits recognized in:			
3.3.1 Income Statement	-	-	4,677
- of which capital gains	-	-	4,677
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
4. Closing Inventories	**-**	**-**	**292,478**

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

Assets and liabilities that are not designated at fair value or are designated at fair value on a non-recurring basis	31.12.2015				31.12.2014			
	VB	L1	L2	L3	VB	L1	L2	L3
1. Investments held to maturity	-	-	-	-	-	-	-	-
2. Loans to banks	4,200,736	-	4,200,736	-	4,037,290	-	4,037,290	-
3. Loans to Customers	27,444,047	-	-	29,133,162	28,302,918	-	-	29,809,177
4. Investment property	8,505	-	-	20,900	7,138	-	-	19,284
5. Non-current assets and disposal group	-	-	-	-	-	-	-	-
Total	**31,653,288**	**-**	**4,200,736**	**29,154,062**	**32,347,346**	**-**	**4,037,290**	**29,828,461**
1. Due to banks	4,870,847	-	4,870,847	-	6,990,082	-	6,990,082	-
2. Due to Customers	21,465,749	-	21,465,749	-	18,631,839	-	18,631,839	-
3. Debt securities issued	8,753,616	-	7,932,188	831,807	9,691,561	-	8,441,471	1,272,727
4. Non-current liabilities held for sale and discontinued operations	-	-	-	-	-	-	-	-
Total	**35,090,212**	**-**	**34,268,784**	**831,807**	**35,313,482**	**-**	**34,063,392**	**1,272,727**

The book value recognized for non-performing loans, classified at Level 3 of the fair value hierarchy is assumed to be a reasonable approximation of the fair value. This assumption is based on the fact that the fair value calculation is mainly affected by recovery expectations based on the manager's subjective assessment.

Similarly, it is pointed out that the fair value of performing loans, classified at Level 3 has been calculated based on models that use mainly unobservable inputs (e.g: internal risk parameters).

Because of these reasons, as well as because there is no secondary market, the fair value recognized, for disclosure purposes only, could be even significantly different from the prices of any disposals.

■ A.5 – Reporting on "day one profit/loss"

Paragraph 28 of IFRS 7 governs the specific situation where, in case of purchase of a financial instrument that is designated at fair value but not listed on an active market, the transaction price, which generally amounts to the fair value best estimate upon initial recognition, is different from the fair value determined based on the measurement techniques used by the entity.

In this case, a measurement profit/loss is realized upon acquisition, which shall be adequately disclosed by financial instrument class.

It is reported that this case does not apply to Cariparma financial statements.

PART B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents – Item 10

CASH AND CASH EQUIVALENTS: COMPOSITION

	31.12.2015	31.12.2014
a) Cash	161,619	194,040
b) Demand deposits with Central Banks	1,150,000	-
Total	**1,311,619**	**194,040**

Section 2 – Financial assets held for trading – Item 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. On-balance-sheet assets						
1. Debt securities	3	-	39	25	31	40
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	3	-	39	25	31	40
2. Equity securities	-	-	-	-	-	-
3. Units in collective investment undertakings	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total A	**3**	**-**	**39**	**25**	**31**	**40**
B. Derivatives						
1. Financial Derivatives	-	100,263	-	-	188,611	9,827
1.1 held for trading	-	100,263	-	-	188,611	9,827
1.2 associated with fair value option	-	-	-	-	-	-
1.3 other	-	-	-	-	-	-
2. Credit Derivatives	-	-	-	-	-	-
2.1 held for trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total B	**-**	**100,263**	**-**	**-**	**188,611**	**9,827**
Total (A+B)	**3**	**100,263**	**39**	**25**	**188,642**	**9,867**

2.2 FINANCIAL ASSETS HELD FOR TRADING: COMPOSITION BY DEBTOR/ISSUER

Items/Values	31.12.2015	31.12.2014
A. On-balance-sheet assets		
1. Debt securities	**42**	**96**
a) Governments and central banks	3	4
b) Other public entities	-	-
c) Banks	38	70
d) Other issuers	1	22
2. Equity securities	-	-
a) Banks	-	-
b) Other issuers:	-	-
- Insurance undertakings	-	-
- financial companies	-	-
- non-financial corporations	-	-
- Other	-	-
3. Units in collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total A	**42**	**96**
B. Derivative instruments		
a) Banks	-	-
- fair value	8,872	79,384
b) Customers	-	-
- fair value	91,391	119,054
Total B	**100,263**	**198,438**
Total (A+B)	**100,305**	**198,534**

Section 3 – Financial assets designated at fair value – Item 30

3.1 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**-**	**-**	**-**	**-**	**15,972**	**-**
1.1 Structured Securities	-	-	-	-	15,972	-
1.2 Other debt securities	-	-	-	-	-	-
2. Equity securities	**-**	**-**	**-**	**-**	**-**	**-**
3. Units in collective investment undertakings	**-**	**-**	**-**	**-**	**-**	**-**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
4.1 Structured loans	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**15,972**	**-**
Cost	**-**	**-**	**-**	**-**	**-**	**-**

A security resulting from a debt restructuring instance (the so-called convertendo Unipol SAI) was classified in this category and was converted on 31 December 2015 into Unipol SAI stocks, which have been classified as AFS.

3.2 FINANCIAL ASSETS DESIGNATED AT FAIR VALUE: COMPOSITION BY DEBTOR/ISSUER

Items/Values	31.12.2015	31.12.2014
1. Debt securities	**-**	**15,972**
a) Governments and central banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	-	15,972
2. Equity securities	**-**	**-**
a) Banks	-	-
b) Other issuers:	-	-
- Insurance undertakings	-	-
- financial companies	-	-
- non-financial corporations	-	-
- Other	-	-
3. Units in collective investment undertakings	**-**	**-**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	**-**	**15,972**

Section 4 – Financial assets available for sale – Item 40

4.1 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY TYPE

Items/Values	31.12.2015			31.12.2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	**4,222,492**	**-**	**5,775**	**4,601,529**	**-**	**48,982**
1.1 Structured Securities	-	-	-	-	-	-
1.2 Other debt securities	4,222,492	-	5,775	4,601,529	-	48,982
2. Equity securities	**15,445**	**-**	**170,297**	**39**	**-**	**173,260**
2.1 Designated at fair value	15,445	-	167,895	39	-	168,298
2.2 Measured at cost	-	-	2,402	-	-	4,962
3. Units in collective investment undertakings	**-**	**-**	**459**	**-**	**-**	**500**
4. Loans	**-**	**-**	**-**	**-**	**-**	**-**
Total	**4,237,937**	**-**	**176,531**	**4,601,568**	**-**	**222,742**

The equity securities held and designated as level 1 fair value consist of Unipol SAI stocks that were assigned to Cariparma at maturity of the *convertendo* (which, in 2014, was recognized in the “Financial assets designated at fair value” category).

The main equity securities measured at cost (considering that there is no active market, not even a secondary one, and the standard measurement methods cannot be used due to the specific operations performed) are:
- Cattleya S.r.l. (book value Euro 500 thousand).
- Wildside S.r.l (book value Euro 1,500 thousand)
- CA Fiduciaria S.p.A. (book value Euro 400 thousand).

In general, equity securities have been measured at cost, since it was not possible to reliably measure their fair value, because, for such securities, there is no active marker, there were no recent transactions, similar securities could not be found adequate measurement models could not be applied given that there were no estimated future cash flows.

4.2 FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION BY DEBTOR/ISSUER

Items/Values	31.12.2015	31.12.2014
1. Debt securities	**4,228,267**	**4,650,511**
a) Governments and central banks	4,222,492	4,601,529
b) Other public entities	-	-
c) Banks	-	-
d) Other issuers	5,775	48,982
2. Equity securities	**185,742**	**173,299**
a) Banks	152,350	152,350
b) Other issuers	33,392	20,949
- Insurance undertakings	15,446	-
- financial companies	1,768	639
- non-financial corporations	16,178	20,310
- Other	-	-
3. Units in collective investment undertakings	**459**	**500**
4. Loans	**-**	**-**
a) Governments and central banks	-	-
b) Other public entities	-	-
c) Banks	-	-
d) Other parties	-	-
Total	**4,414,468**	**4,824,310**

The units of collective investment undertakings refer to the Fondo Immobiliare Leopardi.

4.3 FINANCIAL ASSETS AVAILABLE FOR SALE SUBJECT TO MICRO-HEDGING (SPECIFICALLY HEDGED)

As at 31 December 2015, securities in the micro-hedge portfolio for interest rate risk were recognized amounting to Euro 4,103 million and securities in the micro-hedge portfolio for price risk amounting to Euro 25 million.

Section 6 – Loans to banks – Item 60

6.1 LOANS TO BANKS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015				31.12.2014			
	VB	FV			VB	FV		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Claims on Central Banks	**294,284**	**-**	**294,284**	**-**	**419,255**	**-**	**419,255**	**-**
1. Fixed-term deposits	-	X	X	X	-	X	X	X
2. Reserve requirement	294,284	X	X	X	419,255	X	X	X
3. Repurchase agreements	-	X	X	X	-	X	X	X
4. Other	-	X	X	X	-	X	X	X
B. Loans to Banks	**3,906,452**	**-**	**3,906,452**	**-**	**3,618,035**	**-**	**3,618,035**	**-**
1. Loans	3,555,739	-	-	-	2,709,286	-	-	-
1.1 Current accounts and demand deposits	190,071	X	X	X	204,331	X	X	X
1.2 Fixed-term deposits	2,739,027	X	X	X	2,457,447	X	X	X
1.3 Other loans:	626,641	X	X	X	47,508	X	X	X
1.3.1 Repurchase agreements for lending purposes	-	X	X	X	-	X	X	X
1.3.2 Finance leases	-	X	X	X	-	X	X	X
1.3.3 Other	626,641	X	X	X	47,508	X	X	X
2. Debt securities	350,713	-	-	-	908,749	-	-	-
2.1 Structured Securities	-	X	X	X	-	X	X	X
2.2 Other debt securities	350,713	X	X	X	908,749	X	X	X
Total	**4,200,736**	**-**	**4,200,736**	**-**	**4,037,290**	**-**	**4,037,290**	**-**

Key:
FV = fair value
VB = book value

As at 31 December 2015, there were no non-performing loans to banks.

6.2 LOANS TO BANKS SUBJECT TO MICRO-HEDGE (SPECIFICALLY HEDGED)

As at 31 December 2015, there were no loans to banks in the micro-hedge portfolio.

6.3 FINANCE LEASES

As at 31 December 2015, there were no loans to banks resulting from finance lease transactions.

Section 7 – Loans to customers – Item 70

7.1 LOANS TO CUSTOMERS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015						31.12.2014					
	Book value			Fair value			Book value			Fair value		
	Performing	Non-performing		L1	L2	L3	Performing	Non-performing		L1	L2	L3
		Purchased	Other					Purchased	Other			
Loans	**25,112,377**	**-**	**2,171,308**	**-**	**-**	**28,972,800**	**26,093,197**	**-**	**2,078,480**	**-**	**-**	**29,677,936**
1. Current accounts	1,892,718	-	512,851	X	X	X	2,280,287	-	489,920	X	X	X
2. Repurchase agreements for lending purposes	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgage loans	17,112,617	-	1,418,492	X	X	X	16,944,039	-	1,323,761	X	X	X
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	233,092	-	11,036	X	X	X	330,463	-	13,192	X	X	X
5. Finance leases	-	-	-	X	X	X	-	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	5,873,950	-	228,929	X	X	X	6,538,408	-	251,607	X	X	X
Debt securities	**160,362**	**-**	**-**	**-**	**-**	**160,362**	**131,241**	**-**	**-**	**-**	**-**	**131,241**
8 Structured Securities	-	-	-	X	X	X	131,241	-	-	X	X	X
9 Other debt securities	160,362	-	-	X	X	X	-	-	-	X	X	X
Total	**25,272,739**	**-**	**2,171,308**	**-**	**-**	**29,133,162**	**26,224,438**	**-**	**2,078,480**	**-**	**-**	**29,809,177**

Key:
L1 = level 1
L2 = level 2
L3 = level 3

7.2 LOANS TO CUSTOMERS: COMPOSITION BY DEBTOR/ISSUER

Type of transactions/Values	31.12.2015			31.12.2014		
	Performing	Non-performing		Performing	Non-performing	
		Purchased	Other		Purchased	Other
1. Debt securities:	**160,362**	**-**	**-**	**131,241**	**-**	**-**
a) Governments	-	-	-	-	-	-
b) Other public entities	-	-	-	-	-	-
c) Other issuers	160,362	-	-	131,241	-	-
- non-financial corporations	-	-	-	-	-	-
- financial companies	-	-	-	-	-	-
- insurance undertakings	160,362	-	-	131,241	-	-
- Other	-	-	-	-	-	-
2. Loans to:	**25,112,377**	**-**	**2,171,308**	**26,093,197**	**-**	**2,078,480**
a) Governments	24,908	-	-	12,718	-	-
b) Other public entities	67,889	-	4,832	71,080	-	4,458
c) Other parties	25,019,580	-	2,166,476	26,009,399	-	2,074,022
- non-financial corporations	9,664,994	-	1,711,234	10,352,292	-	1,625,573
- financial companies	4,407,836	-	37,082	5,037,002	-	25,122
- insurance undertakings	56,964	-	4	54,067	-	1
- Other	10,889,786	-	418,156	10,566,038	-	423,326
Total	**25,272,739**	**-**	**2,171,308**	**26,224,438**	**-**	**2,078,480**

7.3 LOANS TO CUSTOMERS: SUBJECT TO MICRO-HEDGE (SPECIFICALLY HEDGED)

As at 31 December 2015, securities in the micro-hedge portfolio for interest rate risk amounted to Euro 160,362 thousand.

7.4 FINANCE LEASES

As at 31 December 2015, there were no loans to customers resulting from finance lease transactions.

● *Section 8 – Hedging derivatives – Item 80*

8.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND BY LEVEL

	Fair Value 31.12.2015			Notional value 31.12.2015	Fair Value 31.12.2014			Notional value 31.12.2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial Derivatives	**-**	**511,573**	**-**	**11,939,771**	**-**	**710,803**	**-**	**11,573,887**
1) Fair value	-	511,573	-	11,939,771	-	710,803	-	11,573,887
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**511,573**	**-**	**11,939,771**	**-**	**710,803**	**-**	**11,573,887**

8.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value						Cash flows		
	Specific (micro)								
	Interest Rate risk	Exchange reta risk	Credit risk	Price risk	Multiple risks	Generic (macro)	Specific (micro)	Generic (macro)	Investments Non-Italy
1. Financial assets available for sale	3,649	-	-	201	-	X	-	X	X
2. Loans and Receivables	5,862	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	X	-	X	-
Total Assets	**9,511**	**-**	**-**	**201**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	501,861	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	**501,861**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
1. Expected transactions	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 78,286 thousand for hedging own bonds issued and Euro 423,575 thousand for macrohedging of fixed-rate demand deposits.

● *Section 9 – Fair value change of financial assets in macro hedge portfolios – Item 90*

9.1 FAIR VALUE CHANGE OF HEDGED ASSETS COMPOSITION BY HEDGED PORTFOLIO

Fair value change of hedged assets/Values	31.12.2015	31.12.2014
1. Positive adjustment	**6,620**	**6,725**
1.1 of specific portfolios:	6,620	6,725
a) loans	6,620	6,725
b) financial assets available for sale	-	-
1.2 total	-	-
2. Negative adjustment	**-**	**-**
2.1 of specific portfolios:	-	-
a) loans and receivables	-	-
b) financial assets available for sale	-	-
2.2 total	-	-
Total	**6,620**	**6,725**

9.2 ASSETS IN THE MACRO-HEDGE PORTFOLIO FOR INTEREST RATE RISK

Type of transaction/Values	31.12.2015	31.12.2014
Loans and Receivables	353,873	286,664

● Section 10 – Equity investments – Item 100

10.1 EQUITY INVESTMENTS: DISCLOSURE ON EQUITY INVESTMENTS IN OTHER ENTITIES

Name	Registered Office	Operating HQ	% held	% of votes
A. Subsidiaries				
Sliders S.r.l.	Milan		100.00	
Crédit Agricole Group Solutions	Parma		87.50	
Crédit Agricole Leasing Italia – Calit S.r.l.	Milan		85.00	
Banca Popolare Friuladria SpA	Pordenone		80.17	
Cassa di risparmio della Spezia	La Spezia		80.00	
Cariparma OBG S.r.l.	Milan		60.00	
B. Joint ventures				
not present				
C. Companies subject to significant influence				
MondoMutui Cariparma S.r.l.	Milan		19.00	

10.5 EQUITY INVESTMENTS: CHANGES FOR THE PERIOD

	31.12.2015	31.12.2014
A. Opening balance	**1,287,509**	**1,262,969**
B. Increases	**35,000**	**47,086**
B.1 Purchases	35,000	47,086
B.2 Writebacks	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	**12,500**	**22,546**
C.1 Sales	12,500	-
C.2 Adjustments	-	22,546
C.3 Other changes	-	-
D. Closing balance	**1,310,009**	**1,287,509**
E. Total writebacks	**-**	**-**
F. Total adjustments	**-**	**-**

Section 11 – Property, plant and equipment – Item 110

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

Assets/Values	31.12.2015	31.12.2014
1. Owned	**276,825**	**289,393**
a) land	77,694	72,339
b) buildings	175,481	168,976
c) movables	13,059	11,298
d) electronic equipment	5,726	4,966
e) other	4,865	31,814
2. acquired under finance leases	**-**	**-**
a) land	-	-
b) buildings	-	-
c) furniture	-	-
d) electronic equipment	-	-
e) other	-	-
Total	**276,825**	**289,393**

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

Assets/Values	31.12.2015				31.12.2014			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned	**8,505**	**-**	**-**	**20,900**	**7,138**	**-**	**-**	**19,284**
a) land	2,989	-	-	11,440	2,989	-	-	10,655
b) buildings	5,516	-	-	9,460	4,149	-	-	8,629
2. Acquired under finance leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) land	-	-	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-	-	-
Total	**8,505**	**-**	**-**	**20,900**	**7,138**	**-**	**-**	**19,284**

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

11.5 OPERATING PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE PERIOD

	Land	Buildings	Furniture	Electronic equipment	Other	Total
A. Opening gross balance	**72,339**	**316,162**	**72,684**	**46,701**	**169,696**	**677,582**
A.1 Total net writedowns	-	147,187	61,386	41,734	137,882	388,189
A.2 Opening net balance	72,339	168,975	11,298	4,967	31,814	289,393
B. Increases:	**5,355**	**15,652**	**4,661**	**3,872**	**3,939**	**33,479**
B.1 Purchases	5,355	6,817	4,661	3,872	3,939	24,644
B.2 Capitalized improvement costs	-	8,835	-	-	-	8,835
B.3 Writebacks	-	-	-	-	-	-
B.4 Fair value gains recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
C. Decreases:	**-**	**9,146**	**2,900**	**3,113**	**30,888**	**46,047**
C.1 Sales *	-	6,609	2,851	-	25,376	34,836
C.2 Depreciation	-	-	-	3,001	5,407	8,408
C.3 Impairment adjustments recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.4 Fair value losses recognized in:	-	-	-	-	-	-
a) Equity	-	-	-	-	-	-
b) Income Statement	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Transfers to:	-	1,605	-	-	-	1,605
a) Investment property	-	1,605	-	-	-	1,605
b) discontinuing operations	-	-	-	-	-	-
C.7 Other changes	-	932	49	112	105	1,198
D. Closing net balance	**77,694**	**175,481**	**13,059**	**5,726**	**4,865**	**276,825**
D.1 Total net writedowns	-	153,543	64,238	44,736	42,168	304,685
D.2 Closing gross balance	77,694	329,024	77,297	50,462	47,033	581,510
E. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**
* of which for transfer transactions:						
- gross value	-	-	-	-	126,497	126,497
- accumulated depreciation	-	-	-	-	101,121	101,121

11.6 INVESTMENT PROPERTY, PLANT AND EQUIPMENT: CHANGES FOR THE PERIOD

	31.12.2015	
	Land	Buildings
A. Opening balance	**2,989**	**4,148**
B. Increases	**-**	**1,605**
B.1 Purchases	-	-
B.2 Capitalized improvement costs	-	-
B.3 Fair value gains	-	-
B.4 Writebacks	-	-
B.5 Positive exchange rate differences	-	-
B.6 Transfers from operating assets	-	1,605
B.7 Other changes	-	-
C. Decreases	**-**	**237**
C.1 Sales	-	-
C.2 Depreciation	-	237
C.3 Fair Value losses	-	-
C.4 Writedowns for impairment	-	-
C.5 Negative exchange rate differences	-	-
C.6 Transfers to other assets portfolios	-	-
a) operating assets	-	-
b) discontinuing operations	-	-
C.7 Other changes	-	-
D. Closing balance	**2,989**	**5,516**
E. Carried at fair value	**11,440**	**9,460**

Section 12 – Intangible assets – Item 120

12.1 INTANGIBLE ASSETS: COMPOSITION BY TYPE OF ASSET

Assets/Values	31.12.2015		31.12.2014	
	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**922,340**	**X**	**922,340**
A.2 Other intangible assets	**128,183**	**-**	**243,305**	**-**
A.2.1 Assets measured at cost:	128,183	-	243,305	-
a) Intangible assets developed in-house	-	-	6,567	-
b) Other assets	128,183	-	236,738	-
A.2.2 Assets designated at fair value:	-	-	-	-
a) Intangible assets developed in-house	-	-	-	-
b) Other assets	-	-	-	-
Total	**128,183**	**922,340**	**243,305**	**922,340**

The cost of intangible assets with finite life is amortized on a straight-line basis over the useful life of the asset, which, for all software has been set at 5 years. The useful life of some types of software, specifically identified, has been estimated in 10 years.

Intangible assets representing business with customers have been assigned a finite useful life set at 5 years, based on the time series available on the rate of customer turnover in the retail segment.

12.2 INTANGIBLE ASSETS: CHANGES FOR THE PERIOD

	Goodwill	Other intangible assets: developed in-house		Other intangible assets: other		Total
		with finite life	with indefinite life	with finite life	with indefinite life	
A. Opening balance	**922,340**	**8,868**	**-**	**599,074**	**-**	**1,530,282**
A.1 Total net writedowns	-	2,301	-	362,336	-	364,637
A.2 Opening net balance	922,340	6,567	-	236,738	-	1,165,645
B. Increases	**-**	**1,971**	**-**	**16,298**	**-**	**18,269**
B.1 Purchases	-	1,971	-	16,298	-	18,269
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Writebacks	X	-	-	-	-	-
B.4 Fair value gains	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- in the Income Statement	X	-	-	-	-	-
B.5 Positive exchange rate differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	**-**	**8,538**	**-**	**124,853**	**-**	**133,391**
C.1 Sales *	-	7,373	-	88,917	-	96,290
C.2 Adjustments	-	1,165	-	35,862	-	37,027
- Amortization	X	1,165	-	35,862	-	37,027
- Write-downs:	-	-	-	-	-	-
+ Equity	X	-	-	-	-	-
+ Income Statement	-	-	-	-	-	-
C.3 Fair Value losses:	-	-	-	-	-	-
- in equity	X	-	-	-	-	-
- in the Income Statement	X	-	-	-	-	-
C.4 Transfers to discontinuing operations	-	-	-	-	-	-
C.5 Negative exchange rate differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	74	-	74
D. Closing net balance	**922,340**	**-**	**-**	**128,183**	**-**	**1,050,523**
D.1 Total net value adjustments	-	-	-	122,475	-	122,475
E. Closing gross balance	**922,340**	**-**	**-**	**250,658**	**-**	**1,172,998**
F. Measurement at cost	**-**	**-**	**-**	**-**	**-**	**-**
* of which for transfer transactions:						
- gross value	-	10,839	-	364,640	-	375,479
- accumulated amortization	-	3,466	-	275,723	-	279,189

12.3 OTHER INFORMATION

Impairment testing of intangible assets with finite useful life

At the end of 2015 it was verified that the value of each of the elements making up intangible assets, which were recognized within the scope of transactions made in 2007 and calculated as the present value of future cash flows, was still higher than the recognized value and specifically:

- for the component relating to loans to Customers, the present value was calculated taking into account the rate of early repayment of mortgage loans between March 2008 and November 2015, the cost of credit (the 2012-2015 average) and the long-term taxation level;
- for the component relating to demand deposits, a progressive increase in volumes (and therefore of their stable component) was observed from the time of purchase;
- for the component relating to net commission Income, the present value of commission income was recalculated taking account of the expected level of commission income from “banking services”.

The analysis had a favourable outcome.

Therefore, the overall value of these intangible assets was found to be higher than the value recognized as at 31 December 2015 amounting to:

- Banca Popolare FriulAdria: Euro 37,745 thousand;
- 180 Cariparma Branches purchased in 2007: Euro 69,664 thousand;
- 29 Banca Popolare FriulAdria Branches purchased in 2007: Euro 6,791 thousand;
- For a total of Euro 114,200 thousand.

At the end of 2015 it was verified that the value of each of the elements making up intangible assets, which were recognized within the scope of transactions made in 2011 and calculated as the present value of future cash flows, was still higher than the recognized value and specifically:

- for the component relating to demand deposits, volumes were essentially in line with the date of purchase and their measurement took into account the introduction of the Multiple ITR System;
- with regard to Net Commission Income, the changes in Wealth Management commission income for Assets under Administration and Assets under Management for 2011, 2012, 2013, 2014, 2015 and 2016 budget, as well as the relevant perspective forecasts to 2026 were analyzed.

Therefore, the overall value of these intangible assets, which were recognized within the scope of the transactions made in 2011, was found to be higher than the value recognized as at 31 December 2015 amounting to:

- Carispezia: Euro 20,511 thousand;
- 81 Cariparma Branches purchased in 2011: Euro 58,600 thousand;
- 15 Banca Popolare FriulAdria Branches purchased in 2011: Euro 11,656 thousand;
- For a total of Euro 90,767 thousand.

Impairment testing of goodwill

As required by IASs/IFRSs, Cariparma tested for impairment the goodwill emerged from the transactions for the acquisition of the 180 branches purchased in 2007 and the 81 branches purchased in 2011.

First the Cash Generating Unit (CGU) was identified, i.e. the minimum unit generating cash flows, to which goodwill (equal to Euro 922,340 thousand) is to be allocated. Based on the customer segments used for reporting to the management, the CGU was identified as being the Retail+Private Banking channel of Cariparma (which includes the 180 branches acquired in 2007 and the 81 acquired in 2011).

The CGU value in use has been calculated consistently with the method adopted by the Crédit Agricole Group S.A. Group, i.e. using the Discounted Cash Flows method and compared with absorbed equity.

Information on the method for calculating future cash flows and the discount rate is provided in the Annual Report and Consolidated Financial Statements of the Cariparma Crédit Agricole Group.

The test showed that the CGU value is higher than the relevant goodwill value.

This result also held when the parameters were varied (within a reasonable range of fluctuation). More specifically, the sensitivity analysis was carried out varying the parameters as follows:

- risk-free rate: variation range between 0.47% (rate of 10Y Bunds in December 2015) and 4.10% (average yield in the last 10 years of the Italian Government bond 10Y BTP);
- beta: variation range between 0.99 (average Beta of a sample of medium-sized listed Italian Banks) and 1.20;
- risk premium: variation range between 3.10% (1900-2014 geometric mean, source "Equity Risk Premiums (ERP): Determinants, Estimation and Implications – The 2015 Edition", Aswath Damodaran, March 2015) and 4.18%;

Also in these cases the outcome of the sensitivity analysis was favourable.

Lastly, it was verified at which discounting rate or at which long-term growth rate "g" the value in use becomes equal to the book value. This analysis showed that the book value is equal to the use value only with a marked increase in the discount rate Ke (12.57%), whereas, with a long-term growth rate equal to zero, the use value would remain higher than the book value.

A consistent method was used to verify any need to make adjustments to the value of the equity investments held in Carispezia, Banca Popolare FriulAdria and CALIT in the Separate Financial Statements. The capital absorbed by the RWAs of the two investee Banks was calculated using a 8% parameter, in line with the one used in the previous years and higher than the individual minimum requirement set down by the regulation.

The value in use of the equity investments in FriulAdria and Carispezia was found, in both cases, higher than cost; therefore, no impairment writedown was required.

For CALIT, in accordance with the amendments to the regulations applicable to financial intermediaries ((that is to say, Bank of Italy Circular No. 216 of 5 August 1996 as updated) with the elimination of the 25% RWA benefit, the capital absorption was calculated using a 6.0% parameter. In this situation, no need for impairment adjustments would be detected, since the value in use of the equity investment was found higher than its book value.

● Section 13 – Tax Assets and Tax Liabilities – Assets Item 130 and Liabilities Item 80

13.1 DEFERRED TAX ASSETS: COMPOSITION

	(*) Reversal year	REVERSAL TIMEFRAME						TAX		
		2016	2017	2018	Beyond	Undetermined reversal	Total recognized	Italian corporate income tax (IRES)	Italian Regional Tax on Productive Activities (IRAP)	TOTAL
Deductible temporary differences										
Value adjustments of loans[1]	from 27.50 to 33.079	38,706	61,930	77,412	596,297	-	774,345	212,945	29,008	241,953
Adjustments of valuation of securities	33.0790	-	-	-	-	41	41	11	2	13
Provisions for risks and charges										
- legal disputes as defendant and revocatory actions	27.50	36,781	1,351	1,503	-	-	39,635	10,900	-	10,900
- signature loans	27.50	-	-	-	-	4,820	4,820	1,325	-	1,325
- staff expenses	27.50	25,304	9,322	2,513	-	306	37,445	10,297	-	10,297
- other reasons	27.50	1,033	5	27	-	23,156	24,221	6,661	1,227	7,888
Recognition of goodwill for tax purposes	33.0790	92,414	92,414	92,414	860,574	-	1,137,816	312,899	63,479	376,378
Other costs or provisions not yet deducted	from 27.50 to 33.079	1,675	1,561	1,400	23,225	27,352	55,213	15,184	1,407	16,591
Tax losses that can be carried forward		-	-	-	-	-	-	-	-	-
Total by reversal year		**195,913**	**166,583**	**175,269**	**1,480,096**	**55,675**	**2,073,536**	**570,222**	**95,123**	**665,345**

(1) for adjustments since 2013, also IRAP applies.

(*) indicates the percentage used in calculating deferred tax liabilities and assets.

13.2 DEFERRED TAX LIABILITIES: COMPOSITION

	(*)	REVERSAL TIMEFRAME						TAX		
		2016	2017	2018	Beyond	Undetermined reversal	Total recognized	Italian corporate income tax (IRES)	Italian Regional Tax on Productive Activities (IRAP)	TOTAL
Taxable temporary differences										
Realized capital gains	from 27.50 to 33.079	9,562	8,551	3,773	3,725	-	25,611	7,043	-	7,043
Assets not recognized for tax purposes	from 27.50 to 33.079	2,792	22,341	685	109,528	59,552	194,898	53,102	10,488	63,590
Tax-relevant depreciation and amortization	from 27.50 to 33.079	40	199	-	-	52	291	80	3	83
Other income not yet taxed	from 27.50 to 33.079	-	-	-	-	-	-	-	-	-
Total by reversal year		**12,394**	**31,091**	**4,458**	**113,253**	**59,604**	**220,800**	**60,225**	**10,491**	**70,716**

(*) indicates the percentage used in calculating deferred tax liabilities and assets.

13.3 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN THE INCOME STATEMENT)

	31.12.2015	31.12.2014
1. Opening balance	**673,847**	**669,677**
2. Increases	**31,633**	**85,730**
2.1 Deferred tax assets recognized in the period	29,938	83,961
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) writebacks	-	-
d) other	29,938	83,961
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	1,695	1,769
3. Decreases	**46,891**	**81,560**
3.1 Deferred tax assets derecognized in the period	46,891	76,388
a) reversals(*)	46,256	76,388
b) write-downs for supervening non-recoverability	-	-
c) change in accounting policies	-	-
d) other	635	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	5,172
a) conversion into tax receivables pursuant to L. 214/2011	-	-
b) other	-	5,172
4. Closing balance	**658,589**	**673,847**

The “Other increases” and “Other decreases” under points 2.3 and 3.3 refer to the increases or decreases resulting from more accurate recognition of deferred tax assets after the Bank filed its income tax return. The related balancing item is not represented by income statement items, but by current tax liabilities.

13.3.1 Changes in deferred tax assets pursuant to Law 214/2011 (recognized in the Income Statement)

	31.12.2015	31.12.2014
1. Opening balance	**628,129**	**615,516**
2. Increases	**19,241**	**76,244**
3. Decreases	**30,468**	**63,632**
3.1 Reversals	30,467	61,050
3.2 Conversion into tax receivables	-	-
a) from losses for the period	-	-
b) from tax losses	-	-
3.3 Other decreases	1	2,582
4. Closing balance	**616,902**	**628,128**

Deferred tax assets pursuant to Italian Law 214/2011 were also recognized in equity for an amount of Euro 1,481 thousand. Therefore, total deferred tax assets that can be converted into tax receivables pursuant to Italian Law 214/2011 came to Euro 618,384 thousand.

13.4 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN THE INCOME STATEMENT)

	31.12.2015	31.12.2014
1. Opening balance	**24,239**	**20,840**
2. Increases	**4,181**	**5,338**
2.1 Deferred tax liabilities recognized in the period	4,098	31
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) other	4,098	31
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	83	5,307
3. Decreases	**1,554**	**1,940**
3.1 Deferred tax liabilities derecognized in the period	1,511	1,550
a) reversals	1,511	1,550
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	43	390
4. Closing balance	**26,866**	**24,238**

The “Other increases” and “Other decreases” under points 2.3 and 3.3 refer to the increases or decreases resulting from more accurate recognition of deferred tax liabilities after the Bank filed its income tax return. The related balancing item is not represented by income statement items, but by current tax liabilities, excluding the increase relating to an equity investment that has its balancing item the “Deferred tax liabilities” item in the Income Statement.

13.5 CHANGES IN DEFERRED TAX ASSETS (RECOGNIZED IN EQUITY)

	31.12.2015	31.12.2014
1. Opening balance	**10,492**	**34,000**
2. Increases	**3,072**	**534**
2.1 Deferred tax assets recognized in the period	13	436
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) other	13	436
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	3,059	98
3. Decreases	**6,808**	**24,042**
3.1 Deferred tax assets derecognized in the period	6,808	23,011
a) reversals(*)	6,808	23,011
b) write-downs for supervening non-recoverability	-	-
c) due to change in accounting policies	-	-
d) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	1,031
4. Closing balance	**6,756**	**10,492**

(*) Taxes derecognized referred, for Euro 5,805, to the measurement and sale of AFS securities.

13.6 CHANGES IN DEFERRED TAX LIABILITIES (RECOGNIZED IN EQUITY)

	31.12.2015	31.12.2014
1. Opening balance	**41,713**	**22,628**
2. Increases	**18,717**	**24,117**
2.1 Deferred tax liabilities recognized in the period	18,717	24,117
a) referring to previous periods	-	-
b) due to change in accounting policies	-	-
c) altre(*)	18,717	24,117
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**16,581**	**5,032**
3.1 Deferred tax liabilities derecognized in the period	16,581	5,032
a) reversals(**)	16,581	5,032
b) due to change in accounting policies	-	-
c) other	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	-
4. Closing balance	**43,849**	**41,713**

(*) The increase in taxes referred, as to Euro 18,717 thousand, to the measurement of AFS securities.

(**) The decrease in taxes was mainly due (Euro 16,328 thousand) to the measurement and disposal of AFS securities.

● *Section 15 – Other assets – Item 150*

15.1 OTHER ASSETS: COMPOSITION

	31.12.2015	31.12.2014
Sundry debits in process	67,619	34,594
Stamp duty and other assets	191	22
Items being processed	18,726	20,005
Accrued income not allocated to other items	2,788	3,000
Prepaid expenses not allocated to other items	67,280	55,111
Protested bills and cheques	1,236	1,720
Leasehold improvements	17,608	13,768
Tax advances paid on behalf of third parties	62,878	65,483
Sundry items	129,099	158,488
Total	**367,425**	**352,191**

LIABILITIES

Section 1 – Due to banks – Item 10

1.1 DUE TO BANKS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015	31.12.2014
1. Due to central banks	**1,402,561**	**2,200,489**
2. Due to banks	**3,468,286**	**4,789,593**
2.1 Current accounts and demand deposits	122,521	418,615
2.2 Fixed-term deposits	2,663,643	3,181,137
2.3 Loans	653,367	1,163,432
2.3.1 Repurchase agreements for funding purposes	1,005	442,174
2.3.2 Other	652,362	721,258
2.4 Liabilities in respect of commitments to repurchase own equity instruments	-	-
2.5 Other payables	28,755	26,409
Total	**4,870,847**	**6,990,082**
Fair value – Level 1	-	-
Fair value – Level 2	4,870,847	6,990,082
Fair value – Level 3	-	-
Total fair value	**4,870,847**	**6,990,082**

1.2 BREAKDOWN OF ITEM 10 “DUE TO BANKS”: SUBORDINATED LIABILITIES

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value in currency	Book value
Subordinated liabilities	17.12.2008	17.12.2018	5 equal Instalments from December 2014	3M Euribor + 334 b.p.	euro	250,000	150,187
Subordinated liabilities	30.03.2011	30.03.2021	5 equal instalments from March 2017	3M Euribor + 220 b.p.	euro	400,000	400,023

1.3 BREAKDOWN OF ITEM 10 “DUE TO BANKS”: STRUCTURED LIABILITIES

At the end of 2015, there were no structured liabilities/debts to banks.

1.4 DUE TO BANKS SUBJECT TO MICRO-HEDGE (SPECIFICALLY HEDGED)

At the end of 2015 there were no dues to banks in the micro-hedge portfolio.

1.5 LIABILITIES FOR FINANCE LEASES

As at 31 December 2015, there were no due to banks resulting from finance lease transactions.

Section 2 – Due to customers – Item 20

2.1 DUE TO CUSTOMERS: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015	31.12.2014
1. Current accounts and demand deposits	20,456,282	17,610,349
2. Fixed-term deposits	907,879	913,681
3. Loans	6,378	10,566
3.1 Repurchase agreements for funding purposes	-	4,028
3.2 Other	6,378	6,538
4. Liabilities for commitments to repurchase own equity instruments	-	-
5. Other due and payables	95,210	97,243
Total	**21,465,749**	**18,631,839**
Fair value – Level 1	-	-
Fair value – Level 2	21,465,749	18,631,839
Fair value – Level 3	-	-
Total fair value	**21,465,749**	**18,631,839**

2.2 BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: SUBORDINATED LIABILITIES

At the end of 2015, there were no subordinated liabilities/debts to Customers.

2.3 BREAKDOWN OF ITEM 20 “DUE TO CUSTOMERS”: STRUCTURED LIABILITIES

As at 31 December 2015, there were no structured liabilities to Customers.

2.4 DUE TO CUSTOMERS SUBJECT TO MICRO-HEDGE (SPECIFICALLY HEDGED)

As at 31 December 2015, there were no dues to customers in the micro-hedge portfolio.

2.5 LIABILITIES FOR FINANCE LEASES

As at 31 December 2015, there were no due to customers resulting from finance lease transactions.

Section 3 – Debt securities issued – Item 30

3.1 DEBT SECURITIES ISSUED: COMPOSITION BY TYPE

Type of securities/values	31.12.2015				31.12.2014			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	8,039,204	-	7,929,432	120,048	8,532,607	-	8,434,837	120,049
1.1 Structured	108,627	-	109,286	-	113,971	-	115,115	-
1.2 other	7,930,577	-	7,820,146	120,048	8,418,636	-	8,319,722	120,049
2. Other securities	714,412	-	2,756	711,759	1,158,954	-	6,634	1,152,678
2.1 Structured	-	-	-	-	-	-	-	-
2.2 other	714,412	-	2,756	711,759	1,158,954	-	6,634	1,152,678
Total	**8,753,616**	**-**	**7,932,188**	**831,807**	**9,691,561**	**-**	**8,441,471**	**1,272,727**

The “Other securities – 2.2 other” sub-item reports certificates of deposit and banker’s drafts issued by the Bank.

3.2 BREAKDOWN OF ITEM 30 “DEBT SECURITIES ISSUED”: SUBORDINATED SECURITIES

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value currency	Book value
Subordinated loan	30.06.2009	30.06.2016	50% as at 30 June 2012 50%; To 30 June 2016	Up to 30 June 2012 5%; afterwards 50% 6M Euribor + 1%	euro	77,250	38,515
Subordinated loan	30.06.2009	30.06.2016	50% as at 30 June 2012 50%; To 30.06.2016	5% fixed	euro	107.889	110,749
Subordinated loan	29.06.2011	31.12.2100	Irredeemable (5-year call)	3M Euribor + 729b.p.	euro	120,000	120,048

3.3 OUTSTANDING SECURITIES: SECURITIES SUBJECT TO MICRO-HEDGE (SPECIFICALLY HEDGED)

As at 31 December 2015, securities in the micro-hedge portfolio for interest rate risk amounted to Euro 7,292 million.

Section 4 – Financial liabilities held for trading – Item 40

4.1 FINANCIAL LIABILITIES HELD FOR TRADING: COMPOSITION BY TYPE

Type of transactions/Values	31.12.2015					31.12.2014				
	VN	Fair Value			FV *	VN	Fair Value			FV *
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. On-balance-sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total A	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B. Derivatives										
1. Financial Derivatives	-	-	109,753	-	-	-	-	198,161	9,845	-
1.1 For trading	X	-	108,779	-	X	X	-	194,444	9,845	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	974	-	X	X	-	3,717	-	X
2. Credit Derivatives	-	-	-	-	-	-	-	-	-	-
2.1 For trading	X	-	-	-	X	X	-	-	-	X
2.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total B	**X**	**-**	**109,753**	**-**	**X**	**X**	**-**	**198,161**	**9,845**	**X**
Total (A+B)	**X**	**-**	**109,753**	**-**	**X**	**X**	**-**	**198,161**	**9,845**	**X**

Key:
FV* = fair value calculated excluding changes in value resulting from changes in the issuer's credit rating after the date of issue
NV: nominal or notional value

Section 6 – Hedging derivatives – Item 60

6.1 HEDGING DERIVATIVES: COMPOSITION BY TYPE OF HEDGE AND BY HIERARCHY LEVEL

	Fair value 31.12.2015			Notional Value as at 31.12.2015	Fair value 31.12.2014			Notional Value as at 31.12.2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial Derivatives	**-**	**215,059**	**292,478**	**5,550,200**	**-**	**271,279**	**260,931**	**5,988,173**
1) Fair value	-	215,059	292,478	5,550,200	-	271,279	260,931	5,988,173
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	**-**	**215,059**	**292,478**	**5,550,200**	**-**	**271,279**	**260,931**	**5,988,173**

6.2 HEDGING DERIVATIVES: COMPOSITION BY HEDGED PORTFOLIO AND BY TYPE OF HEDGE

Transactions/Type of hedge	Fair value						Cash flows		Investments Non-Italy
	Specific (micro)					Generic (macro)	Specific (micro)	Generic (macro)	
	Interest Rate risk	Exchange rate risk	Credit risk	Price risk	Multiple risks				
1. Financial assets available for sale	459,829	-	-	-	-	X	-	X	X
2. Loans and receivables	25,129	-	-	X	-	X	-	X	X
3. Investments held to maturity	X	-	-	X	-	X	-	X	X
4. Portfolio	X	X	X	X	X		X		X
5. Other transactions	-	-	-		-	X	-	X	
Total Assets	**484,958**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1. Financial liabilities	22,579	-	-	X	-	X	-	X	X
2. Portfolio	X	X	X	X	X	-	X	-	X
Total liabilities	**22,579**	**-**	**-**		**-**	**-**	**-**	**-**	**-**
1. Expected transactions	X	X	X	X	X	X		X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	-	X	-	-

The “Hedging Derivatives” item referring to financial liabilities consisted of Euro 6,556 thousand for hedging own bonds issued and Euro 16,023 thousand for macrohedging of fixed-rate demand deposits.

● *Section 7 – Fair value change of financial liabilities in macro-hedge portfolios – Item 70*

7.1 FAIR VALUE CHANGE OF HEDGED FINANCIAL LIABILITIES

Fair value change of hedged liabilities /Amounts	31.12.2015	31.12.2014
1. Positive adjustment of financial liabilities	385,862	475,964
2. Negative adjustment of financial liabilities	-	-
Total	**385,862**	**475,964**

The part of fixed-rate demand deposits that is considered stable by the internal model adopted by the Cariparma Group is subject to macro-hedging.

7.2 LIABILITIES SUBJECT TO MACRO-HEDGE FOR INTEREST RATE RISK: COMPOSITION

Type of transaction/Values	31.12.2015	31.12.2014
Financial liabilities	6,513,600	5,956,200

● *Section 8 – Tax Liabilities – Item 80*

See Section 13 – Assets.

● *Section 10 – Other liabilities – Item 100*

10.1 OTHER LIABILITIES: COMPOSITION

	31.12.2015	31.12.2014
Payables to suppliers	54,324	99,033
Amounts due to third parties	140,479	162,114
Credit transfers ordered and being processed	21,896	38,310
Amounts payable to tax authorities on behalf of third parties	71,388	49,212
Advances on loans	49	131
Adjustments for illiquid items	147,698	113,556
Staff costs	45,219	54,719
Uncapitalized accrued expenses	12,175	13,733
Deferred income not allocated to other items	62,669	55,598
Risk hedging with guarantees issued and commitments	4,820	3,664
Sundry items	81,350	76,042
Total	**642,067**	**666,112**

Section 11 – Employee severance benefits – Item 110

11.1 EMPLOYEE SEVERANCE BENEFITS: CHANGES FOR THE PERIOD

	31.12.2015	31.12.2014
A. Opening balance	116,712	118,015
B. Increases	1,091	15,496
B.1 Provision for the period	1,091	3,022
B.2. Other changes	-	12,474
C. Decreases	20,093	16,799
C.1 Severance payments	4,024	11,191
C.2 Other changes	16,069	5,608
D. Closing balance	97,710	116,712
Total	**97,710**	**116,712**

11.2 OTHER INFORMATION

Information explaining the characteristics of defined benefit plans and risks associated with them (IAS 19, paragraph 139)

Employee Severance Benefits

Pursuant to the Italian legislation, at the date of termination of his/her employment contract with a company, each employee is entitled to a severance package called *"Trattamento di Fine Rapporto"* (Employee Severance Benefits or with the Italian acronym TFR) equal to the sum of the Severance Benefits accrued for each year of work for the employer.

The benefit accrued each year is equal to 6.91% of the gross annual Pay. This rate is calculated by dividing the ordinary pay by 13.5; to the resulting amount a deduction is made of 0.5%, which is paid directly to the Italian National Social Security Institute (INPS) as a pension contribution.

Moreover, as at 31 December of each year, the Provision for Employees' Severance Benefits is subject to revaluation applying a fixed-rate of 1.5% plus 75% of the increase in the consumer price index for blue-collar and white-collar households for the year.

The revalued amount as calculated above is taxed at a 17% rate, as provided for by the Italian 2015 Stability Law (Italian Law No. 190 of 23 December 2014).

Pursuant to the applicable legislation, employees may ask for advances on the Severance Benefits accrued when the employment is still going on. This advance may be obtained only once during the employment relation, after at least 8 years on staff and up to 70% of the Employee Severance Benefits accrued as at the date of request.

With the entry into force of Italian 2007 Finance Act, concerning the Reform of Supplementary pension Schemes, the measurement of Employees Severance Benefits, in accordance with IAS 19 Revised, must take account of the impacts of these provisions, as well as of the guidelines for their calculation which were issued by the Italian National Association of Actuaries and by the Italian National Accounting Body.

It is specified that, on 1 September 2015, the new Consortium Company Crédit Agricole Group Solutions S.c.p.A. was incorporated, to which 579 Cariparma employees were transferred: this transaction entailed the transfer to the Financial Statements of the new Company CAGS, of both the statutory provision for Employee severance benefits and of the relevant IAS19 liability for such employees.

0.5% supplement to the provision for employee severance benefits

For the employees of Cariparma, who were formerly employees of the Intesa San Paolo Group (hereinafter referred to as “formerly Intesa”) and were already on staff as at 31 December 1990, upon employment termination, an amount supplementing their severance benefits is granted, amounting to the 0.5% contribution paid to the Italian National Social Security Institute (INPS) by the workers.

Such supplementary amount accrues on a monthly basis and is revalued in accordance with the ISTAT (the Italian National Institute of Statistics) index for the revaluation of employee severance benefits.

Additional 2.75% revaluation of the employee severance benefits

For formerly Intesa employees, in case of employment termination, a supplementary amount is granted, which is obtained by applying to the employee severance benefits accrued since 1992, on a yearly basis, an additional fixed revaluation equal to 2.75%. This amount is then revalued, on a yearly basis, according to the reference ISTAT (the Italian National Institute of Statistics) index.

Changes for the period in net liabilities (assets) serving the defined-benefit plan and in rights to repayment (IAS 19, paragraphs 140 and 141)

The statement of reconciliation for 2015 of the present value of the plan obligation for Cariparma is given below:

Actuarial value of the obligation as at 01.01.2015		**116,712**
a	Service cost	65
b	Interest cost	1,026
c	Transfer in/out	-9,383
d.1	Actuarial gains/losses from changes in financial assumptions	-4,512
d.2	Actuarial gains/losses from changes in demographic assumptions	-
d.3	Actuarial gains/losses from demographic experience	-2,174
e	Payments provided for by the Plan	-4,024
Actuarial value of the obligation as at 31.12.2015		**97,710**

Disclosure of the fair value of the plan assets (IAS 19, paragraphs 142 and 143)

This point does not apply because no assets covering Employees’ Severance Benefits have been provided for.

Description of the main actuarial assumptions (IAS 19, paragraph 144)

In order to be able to make the required measurement, appropriate demographic and economic assumptions must be used on:

- mortality;
- invalidity;
- company termination (resignation or dismissal);
- requests for advances;
- the workers’ future economic career (including the assumptions on promotion to higher positions);
- performance of the actual purchasing power of money.

Specifically, based on the data supplied by FriulAdria, the following assumptions were used:

a) DEMOGRAPHIC TECHNICAL BASES:

a.1 annual probability of exclusion due to death of employees on staff were calculated based on RGS48;

a.2 annual probabilities of exclusion due to causes other than death of employees on staff were calculated based on appropriate smoothing of historical data of the Group and, therefore, an annual frequency of turnover of 3.25% was used;

a.3 the percentage of annual promotion to a higher position (for age and seniority) was calculated based on the Group historical data;

a.3 the annual probability of request for advances on the accrued severance benefits was calculated based on the Group's experience and was assumed as equal to an average annual rate of 3.00%;

a.4 retirement is assumed upon meeting the first requirement to qualify for pension.

b) ECONOMIC TECHNICAL BASES:

b.1 To calculate the Present Value, in compliance with the instructions of the Parent Company Crédit Agricole S.A., the rate adopted was IBOXX AA (duration 7-10 years) as at 31 December 2015, equal to 1.39%;

b.2 the cost of living index for white-collar and blue-collar workers, required for the revaluation of the employee severance benefits amounts allocated to provision, was assumed at 1.75%, upon the Parent Company's instructions;

b.3 the PAY LINE, as a function of seniority, increasing by automatic pay increases only, was calculated, on average, with reference to the Company's employees, based on the interpolation and smoothing of the distribution of pays by seniority and on the national and company collective bargaining agreements;

b.4 the average annual rate of increase in pay for changes in the minimum wage, is to be seen as related to the fluctuation in the value of money and, therefore, its appreciation, especially in a long-term perspective, is technically difficult; a 1.75% rate was assumed;

b.5 Percentage of accrued employee severance benefits requested as advances: 60%. This percentage was inferred based on the Group historical data.

Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147)

The outcomes of the sensitivity analyses for each one of the above main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31.12.2014		
Central assumption	**+50 bp**	**-50 bp**
97,710	94,270	101,352

Exclusion rate due to causes other than death of employees on staff

Actuarial value of the obligation as at 31.12.2014		
Central assumption	**+100 bp**	**-100 bp**
97,710	97,368	98,083

Inflation rate

Actuarial value of the obligation as at 31.12.2014		
Central assumption	**+50 bp**	**-50 bp**
97,710	99,951	95,591

Multi-employer plans (IAS 19, paragraph 148)

This point does not apply because the provision for employee severance benefits is not a Multi-employer plan.

Defined-benefit plans that share risks between various entities under common control (IAS 19, paragraphs 149 and 150)

This point does not apply because the provision for employee severance benefits is not a plan that shares risks between various entities under common control.

Section 12 – Provisions for risks and charges – Item 120

12.1 PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

Items/Values	31.12.2015	31.12.2014
1 Company pension plans	17,269	19,851
2. Other provisions for risks and charges	101,702	117,017
2.1 legal disputes	40,920	42,673
2.2 staff expenses	37,392	61,980
2.3 other	23,390	12,364
Total	**118,971**	**136,868**

12.2 PROVISIONS FOR RISKS AND CHARGES: CHANGES FOR THE PERIOD

	Pension plans	Other provisions	Total
A. Opening balance	**19,851**	**117,017**	**136,868**
B. Increases	**513**	**35,244**	**35,757**
B.1 Provision for the period	181	35,029	35,210
B.2 Changes due to passing	-	-	-
of time	-	205	205
B.3 Changes due to alterations	-	-	-
in the discount rate	-	10	10
B.4 Other changes	332	-	332
C. Decreases	**3,095**	**50,559**	**53,654**
C.1 Use in the period	2,199	49,296	51,495
C.2 Changes due to alterations in the discount rate	-	156	156
C.3 Other changes	896	1,107	2,003
D. Closing balance	**17,269**	**101,702**	**118,971**

12.3 COMPANY DEFINED-BENEFIT PENSION PLANS

1.Information explaining the characteristics of defined-benefit plans and risks associated with them

Through its Defied-Benefit Pension Plans, Cariparma provides pension schemes that are supplementary or complementary to the pensions paid by INPS (Italian National Social Security Institute) on whatsoever ground, in compliance with the specific Regulations of the Pension Funds.

The plan is funded by a provision accrued by the Company, determined based on the mathematical reserve, certified annually by an independent actuary.

As at today's date, in accordance with the above Regulations, the employees on staff are not entitled to the benefits provided by the Pension Funds.

These benefits may consist in a pension assigned directly to the person concerned, in a pension assigned indirectly to the surviving family of the person concerned dying either before or after retirement.

As at 31 December 2014, 276 people (122 women and 154 men) were the beneficiaries of Cariparma Pension Plan, to whom a gross annual supplementary pension is paid amounting to Euro 7,420.71.

The average age of Cariparma beneficiaries is 78.5 years.

2.Changes for the period in net liabilities (assets) serving the defined-benefit plan and in rights to repayment

As regard the various banks mentioned above, the reconciliations for 2015 are given below, for Cariparma:

Actuarial value of the obligation as at 01.01.2015		**19,851**
a	Service cost	-
b	Interest cost	181
c.1	Actuarial gains/losses from changes in financial assumptions	-896
c.2	Actuarial gains/losses from changes in demographic assumptions	-
c.3	Actuarial gains/losses from demographic experience	332
d	Payments provided for by the Plan	-2,199
Actuarial value of the obligation as at 31.12.2015		**17,269**

The value of the mathematical reserve is equal to the amount that the Management should have as at the measurement date, based on the assumptions used, in order to meet all the commitments undertaken to the participants in the plan.

3.Disclosure of the fair value of the plan assets

This point does not apply because no assets covering the various plans under examination have been provided for.

4.Description of the main actuarial assumptions

In order to be able to make the required measurement, appropriate demographic and economic assumptions must be used, including:

- mortality;
- probability to have a family;
- performance of the actual purchasing power of money.

The main economic and demographic assumptions are given below, which have been used for the plan measurement and have been made based on the information provided by the Company subject to assessment and on market data/statistics:

- annual probability of exclusion due to death of employees not on staff were calculated based on SIM 2006;
- for assignment to the surviving family in case of the pensioner's death, differentiated technical bases were used according to the age and gender of the member;
- the cost of living index for white-collar and blue-collar workers, required for smoothing the annual pension instalments, was assumed at 1.75%;
- the annual increase in the fund benefits is provided for in the relevant regulation and, thus, in the legislation in force concerning INPS pensions (automatic smoothing pursuant to paragraph 1, Art. 34 of Italian Law No. 448/1998, as amended by paragraph 1, Art. 69 of Law No. 388/2000);
- to calculate the Present Value, in compliance with the instructions issued by the Parent Company, the rate used was IBOXX AA (duration 7-10 years as at 31 December 2015) of 1.39%.

5.Disclosure of amount, timing and uncertainty of cash flows (IAS 19, paragraphs 145, 146 and 147)

The results of the sensitivity analyses for each one of the above main assumptions are given below:

Discount rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+50 bp	-50 bp
17,269	16,664	17,918

Mortality rate

Actuarial value of the obligation as at 31.12.2015		
Central assumption	+20 bp	-20 bp
17,269	15,724	19,292

6.Multi-employer plans

This does not apply to Cariparma.

7.Defined-benefit plans that share risks between various entities under common control

This does not apply to Cariparma.

12.4 PROVISIONS FOR RISKS AND CHARGES – OTHER PROVISIONS

Sub-item 2.2 "Other provisions – staff expenses" of Table 12.1 also reports the provisioning made in 2012 by the Bank, for the liabilities resulting from the Trade Union agreement that gave the possibility to interested employees, who are already eligible for pension or will become eligible in the next few years, to voluntarily terminate their employment receiving incentives.

Item 2.3 also included provisions for Credit Protection insurance policies pursuant to ISVAP (Italian Private Insurance Supervisory Institute) regulation No. 35 obliging insurance companies to pay back the portion of the advanced single premium, which was not used following early repayment of the loan linked to the policy itself, to Customers. The provision is an estimate of the possible future expenses to be borne by the Bank to reimburse the insurers for the portion of commissions received on premiums paid by Customers.

A disputed is pending on registration taxes with the *Agenzia delle Entrate*, the Italian Inland Revenue Service. The *Agenzia delle Entrate* has reclassified the transfers of branches from Intesa Sanpaolo to Cariparma and FriulAdria carried out in 2007 and the subsequent transfer of the received equity investments to the institutional Shareholders of the two Banks as sales of business units. Based on this reclassification, the total amount jointly due by the various parties involved on various grounds in the specific transactions would be approximately Euro 36 million, plus interest. A similar dispute arose for a transaction carried out by CALIT with the Intesa Group for Euro 2.2 million. On this dispute, favourable decisions were issued by the competent Courts of second instance, against which the *Agenzia delle Entrate* filed appeal with the Italian Court of Cassation.

Also in the light of the opinions, obtained at the beginning of these disputes, from leading Law Firms, as well as in the light of the favourable Court decisions issued, no provisions were allocated for these disputes

In 2014, a dispute started, again on registration taxes and based on the same grounds, regarding a similar transaction carried out in 2011, once again with the Intesa Sanpaolo Group. This dispute entails a request to pay taxes for a total amount of approximately Euro 13.5 million, plus interest. The considerations set forth above cannot but apply also to this dispute.

A tax-related dispute is pending concerning Cariparma as regards the sale of loans made in 2005 on a non-recourse basis to an unrelated securitization firm, for a disputed amount of taxes of Euro 5.5 million, plus penalties and interest. In the light of both the opinions obtained from leading Law Firms and of the latest issued administrative law practices that are relevant for this dispute, the Bank believes that no provision is necessary.

A new dispute started in 2014 subsequent to non-payment to Cariparma of part of the specific tax account receivable provided for by Italian Decree-Law 185/2008 for the amounts credited by it to Customers relating to the State contribution on floating-rate mortgage loans that were taken out by 31 October 2008.

With the above Law, the Italian State provided a contribution to tax payers that took out floating-rate mortgage loans for the purchase of their home amounting to the interest paid by the same tax payers in 2009 at a rate of over 4%. This amount was to be credited directly by the lending banks that would recover it through a tax account receivable.

The Italian Inland Revenue Service has refused to acknowledge the portion of this tax account receivable relating to amounts actually credited to Customers in 2010 and issued the relevant tax payment form. Consequently, Cariparma had to pay an amount of Euro 1.3 million and started a specific dispute, without allocating any provision, since it believes to have acted lawfully.

However, the fist-instance judgement has confirmed the claim of the *Agenzia delle Entrate* as to the tax amount, while it overruled the penalty claim. However, the Bank will continue this dispute, believing that its position has valid grounds, as partially upheld in the fist-instance judgement.

● *Section 14 – Equity attributable to the Shareholders of the Parent Company – Items 130, 150, 160, 170, 180, 190 and 200*

14.1 CAPITAL AND TREASURY SHARES: COMPOSITION

The Parent Company's share capital, fully paid-in, consists of 876,761,620 ordinary shares.

No treasury shares were held.

14.2 CAPITAL – NUMBER OF SHARES: CHANGES FOR THE PERIOD

Items/Types	Ordinary	Other
A. Shares at start of the year	**876,761,620**	**-**
- Fully paid-up	876,761,620	-
- Partially paid-up	-	-
A.1 Treasury shares (-)	-	-
A.2 Outstanding shares: opening balance	876,761,620	-
B. Increases	**-**	**-**
B.1 New issues	-	-
- For a consideration:	-	-
- Business combinations	-	-
- Conversion of bonds	-	-
- Exercise of warrants	-	-
- Other	-	-
- Free of charge:	-	-
- To employees	-	-
- To directors	-	-
- Other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
C. Decreases	**-**	**-**
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	-	-
C.3 Disposal of businesses	-	-
C.4 Other changes	-	-
D. Outstanding shares: closing balance	**876,761,620**	**-**
D.1 Treasury shares (+)	-	-
D.2 Shares at the end of the year	876,761,620	-
- Fully paid-up	876,761,620	-
- Partially paid-up	-	-

14.3 CAPITAL: OTHER INFORMATION

The unit nominal value of the 876,761,620 ordinary shares is Euro 1.

14.4 INCOME RESERVES: OTHER INFORMATION

Items/Types	Amounts
Legal reserve	132,682
Reserves provided for by the Articles of Association	724,942
Reserve pursuant to Art. 13 of It. Leg. D. 124/93(*)	314
Reserve for business combinations under common control	17,134
Total	**875,072**
Reserve from share-based payments(**)	2,361
Total reserves	**877,433**

(*) Reserve made pursuant to Art.13 of Italian Legislative Decree to take advantage of tax relief on the portions of Employees' severance benefits to be used for supplementary pension schemes.

(**) Reserve recognizing the increase in equity resulting from payments based on shares of the controlling company Crédit Agricole SA. made to employees and directors.

OTHER INFORMATION

1. Guarantees issued and commitments

Transactions	31.12.2015	31.12.2014
1) Financial guarantees issued	805,300	737,124
a) Banks	269,743	261,809
b) Customers	535,557	475,315
2) Commercial guarantees issued	772,075	628,240
a) Banks	50,902	32,798
b) Customers	721,173	595,442
3) Irrevocable commitments to disburse funds	233,722	433,964
a) Banks	151,932	313,498
i) certain use	151,932	313,498
ii) uncertain use	-	-
b) Customers	81,790	120,466
i) certain use	3,074	14,987
ii) uncertain use	78,716	105,479
4) Commitments underlying credit derivatives: protection sales	-	-
5) Assets pledged as collaterals for third-party debts	-	-
6) Other commitments	-	-
Total	**1,811,097**	**1,799,328**

2. Assets pledged as collateral for own liabilities and commitments

Portfolios	31.12.2015	31.12.2014
1. Financial assets held for trading	-	-
2. Financial assets designated at fair value	-	-
3. Financial assets available for sale	234,221	739,187
4. Investments held to maturity	-	-
5. Loans to banks	1,005	62,266
6. Loans to Customers	2,744,872	1,566,643
7. Property, plant and equipment	-	-

3. Information on operating leases

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER A/B

Future minimum payments due under non-cancellable leases	< 1 year	1<> 5 years	> 5 years	unspecified maturity	Total
Land	-	-	-	-	-
Buildings	-	-	-	-	-
Furniture	-	-	-	-	-
Electronic systems – hardware	-	-	-	-	-
Electronic systems – other	-	-	-	-	-
Other – motor-vehicles (including cars)	1,240	1,258	-	-	2,498
Other – office machinery	36	-	-	-	36
Other – telephones (landline and mobile)	-	-	-	-	-
Other – other	-	-	-	-	-
Software	-	-	-	-	-
Total	**1,276**	**1,258**	**-**	**-**	**2,534**

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER C

Expenses for the period	Minimum payments	Potential lease fees	Payments from subleases	Total
Land	-	-	-	-
Buildings	-	-	-	-
Furniture	-	-	-	-
Electronic systems – hardware	-	-	-	-
Electronic systems – other	-	-	-	-
Other – motor-vehicles (including cars)	1,520	-	-	1,520
Other – office machinery	217	-	-	217
Other – telephones (landline and mobile)	-	-	-	-
Other – other	-	-	-	-
Software	-	-	-	-
Total	**1,737**	**-**	**-**	**1,737**

OPERATING LEASES – LESSEE – IAS 17 ART. 35 – LETTER D

Contract description	Criteria for determining lease fees	Renewal or purchase option clauses	Indexing clauses
Other – motor-vehicles (including cars)	Fee determined based on brand, model, engine size and accessories of each vehicle and including additional services	The Customer shall have the right to request an extension of the agreement, with prior acceptance by the renting Company, at a fee that the renting Company may review	--
Other – office machinery	Photocopiers: fixed monthly fee for single machine	Photocopiers: purchase option at the end of the lease	--

4. Management and intermediation services

Type of services	Amount
1. Trading on behalf of customers	**-**
a) Purchases	-
1. settled	-
2. not yet settled	-
b) Sales	-
1. settled	-
2. not yet settled	-
2. Asset management	**749,978**
a) individual	749,978
b) collective	-
3. Custody and administration of securities	
a) third-party securities on deposit held for depository bank services (excluding asset management)	-
1. Securities issued by the reporting Bank	-
2. other securities	-
b) securities of third parties on deposit (excluding asset management): other	57,013,842
1. Securities issued by the reporting Bank	9,088,395
2. other securities	47,925,447
c) third-party securities deposited with third parties	53,610,786
d) proprietary securities deposited with third parties	4,441,945
4. Other transactions	**-**

5. Financial assets subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial assets (a)	Gross amount of financial liabilities assets offset (b)	Net amount of financial assets recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31.12.2015	Net amount 31.12.2014
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	611,837	-	611,837	558,277	11,816	41,744	80,785
2. Repurchase agreements	-	-	-	-	-	-	-
3. Securities loan	-	-	-	-	-	-	-
4. Other	-	-	-	-	-	-	-
Total (31.12.2015)	**611,837**	**-**	**611,837**	**558,277**	**11,816**	**41,744**	**X**
Total (31.12.2014)	**909,238**	**-**	**909,238**	**678,553**	**149,900**	**X**	**80,785**

6. Financial liabilities subject to offsetting or subject to master netting agreements or similar arrangements

Technical forms	Gross amount of financial liabilities (a)	Gross amount of financial Assets offset (b)	Net amount of financial liabilities recognized (c=a-b)	Related amounts not subject to offsetting		Net amount (f=c-d-e) 31.12.2015	Net amount 31.12.2014
				Financial Instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	617,291	-	617,291	558,277	-	59,014	56,492
2. Repurchase agreements	1,005	-	1,005	-	-	1,005	62,637
3. Securities loan	-	-	-	-	-	-	-
4. Other transactions	-	-	-	-	-	-	-
Total (31.12.2015)	**618,296**	**-**	**618,296**	**558,277**	**-**	**60,019**	**X**
Total (31.12.2014)	**1,186,418**	**-**	**1,186,418**	**678,553**	**388,736**	**X**	**119,129**

PART C – INFORMATION ON THE INCOME STATEMENT

Section 1 – Interests – Items 10 and 20

INTEREST INCOME AND SIMILAR REVENUES: COMPOSITION

	Items/Technical forms	Debt securities	Loans	Other transactions	31.12.2015	31.12.2014
1	Financial assets held for trading	9	-	-	9	5
2	Financial assets available for sale	94,052	-	-	94,052	115,613
3	Investments held to maturity	-	-	-	-	-
4	Loans to banks	8,056	35,471	-	43,527	35,284
5	Loans to customers	5,363	630,336	-	635,699	758,190
6	Financial assets designated at fair value	2,382	-	-	2,382	2,129
7	Hedging derivatives	X	X	144,428	144,428	134,136
8	Other assets	X	X	535	535	561
	Total	**109,862**	**665,807**	**144,963**	**920,632**	**1,045,918**

1.2 INTEREST INCOME AND SIMILAR REVENUES: DIFFERENCES ON HEDGING TRANSACTIONS

Items/Values	31.12.2015	31.12.2014
A. Positive differences on hedging transactions:	327,546	372,640
B. Negative differences on hedging transactions:	(183,118)	(238,504)
C. Balance (A-B)	144,428	134,136

1.3 INTEREST INCOME AND SIMILAR REVENUES: OTHER INFORMATION

1.3.1 Interest income on foreign-currency financial assets

As at 31 December 2015, interest income on foreign-currency financial assets came to Euro 3,273 thousand.

1.3.2 Interest income on finance lease transactions

In 2015, there was no interest income resulting from finance lease transactions.

1.4 INTEREST EXPENSES AND SIMILAR CHARGES: COMPOSITION

Items/Technical forms	Due	Securities	Other transactions	31.12.2015	31.12.2014
1. Due to Central Banks	(2,173)	X	-	(2,173)	-
2. Due to Banks	(30,208)	X	-	(30,208)	(43,951)
3. Due to customers	(47,814)	X	-	(47,814)	(65,113)
4. Debt securities issued	X	(171,772)	-	(171,772)	(253,888)
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities designated at fair value	-	-	-	-	-
7. Other liabilities and provisions	X	X	(254)	(254)	(956)
8. Hedging Derivatives	X	X	-	-	-
Total	**(80,195)**	**(171,772)**	**(254)**	**(252,221)**	**(363,908)**

1.6 INTEREST EXPENSES AND SIMILAR CHARGES: OTHER INFORMATION

1.6.1 Interest expense on foreign-currency liabilities

As at 31 December 2015, interest expense on foreign-currency financial assets came to Euro 803 thousand.

1.6.2 Interest expenses on finance lease transactions

In 2015, there were no interest expenses resulting from finance lease transactions.

Section 2 – Commissions – Items 40 and 50

2.1 COMMISSION INCOME: COMPOSITION

Type of services / Amounts	31.12.2015	31.12.2014
a) guarantees issued	11,778	10,851
b) credit derivatives	-	-
c) Management, intermediation and advisory services:	259,717	248,017
1. trading in financial instruments	-	-
2. foreign exchange trading	2,887	2,804
3. asset management	6,329	5,403
3.1. individual	6,329	5,403
3.2. collective	-	-
4. Custody and administration of securities	3,936	4,545
5. depositary bank services	-	-
6. placement of securities	95,001	87,588
7. receipt and transmission of orders	8,406	11,019
8. advisory services	172	35
8.1 on investments	-	-
8.2 on financial structure	172	35
9. distribution of third-party services	142,986	136,623
9.1. asset management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2 insurance products	131,939	132,451
9.3. other products	11,047	4,172
d) collection and payment services	32,146	33,304
e) servicing activities for securitizations	-	-
f) services for factoring transactions	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) keeping and managing current accounts	134,489	140,184
j) other services	65,760	64,365
Total	**503,890**	**496,721**

Sub-item “j) other services” includes commissions on debit, credit cards and e-money services amounting to Euro 31,727 thousand, commissions for loans granted amounting to Euro 14,311 thousand, and other residual items.

2.2 COMMISSION INCOME: DISTRIBUTION CHANNELS FOR PRODUCTS AND SERVICES

Channels/Amounts	31.12.2015	31.12.2014
a) at own branches:	**244,316**	**229,614**
1. asset management	6,329	5,403
2. placement of securities	95,001	87,588
3. Third party products and services	142,986	136,623
b) off-premises distribution:	**-**	**-**
1. asset management	-	-
2. placement of securities	-	-
3. Third party products and services	-	-
c) other distribution channels:	**-**	**-**
1. asset management	-	-
2. placement of securities	-	-
3. Third party products and services	-	-

2.3 COMMISSION EXPENSE: COMPOSITION

Services/Values	31.12.2015	31.12.2014
a) guarantees received	(5,741)	(5,632)
b) credit derivatives	-	-
c) management and intermediation services:	(5,656)	(5,519)
1. trading in financial instruments	(1,594)	(1,828)
2. foreign exchange trading	-	-
3. asset management	(1,422)	(1,135)
3.1 own portfolio	-	-
3.2 third-party portfolio	(1,422)	(1,135)
4. Custody and administration of securities	(1,017)	(994)
5. placement of financial instruments	(1,623)	(1,562)
6. off-premises distribution of financial instruments, products and services	-	-
d) collection and payment services	(2,459)	(2,504)
e) other services	(8,983)	(8,730)
Total	**(22,839)**	**(22,385)**

Sub-item “e) other services” includes commissions on debit and credit cards and e-money services amounting to Euro 4,712 thousand and other residual items.

Section 2 – Dividends and similar revenues – Item 70

3.1 DIVIDENDS AND SIMILAR REVENUES: COMPOSITION

Items/Revenues	31.12.2015		31.12.2014	
	Dividends	Income from units of collective investment undertakings	Dividends	Income from units of collective investment undertakings
A. Financial assets held for trading	2	-	3	-
B. Financial assets available for sale	7,019	-	7,919	-
C. Financial assets designated at fair value	-	-	-	-
D. Equity investments	36,953	X	28,956	X
Total	**43,974**	**-**	**36,878**	**-**

The main dividends for the period referred to the controlling equity investment in Banca Popolare FriulAdria (Euro 22,835 thousand) and in Cassa di Risparmio della Spezia (Euro 14,118 thousand) as well as to the shareholding in the Bank of Italy, which was classified in the AFS portfolio (Euro 6,907 thousand).

Section 4 – Net gains (losses) on trading activities – Item 80

4.1 NET GAINS (LOSSES) ON TRADING ACTIVITIES: COMPOSITION

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net gain (loss) [(A+B) – (C+D)]
1. Financial assets held for trading	**-**	**1,239**	**-**	**(170)**	**1,069**
1.1 Debt securities	-	857	-	(6)	851
1.2 Equity securities	-	-	-	(1)	(1)
1.3 Units in collective investment undertakings	-	1	-	-	1
1.4 Loans	-	-	-	-	-
1.5 Other	-	381	-	(163)	218
2. Financial liabilities held for trading	**-**	**-**	**-**	**-**	**-**
2.1 Debt securities	-	-	-	-	-
2.2 Debts	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	**X**	**X**	**X**	**X**	**5,057**
4. Derivative instruments	**107,870**	**115,837**	**(105,121)**	**(117,668)**	**1,045**
4.1 Financial derivatives:	107,870	115,837	(105,121)	(117,668)	1,045
- On debt securities and interest rates	107,724	114,773	(104,984)	(116,656)	857
- On equity securities and equity indices	-	-	-	-	-
- On foreign currencies and gold	X	X	X	X	127
- Other	146	1,064	(137)	(1,012)	61
4.2 Credit derivatives	-	-	-	-	-
Total	**107,870**	**117,076**	**(105,121)**	**(117,838)**	**7,171**

Section 5 – Net gains (losses) on hedging activities – Item 90

5.1 NET GAINS (LOSSES) ON HEDGING ACTIVITIES: COMPOSITION

Income components/Values		31.12.2015	31.12.2014
A.	**Income from:**		
A.1	Fair value hedging derivatives	275,160	511,632
A.2	Hedged financial assets (fair value)	30,801	167,866
A.3	Hedged financial liabilities (fair value)	115,086	36,014
A.4	Cash flow hedging financial derivatives	-	-
A.5	Assets and liabilities in foreign currencies	-	-
Total income on hedging (A)		**421,047**	**715,512**
B.	**Expenses from:**		
B.1	Fair value hedging derivatives	(392,145)	(475,752)
B.2	Hedged financial assets (fair value)	(32,483)	(3,074)
B.3	Hedged financial liabilities (fair value)	(8,878)	(240,817)
B.4	Cash flow hedging financial derivatives	-	-
B.5	Assets and liabilities in foreign currencies	-	-
Total expenses on hedging (B)		**(433,506)**	**(719,643)**
C.	**Net gain (loss) on hedging activities (A – B)**	**(12,459)**	**(4,131)**

Section 6 – Gains (losses) on disposal or repurchase – Item 100

6.1 GAINS (LOSSES) ON DISPOSAL OR REPURCHASE: COMPOSITION

Items/Income components	31.12.2015			31.12.2014		
	Gains	Losses	Net gain (loss)	Gains	Losses	Net gain (loss)
Financial assets						
1. Loans to banks	-	-	-	-	-	-
2. Loans to Customers	537	(12,486)	(11,949)	3,161	(4)	3,157
3. Financial assets available for sale	65,525	(15,775)	49,750	44,861	(23,444)	21,417
3.1 Debt securities	64,555	(15,775)	48,780	44,593	(23,393)	21,200
3.2 Equity securities	970	-	970	268	(51)	217
3.3 Units in collective investment undertakings	-	-	-	-	-	-
3.4 Loans	-	-	-	-	-	-
4. Financial assets held to maturity	-	-	-	-	-	-
Total Assets	**66,062**	**(28,261)**	**37,801**	**48,022**	**(23,448)**	**24,574**
Financial liabilities						
1. Due to banks	-	-	-	-	-	-
2. Due to Customers	-	-	-	-	-	-
3. Debt securities issued	648	(2,424)	(1,776)	1,274	(4,774)	(3,500)
Total liabilities	**648**	**(2,424)**	**(1,776)**	**1,274**	**(4,774)**	**(3,500)**

Section 7 – Net gain (losses) on financial assets and liabilities designated at fair value – Item 110

7.1 NET CHANGE IN VALUE OF FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE: COMPOSITION

Transactions/Income components	Capital gains (A)	Realization gains (B)	Capital losses (C)	Realization losses (D)	Net gain (loss) [(A+B) – (C+D)]
1. Financial assets	-	-	-	(421)	(421)
1.1 Debt securities	-	-	-	(421)	(421)
1.2 Equity securities	-	-	-	-	-
1.3 Units in collective investment undertakings	-	-	-	-	-
1.4 Loans	-	-	-	-	-
2. Financial liabilities	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currencies: exchange rate differences	X	X	X	X	-
4. Credit and financial derivatives	-	-	-	-	-
Total	**-**	**-**	**-**	**(421)**	**(421)**

Section 8 – Net losses/recoveries on impairment – Item 130

8.1 NET LOSSES ON IMPAIRMENT OF LOANS: COMPOSITION

Transactions/Income components	Adjustments			Writebacks				31.12.2015	31.12.2014
	Specific		Portfolio	Specific		Portfolio			
	Writeoffs	Other		A	B	A	B		
A. Loans to Banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- loans	-	-	-	-	-	-	-	-	-
- debt securities	-	-	-	-	-	-	-	-	-
B. Loans to customers	**(5,340)**	**(304,714)**	**(29,894)**	**50,758**	**40,736**	**-**	**32,255**	**(216,199)**	**(293,640)**
Non-performing loans purchased	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- loans	-	-	X	-	-	X	X	-	-
- debt securities	-	-	X	-	-	X	X	-	-
Other loans and receivables	**(5,340)**	**(304,714)**	**(29,894)**	**50,758**	**40,736**	**-**	**32,255**	**(216,199)**	**(293,640)**
- loans	(5,340)	(304,714)	(29,894)	50,758	40,736	-	32,255	(216,199)	(293,640)
- debt securities	-	-	-	-	-	-	-	-	-
C. Total	**(5,340)**	**(304,714)**	**(29,894)**	**50,758**	**40,736**	**-**	**32,255**	**(216,199)**	**(293,640)**

KEY:
A = from interest
B = other writebacks

8.2 NET LOSSES ON IMPAIRMENT OF FINANCIAL ASSETS AVAILABLE FOR SALE: COMPOSITION

Transactions/Income components	Adjustments		Writebacks		31.12.2015	31.12.2014
	Specific		Specific			
	Writeoffs	Other	A	B		
A. Debt securities	-	-	-	-	-	-
B. Equity securities	-	(589)	X	X	(589)	(143)
C. Units of collective investment undertakings	-	-	X	-	-	-
D. Loans to banks	-	-	-	-	-	-
E. Loans to customers	-	-	-	-	-	-
F. Total	**-**	**(589)**	**-**	**-**	**(589)**	**(143)**

Key:
A= from interest
B= other writebacks

8.4 NET LOSSES ON IMPAIRMENT OF OTHER FINANCIAL TRANSACTIONS: COMPOSITION

Transactions/Income components	Adjustments			Writebacks				31.12.2015	31.12.2014
	Specific		Portfolio	Specific		Portfolio			
	writeoffs	Other		A	B	A	B		
A. Guarantees issued	-	(2,171)	(333)	-	982	-	366	(1,156)	3,118
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
E. Total	**-**	**(2,171)**	**(333)**	**-**	**982**	**-**	**366**	**(1,156)**	**3,118**

Key:
A= from interest
B= other writebacks

● *Section 9 – Administrative expenses – Item 150*

9.1 PERSONNEL EXPENSES: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
1) Employees	(411,196)	(425,662)
a) wages and salaries	(295,385)	(305,579)
b) social security contributions	(78,453)	(79,421)
c) severance benefits	-	(77)
d) pensions	-	-
e) allocation to employee severance benefit provision	(1,091)	(3,022)
f) allocation to provision for Post-employment benefits:	(181)	(417)
- defined contribution	-	-
- defined benefit	(181)	(417)
g) payment to external supplementary pension schemes:	(28,317)	(28,329)
- defined contribution	(28,317)	(28,329)
- defined benefit	-	-
h) costs from share-based payment agreements	-	-
i) other employee benefits	(7,769)	(8,817)
2) Other staff	(682)	(689)
3) Directors and Auditors	(1,196)	(1,173)
4) Retired staff	-	-
5) Expense recovery for employees seconded to other companies	5,689	5,027
6) Expense refund for employees seconded to the company	(8,411)	(6,081)
Total	**(415,796)**	**(428,578)**

9.2 AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY

	31.12.2015
Employees:	
a) Senior Managers	68
b) Junior Managers	2,524
c) other Employees	2,883
Other staff	38

9.3 COMPANY DEFINED-BENEFIT PENSION PLANS: COSTS AND REVENUES

Type of expenses/Values	31.12.2015	31.12.2014
Provision for the period	-	-
Changes due to passing of time	(181)	(417)

9.4 OTHER EMPLOYEES' BENEFITS

These consisted of costs for non-occupational policies, incentives for voluntary redundancy, other fringe benefit, as well as to the contribution to the bank employees' cultural and recreational club.

9.5 OTHER ADMINISTRATIVE EXPENSES: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Direct and indirect taxes	(78,207)	(81,956)
Data processing	(23,359)	(31,145)
Facility rental and management	(38,829)	(42,448)
Expenses for advisory services	(21,170)	(18,784)
Mail, telegraph and delivery services	(4,456)	(6,810)
Telephone and data transmission	(5,962)	(6,686)
Legal expenses	(5,456)	(3,782)
Property maintenance	(1,958)	(2,824)
Furnishing and plant maintenance	(7,560)	(10,940)
Marketing, promotion and entertainment expenses	(5,772)	(6,323)
Transport services	(10,444)	(15,157)
Lighting, heating and air conditioning	(10,027)	(12,017)
Office supplies, printed material, print subscriptions, photocopying, etc	(2,980)	(4,161)
Staff training expenses and reimbursements	(5,034)	(5,655)
Security services	(1,699)	(2,654)
Information and title searches	(4,150)	(4,066)
Insurance	(117,364)	(102,906)
Cleaning services	(2,693)	(3,924)
Leasing of other property, plant and equipment	(4,297)	(5,546)
Management of archives and document handling	(393)	(482)
Reimbursement of costs to Group companies	(71,640)	(21,293)
Contributions to SRF/DGS/SPS	(30,909)	-
Sundry expenses	(7,474)	(7,151)
Total	**(461,833)**	**(396,710)**

● *Section 10 – Net provisions for risks and charges – Item 160*

10.1 NET PROVISIONS FOR RISKS AND CHARGES: COMPOSITION

The net provision amounts to Euro 10,721 thousand, of which Euro 1,114 thousand for bankruptcy revocatory actions, Euro 9,673 thousand for non-lending-related legal disputes and a recovery of Euro 66 thousand from other provisions.

Section 11 – Net adjustment to (recoveries on) property, plant and equipment – Item 170

11.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: COMPOSITION

Assets/Income components	Depreciation (a)	Impairment adjustments (b)	Writebacks (c)	Net gain/loss (a + b – c)
A. Property, plant and equipment:				
A.1 Owned	(18,249)	-	-	(18,249)
- Operating assets	(18,011)	-	-	(18,011)
- Investment property	(238)	-	-	(238)
A.2 acquired under finance leases	-	-	-	-
- Operating assets	-	-	-	-
- Investment property	-	-	-	-
Total	**(18,249)**	**-**	**-**	**(18,249)**

Section 12 – Net adjustments to/recoveries on intangible assets – Item 180

12.1 NET ADJUSTMENTS TO INTANGIBLE ASSETS: COMPOSITION

Assets/Income components	Amortization (a)	Impairment adjustments (b)	Writebacks (c)	Net gain (loss) (a + b – c)
A. Intangible assets				
A.1 Owned	(37,064)	-	-	(37,064)
- Generated in-house	(1,165)	-	-	(1,165)
- Other	(35,899)	-	-	(35,899)
A.2 acquired under finance leases	-	-	-	-
Total	**(37,064)**	**-**	**-**	**(37,064)**

Section 13 – Other operating expenses/income – Item 190

13.1 OTHER OPERATING EXPENSES: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Amortization of expenditure for leasehold improvements	(6,650)	(4,783)
Other expenses	(6,759)	(5,538)
Total	**(13,409)**	**(10,321)**

13.2 OTHER OPERATING INCOME: COMPOSITION

Type of expense/Values	31.12.2015	31.12.2014
Rental income and recovery of expenses on real estate	389	328
Recovery of taxes and duties	69,748	73,023
Recovery of insurance costs	114,284	100,494
Recovery of other expenses	5,848	4,755
Service recovery	27,391	31,766
Other income	33,448	42,264
Total	**251,108**	**252,630**

Section 14 – Gains (losses) on equity investments – Item 210

14.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: COMPOSITION

Income components/Values	31.12.2015	31.12.2014
A. Income	11,626	-
1. Writebacks	-	-
2. Gains on disposal	-	-
3. Writebacks	-	-
4. Other income	11,626	-
B. Expenses	(1,441)	(22,546)
1. Writedowns	-	-
2. Impairment adjustments	(20)	(22,546)
3. Losses on disposal	(1,421)	-
4. Other expenses	-	-
Net gain (loss)	**10,185**	**(22,546)**

Section 18 – Income taxes for the period on continuing operations – Item 260

18.1 INCOME TAXES FOR THE PERIOD ON CONTINUING OPERATIONS: COMPOSITION

Income components/Values		31.12.2015	31.12.2014
1.	Current taxes (-)	(75,190)	(106,577)
2.	Changes in current taxes for previous periods (+/-)	-	-
3.	Reduction in current taxes for the period (+)	63	286
3.bis	Reduction in current taxes for the period for tax receivables pursuant to Law No. 214/2011 (+)	-	-
4.	Change in deferred tax assets (+/-)	(15,783)	8,633
5.	Change in deferred tax liabilities (+/-)	(2,618)	1,771
6.	Taxes for the period (-) (-1+/-2+3+/-4+/-5)	(93,528)	(95,887)

18.2 RECONCILIATION OF THEORETICAL TAX LIABILITY AND ACTUAL TAX LIABILITY RECOGNIZED

	31.12.2015
Net profit before taxes on continuing operations	310,030
Net profit from disposal groups (before taxes)	-
Theoretical taxable income	**310,030**

	31.12.2015
Income tax – Theoretical tax liability	(85,258)
- effect of tax-exempt income or income taxed at special rates	-
- effect of income already subject to taxation	-
- effect of expenses that are fully or partially non-deductible and income that is fully or partially non-taxable	8,926
Income tax – actual tax liability	**(76,332)**
- use of excess tax provisioning in previous periods	**-**
- taxes for acceptance of assessment on foreign P/T	**-**
-tax on realignment gain under Decree Law 98/2011	**-**
- substitute tax from realignment of values under suspended taxation for tax-neutral transfers	**-**
- effect of recovery of future taxes on realignment gain under Decree Law 98/2011	**-**
- effect of recovery of future taxes from realignment of values under suspended taxation for tax-neutral transfers	**-**
- effect of application for corporate income tax (IRES) refund for Italian Regional Tax on Productive Activities (IRAP) under DL 201/2011	
- effect of tax credits and deduction	**63**
Effects of equity investments	**-**
Other expenses	**-**
IRAP – Theoretical tax liability	(17,297)
effect of revenues/expenses that do not form taxable income	(50,977)
- effect of other changes	51,015
- effect of rate increase	-
IRAP – Actual tax liability	**(17,259)**
Other taxes	-
Effects of equity investments	-
Other expenses	-
Actual tax liability recognized	**(93,528)**
of which: actual tax liability on continuing operations	(93,528)
Actual tax liabilities on disposal groups	-

● *Section 21 – Earnings per share*

21.1 AVERAGE NUMBER OF ORDINARY SHARES OF DILUTED CAPITAL

The Bank’s share capital consists of 876,761,620 ordinary shares, with a nominal value of Euro 1 each.

PART D – COMPREHENSIVE INCOME

Breakdown of comprehensive income

Items		Gross amount	Income tax	Net amount
10.	**Profit (Loss) for the period**	**X**	**X**	**216,501**
	Other income components after taxes with no reversal to Income Statement			
20	Property, plant and equipment	-	-	-
30.	Intangible Assets	-	-	-
40.	Actuarial gains (losses) on defined-benefit plans	7,251	(1,994)	5,257
50.	Disposal groups	-	-	-
60.	Share of Valuation Reserves of equity investments measured using the equity method:	-	-	-
	Other income components after taxes with reversal to Income Statement			
70.	Hedging of foreign investments:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
80.	Exchange rate differences:	-	-	-
	a) changes in value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
90.	Cash flow hedges:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
100.	Financial assets available for sale:	25,134	(8,181)	16,953
	a) changes in fair value	59,557	(19,761)	39,796
	b) reversals to Income Statement	(34,423)	11,580	(22,843)
	- impairment adjustments	589		589
	- profit/loss from realization	(35,012)	11,580	(23,432)
	c) other changes	-	-	-
110.	Disposal groups	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	c) other changes	-	-	-
120.	Share of Valuation Reserves of equity investments measured using the equity method:	-	-	-
	a) changes in fair value	-	-	-
	b) reversals to Income Statement	-	-	-
	- adjustments on impairment	-	-	-
	- profit/loss from transfers	-	-	-
	c) other changes	-	-	-
130.	**Total other income components**	**32,385**	**(10,175)**	**22,210**
140	**Comprehensive income (10+130)**			**238,711**

PART E – INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

The Cariparma Crédit Agricole Group attaches great importance to the measurement, management and control of risks, as an essential factor to achieve sustainable growth in a complex economic scenario, such as the present one.

In Italy, Cariparma is the operating Parent Company of the Cariparma Crédit Agricole Group and is engaged in overall risk management and control, acting both as coordinator and in its capacity as commercial bank with its own Distribution Network. In designing the risk management system, the Cariparma Crédit Agricole Group complies with both the Italian legislation (with specific reference to the provisions of the 15th update of the Bank of Italy's Circular No. 263/2006, issued in last July), as well as with guidelines issued by the Parent Company CAsa, whose general model is the reference one for the Cariparma Crédit Agricole Group.

The Group companies have adapted the set risk management and control systems to their specific environment in compliance with the Group's guidelines, benefit from the functions directly performed by Cariparma, when centralized, and carry out business operations in their reference perimeters.

Section 1 – Credit Risk

Qualitative disclosures

1. GENERAL ASPECTS

2. CREDIT RISK MANAGEMENT POLICIES

2.1 Organisational aspects

Lending operations are performed by the different dedicated structures of the Parent Company and of the Group Banks and investee Companies; these dedicated structures report on both a solid and dotted line to the Credit Department.

The organization of Banca Popolare FriulAdria comprises the Loan Authorization Division, the Loan Management and Protection Division, the Special Loan Service and the ML Term Loan Service:

- The Loan Authorization Division is responsible for loan performance and credit quality within Banca Popolare FriulAdria in accordance with the lending processes and policies approved by the Credit Department.
- The Loan Management and Protection Division is responsible for the monitoring and recovery of early warning positions and non-performing loans, ensuring strict cooperation with the Network of Banca Popolare FriulAdria in order to implement effective and prompt actions for preventing loans from becoming non-performing, thus controlling the relevant cost.
- The Special Loan Service is responsible for loan performance and credit quality regarding Real Estate and Building enterprises, as well as Companies subject to debt restructuring agreements, with reference to the remedies provided for by Articles 67,182, 160 and 161 of the Italian Bankruptcy Act, in accordance with the applicable Legislation, Lending policies and processes in force.
- The ML Term Loan Service is responsible for monitoring the performance of the relevant loans and the credit quality of real estate counterparties.

The Risk Management and Permanent Controls Department is responsible for risk reporting. These reports are submitted on a quarterly basis to the Board of Directors. The reporting produced by this Department covers, among other things, the policies for loan coverage and is addressed to the Top Management, with the objective of presenting the performance of the key risk indicators for more effective and prompter preparation of the action plans required to mitigate, prevent or avoid risk factors.

Since 2014, the Risk Management and Permanent Controls Department has implemented a monthly "Credit Risk Tableau". This document analyzes credit quality and the developments in Risk Exposures, in accordance with the regulatory and management key directives: regulatory segmentation of Customers, product types, the commercial structure and Customer segments and sub-segments. In its key components of risk of default and risk of migration, Credit risk is measured in terms of impact on the Income Statement (cost of credit risk) and on the Balance Sheet (regulatory capital absorbed).

Management, measurement and control

Lending Policies and strategies

As regards Businesses and Individuals, Lending Policies have the objective of fostering a balanced growth of loans to worthy Customers, as well as of controlling and re-qualifying exposures to risky Customers.

Lending Policies are defined at a Group level and constantly monitored. They fall within the scope of the Risk Strategy, which is set every year in agreement with the Parent Company Crédit Agricole S.A., and are an integral part of the Group's strategic planning process, since they are designed to ensure optimal allocation of capital and liquidity and, therefore, of loans themselves.

Lending policies steer the Bank's strategy, since:
- They are based on the Probabilities of Default (PD) calculated using rating models;
- They provided for general requirements in order for mortgage loans to be granted, also to achieve appropriate risk mitigation in determining the Economic Capital;
- They set rules for credit-risk taking towards Customers, both in the short- and medium-/long-term;
- They subdivide Customers based on the expected loss, so as to prepare specific and different lending strategies to which the Distribution Network refers in order make loan proposals.

Lending policies are differentiated based on the categories of Customers, as follows:
- Lending policies for Businesses, production chains and State Bodies;
- Lending policies for Individuals.

Lending policies for Businesses, Production Chains and State Bodies pursue the objectives set forth below:
- To set the credit risk management strategy on the basis of higher differentiation in accordance with the specific creditworthiness (Customer Risk);
- To identify the positioning of each economic activity sector in terms of risk/growth prospects;
- To associate a specific "view" to each sector and micro-sector, separating high-risk sectors from low-risk ones with potential opportunities for growth;

Consistently with the above objectives, the lending policies are based on:
- The consolidation of the selective criteria already in force, based on which the Banks of the Group manage credit risk: the structure of the "Policies" features higher differentiation both in terms of specific creditworthiness (Customer risk) and in terms of different lending strategies specific for the Large-Corporate (revenue higher than Euro 7.5 million) and Retail (revenue up to Euro 7.5 million) Regulatory Segments, in accordance with the specific features of the respective Customers;
- The strengthening of the actions already implemented to control the exposures to economic activity sectors that feature higher risk, both present and perspective, specifically as regards Customers operating in the "Real Estate", "Building" and "Stores/Restaurants – Hotels", for whom differentiated "Policies" have already been set down implementing directions and "limits" that are consistent with the Risk Strategy set on a yearly basis with the Parent Company Crédit Agricole SA;
- The identification, in larger detail, of specific micro-sectors of economic activity, in order to take account of higher variability of the risk profile and attractiveness of the same, vs. the relevant macro-sectors;
- The definition of specific criteria dedicated to certain economic activities (such as the agri-food industrial sector and the sector of renewable energy), as well as to Companies with high vocation for export, which offer interesting opportunities for the development of loans, and with State Bodies and Confidi (Italian mutual loan-guarantee consortia);

Lending policies for Business Customers apply to the legal-economic Group identified, or to single Businesses not belonging to the Group, resident and non-resident, and are structured based on the Customer risk and on the risk associated to the economic activity sectors.

Lending policies for Individuals are defined at Banking Group level and apply to Natural Persons that take out loans for purposes other than those relating to business activities, excluding all Customers falling in the Non-performing positions perimeter. Lending Policies are structured based on Customer risk, on the rating of the counterparty and/or the relevant legal/economic Group, as well as on the type of product that has been applied for by the Customer.

The application processing and authorization of loans to Individuals uses the Rating System, which has been validated by the Supervisory Body, both for choosing the Decision-Making Body responsible for authorizing the loan, and for the definition of the creditworthiness of the same Customer.

Lending Policies are integrated in an Expert Decision-Making System (the so-called "Lending Strategies") in the Electronic Loan Application Processing, which steers decision-making processes, and are different for the following products:

- Mortgage loans;
- Unsecured loans and Personal Loans;
- Opening of credit lines on current accounts, mortgage current accounts, signature loans, products for international transactions or derivatives.

Lending Policies and Strategies assign a summary rating/assessment to Retail Customers, using the three categories here below which set the relevant procedure and a different decision-making body:

- "Favourable" file (GREEN): in this case the loan application is submitted to the relevant Decision-Making Body, within a streamlined decision-making process;
- File "to be assessed" (YELLOW): in this case the loan application processing can go on, but requires more exhaustive information and closer examination but still within an ordinary decision-making process;
- File "to be rejected" (RED): the loan application must be rejected. Only in "exceptional" cases – and having exhaustive additional information that shows such suitable good elements as to lead to a favourable creditworthiness assessment – the Proposal may be submitted to a Higher Decision-Making Body (at least the Head of the Retail Banking Area), still within an ordinary decision-making process and in accordance with the lending decision-making powers and responsibilities in force.

Within the Lending Policies for Retail Customers, the general principles on which the loan application processing and loan authorization must based for each single product, which translate into parameters to be taken into account and to be complied with in all lending operations, specifically: the definition of monthly net income, financial commitments, debt sustainability, the instalment/income ratio, the maximum age of applicants and third party guarantors, the documentation to be obtained for the loan application assessment.

Moreover, each product is associated to different objectives, features and contents, which are deemed suitable to foster a balanced growth of Loans to worthy Customers and to mitigate credit risk in lending to risky Customers, with specific reference to setting the duration of the transaction, maximum amount of the loan and acquisitions of guarantees.

Lending processes

In the present economic scenario, in order to ensure protection of the overall quality of the Loan Portfolio and control of the cost for its management, risk exposures must be promptly and effectively monitored and proactively managed as early as upon early warnings. Based on the above requirements, in 2015, the review of the lending model, which was started in 2014, was completed and consolidated, in order to optimize the performances and abilities to manage Non-performing Loans, implementing actions in the macro-scopes set forth below:

- Full separation of responsibilities in the lending chains, between the Loan Authorization chain on the one hand and the Loan Management and Protection chain on the other (the latter being responsible for the management of all categories of non-performing loans, except for bad debts);
- Consolidation of operating responsibilities and perimeter of action of the Special Loan chain;
- Enhancement of the Credit Intelligence control operations;

- Strengthening of the internal controls system by reviewing the portfolio with a specific focus on Early Warnings and Non-performing loans.

Based on the above, the contents of the "*Lending Regulations*" have been aligned to the changes that were made to the Credit organizational structure and the relevant operating processes for lending management.

The rules governing the authorization of Ordinary Loans to applicants provide for their classification into:
- A structure based on counterparty risk level, resulting from the Customer's rating and the relevant authorization decision-making powers
- that are scaled up as the customer riskiness increases.

Non-performing loans are all loans showing problems, even potential ones which – where not promptly and fully solved – could lead to the worsening of the quality of the risks taken by the Bank. The tool used to identify the positions falling within this category is the Performance Monitoring Indicator (the so-called PMI, or with the Italian acronym IMA).

The PMI has been defined by the Risk Management and Permanent Controls Department, in cooperation with the Credit Department, and is the indicator triggering the monitoring and management of positions showing early warnings; this indicator has 5 colours, representing 5 levels of early warning, with risk decreasing levels, to which a creditworthiness status is associated:

BLUE	= HIGH risk	(Non-performing loans);
RED	= MEDIUM risk	(Non-performing loans);
ORANGE	= LOW risk	(Performing Loans);
YELLOW	= LOW risk	(Performing Loans);
GREEN	= LOW risk	(Performing Loans).

For every type of loan, specific responsibilities have been determined in terms of both authorization and management.

The main changes made in the authorization and management of loans concern:
- The identification of a single central Lending Chain responsible for all accounts of a single Legal-Economic Group: in order to ensure single direction and timeliness of the management of accounts referring to a single Legal-Economic Group, the prevalence principle applies (amount of the loans to at least one of the counterparties > 50% of the total amount lent to the Group) – exclusively referring to Performing and Early Warning positions – in order to identify a single central reference lending chain, for all counterparties belonging to the Group, having loan authorization powers and management responsibilities, in accordance with the decision-making powers in force at the relevant time;
- Streamlining and strengthening of the Process for the Management of Non-performing exposures;
- Implementation of the Management Electronic Process (Italian acronym PEG): a tool that steers the loan management process and supports all players involved, with pre-set and automated procedures.

These changes resulted in:
a) The streamlining and optimization of the process for the management of Process for the Management of Early Warnings, Non-performing exposures, through:
   - Full separation between the Loan Authorization Chain and the Loan Management and Protection Chain (the latter being responsible for the management of both early warnings and non-performing loans, before they enter the bad debt status, in the perimeter that does fall within the responsibility of the Special Loan Division);
   - Significant streamlining and optimization of the number of the Active Monitoring Statuses, as a tool to identify the position within the non-performing exposures perimeter to be subject to special monitoring over time;
b) The possibility to display, quickly and in a bottom-up mode, from the Account Manager in charge of the position to the central validation Bodies, all positions to be managed for their recovery and/or collection, by consulting, in a single workflow, all management information as required;
c) The possibility to guide and steer the Account Manager in the actions to be implemented, with a precise action plan, set by the Procedure for every position, supporting the Account Manager also in identifying any alternative actions, to be scaled up for validation to the higher validation Body, automatically set forth by the PEG;
d) Important support in the management of positions, setting down and enhancing the responsibility of the Account Manager and of the higher validation Bodies, to carry out and certify the actions planned, in full compliance with the set timeframe;

e) Maximization of action effectiveness while reducing the relevant timeframe, relying on the prevailing full validation of the action plans proposed by the procedure, especially for cases where the process can be subject to automated management;
f) Effective monitoring of outcomes and compliance with the set timeframe, of the implemented actions, with the possibility of aggregate displaying both for the Channel area coordination structures and for the central credit functions.

In order to effectively and timely manage positions showing early warnings and, thus, to reduce credit risk, the Cariparma Crédit Agricole Group had to fully review the process for the "Collection of Loans having non-significant amounts", reviewing the procedures for the assignment and management of exposures to be collected to external collection Companies. The main changes in this process, for which the Loan Management and Protection Division is responsible, were:

- Standardization for all the Banks of the Group of the collection activity perimeter:
- Extension of the exposure top limit;
- Increase in the number of external companies involved;
- Review of the procedures to assign positions, to monitor outcomes and to manage providers on an overall basis.

The operation of the implemented management processes is summarized below.

The loan-granting process in force uses methods based on rating systems and sets the lending decision-making powers based on the Probability of Default assigned to the counterparty and reassessed at least one a year. Therefore:

- It is compliant with the provisions issued by the Supervisory Body, according to which the processes for loan authorization and counterparty creditworthiness assessment shall use the tools set down for the determination of the economic capital;
- It allows lending decision-making powers to be fine-tuned in accordance with the Customers' riskiness and, therefore, their extension for creditworthy counterparties and their scaling up for weaker ones, triggering, where required, the appropriate mitigation actions. They are differentiated based upon "Decision-making classes" set by the combining the parameters of Probability of Default assigned to the customers and the riskiness of the technical forms based on the presence or absence of certain and enforceable guarantees. For every decision-making class, a maximum limit to the authorized loan has been set.

The loan authorization process is managed by the Company Information System, within the scope of the dedicated specific procedures ("Electronic Loan Application procedure – PEF").

After the first loan has been authorized and disbursed, i.e. after the beginning of the credit relation, the position is periodically reviewed, at regular intervals or in response to an alert from/ initiative of dedicated structures, both peripheral and central, for the following purposes:

- Verifying that the borrower and the relevant guarantors, where any, remain solvent;
- Verifying that the requirements of the guarantees remain complied with (legal certainty, prompt realization and value consistency with the exposure).
- Verifying that concentration limits are complied with;
- Verifying the information on which the counterparty's risk rating is based on and possible changes over time.

The **review process** described above shall lead to confirming, increasing or decreasing the loans granted or to their revocation in compliance with the contract provisions and/or to increasing the guarantees securing the exposure. There are cases in which the loan review is carried out automatically with the support of an expert system applied to positions with low and ascertained risk profiles, by thoroughly examining appropriate and preset indicators.

In order to improve the quality of loan-authorization and loan-review processes, in 2015 the "Expert System" was extended to all Business Accounts. This tool supports the account manager in the loan application processing phase and automatically provides a scoring of the quality of the customer's financial statements and suggests further analysis, in order to support the account manager for full understanding and insight of the company's financial situation and for any interviews with the representatives of the customer Company.

The implemented **process for the monitoring and management of non-performing loans** also uses methods based on rating systems. Customers are subdivided based on risk profile rated monthly using the prescribed tools (performance rating) and combining the parameters of internal rating models (Probability of Default) and other indicators that can be immediately detected and useful to notice a sudden down-grading of counterparty risk, as well as a procedure ("PEF – Electronic Loan Application Process") that has been designed to steer the process.

Cost of credit

In the present ongoing negative economic situation, the Cariparma Crédit Agricole Group has enhanced its systematic control on the developments in the quality of the Loans-to Customers Portfolio, increasing and making even more selective the monitoring on the loan positions, from early warnings on, to promptly detect any sign of their being non-performing, and to take effective action to control the cost of credit.

Thanks to these actions, the increasing trend of the cost of credit, as detected in the last few years, could be reversed.

The traditional policy of the Cariparma Crédit Agricole Group was confirmed, which provides for prudential provisioning for non-performing exposures (NPE).

Stress test

Within the management and control of credit risk, on a yearly basis, strategies are defined to act on overall exposures to sectors, products or types of customers that have been identified as belonging to sectors that are not fully in line with the corporate objectives in terms of risk control. The performance of the perimeters thus identified is monitored on a quarterly basis.

In 2015, the focus was on the “Real Estate Players” and the Hotel sector, as well as on loans for Renewable Energy (Non-Investment Grade Customers).

Moreover, the monitoring of the diversification of risk in loans was fully implemented, by controlling the limits to portfolio concentration, with different values for “Investment Grade” and “Non-Investment Grade” Counterparties.

The periodic audits reported compliance with the set strategies.

Within the ICAAP process, the stress test analyses on credit risk were carried out with a factorial model that links the endogenous variables (adjusted bad debt flow) to the macroeconomic variables that have proven to have higher explanatory power and allow the estimated effects to be transferred to the portfolio PDs. Based on forecast scenarios (baseline and stress, historical or worst case), as defined by the user functions or by international forecasters, the PD are estimated as impacted by the above scenarios, broken down by geographical-sector clusters of customers.

The estimated effects of the economic cycle on the PD allow future developments in Risk Weighted Assets and Expected Loss to be calculated by aggregation level, with the possibility to simulate and calculate separately the impacts in terms of changes in volumes and increase in risk.

In 2015, the ordinary stress testing activity was extended to the budget and MTP stress exercise (*Stress Test Budgetaire*) requested by the Parent Company. This exercise, which operated across the various corporate divisions engaged in risk measurement and management, allowed a prospective analysis of the impact on the Income Statement main variables.

Moreover, as reported in the section on projects, the outcomes of the stress test exercise are taken into account within the definition and management of the Risk Appetite Framework.

In 2016, the Cariparma Group, since it is controlled by Crédit Agricole S.A., shall participate in the Stress Test exercised required by the European Banking Authority for groups having systemic relevance. This exercise, led by the French Parent Company, will involve various corporate structures and will allow, as for the 2014 exercise, an overall assessment of the resilience in terms of Income Statement and Balance Sheet to adverse macroeconomic scenarios.

2.3 CREDIT RISK MITIGATION TECHNIQUES

The Group pursues the mitigation of credit risk by entering into ancillary agreements or by adopting other and specific tools and techniques designed to mitigate this risk. In this regard, collection and management of guarantees is focused on within a control process and system which provide for the identification of specific Responsibilities in order to verify and ensure compliance with the legal requirements and the update of the underlying values. The outcome of control activities are subject to reporting.

2.4 NON-PERFORMING FINANCIAL ASSETS

The process to monitor performance allows the procedures for the management and control of the loan portfolio to be triggered; the organizational logic of these procedures is based on the following principles:

- The use of probability of default and of a number of management indicators differentiated by segment and type of Customers to support decision-making activities;
- The diversification of processes depending on the Customer's level of risk.

Monitoring procedures and systems have been further enhanced in order to allow:

- Overlimit positions to be identified in their very early days, in order for the relevant Corporate Departments, Divisions and Services to define and implement the required management remedial actions, where possible;
- The analysis of the files showing statistical real estate revaluations with significant changes compared with the previous values.

In addition to periodic specific measurement of the recovery value, the management process for non-performing positions aims also at:

- Verifying whether the counterparty is capable of recovering financial health and, consequently, restoring the business and loan relationship;
- Acquiring additional guarantees, whether collaterals and/or personal guarantees, or other credit risk mitigation tools and techniques;
- Scheduling and monitoring loan workout plans agreed with Customers;
- Enforcement and/or court-ordered acquisition of guarantees for enforced recovery of exposures.

● QUANTITATIVE DISCLOSURES

A CREDIT QUALITY

A.1 Performing and Non-performing exposures: amounts, value adjustments, changes, breakdown by economic sector and geographical area

A.1.1 Breakdown of exposures by portfolio and credit quality: book values

Portfolio/quality	Bad debts	Unlikely To-Pay	Non-performing past due exposures	Performing past due exposures	Performing exposures	Total
1. Financial assets available for sale	5,775	-	-	-	4,222,492	4,228,267
2. Investments held to maturity	-	-	-	-	-	-
3. Loans to banks	-	-	-	-	4,200,736	4,200,736
4. Loans to Customers	786,544	1,325,523	59,241	1,138,083	24,134,656	27,444,047
5. Financial assets designated at fair value	-	-	-	-	-	-
6. Financial assets being divested	-	-	-	-	-	-
Total 31.12.2015	**792,319**	**1,325,523**	**59,241**	**1,138,083**	**32,557,884**	**35,873,050**
Total 31.12.2014	**793,364**	**680,037**	**542,013**	**119,640**	**1,347,416**	**3,482,470**

All financial assets are classified by credit quality with the exception of equity securities and units of collective investment undertakings.

Loans to Banks and loans to Customers include both loans and other technical forms (securities, etc.).

Performing loans to customers: analysis of age of past-due loans

Loans to customers: analysis of age of past-due loans	Net exposure
1. Non past-due exposures	24,134,657
2. Up to 90 days	943,711
3. From 91 to 180 days	92,323
4. From 181 days to 1 month	68,196
5. More than 1 year	33,852
Total 31.12.2015	**25,272,739**

A.1.2 Breakdown of exposures by portfolio and credit quality: (gross and net values)

Portfolio/quality	Non-performing assets			Performing exposures			Total (net exposure)
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets available for sale	5,775	-	5,775	4,222,492	-	4,222,492	4,228,267
2. Investments held to maturity	-	-	-	-	-	-	-
3. Loans to banks	-	-	-	4,200,736	-	4,200,736	4,200,736
4. Loans to Customers	3,651,204	1,479,896	2,171,308	25,434,262	161,523	25,272,739	27,444,047
5. Financial assets designated at fair value	-	-	-	X	X	-	-
6. Financial assets being divested	-	-	-	-	-	-	-
Total 31.12.2015	**3,656,979**	**1,479,896**	**2,177,083**	**33,857,490**	**161,523**	**33,695,967**	**35,873,050**
Total 31.12.2014	**3,467,260**	**1,339,798**	**2,127,462**	**35,030,749**	**167,492**	**34,879,229**	**37,006,691**

All financial assets are classified by credit quality with the exception of equity securities and units of collective investment undertakings. Loans to Banks and loans to Customers include both loans and other technical forms (securities, etc.).

Portfolios/quality	Asset with clearly Poor credit quality		Other assets
	Cumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	2,752	12,359	87,946
2. Hedging derivatives	-	-	511,573
Total 31.12.2015	**2,752**	**12,359**	**599,519**
Total 31.12.2014	**1,529**	**7,592**	**901,745**

Financial assets held for trading classified as non-performing refer to securities maturing on 4 November 2010 and issued by Glitnir Banki Hf, put into liquidation by order of the District Court of Reykjavik on 22 November 2010.

A.1.3 On-balance-sheet and off-balance-sheet exposures to banks: gross and net values and past due ranges

Type of exposures/vales	Gross exposure					Specific value adjustments	Portfolio value adjustments	Net exposure
	Non-performing assets				Performing			
	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	Over 1 year				
A. ON-BALANCE SHEET EXPOSURES								
a) Bad debts	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
b) Unlikely to Pay	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
c) Non-performing past due exposures	-	-	-	-	X	-	X	-
- of which: forborne exposures	-	-	-	-	X	-	X	-
d) Performing past due exposures	X	X	X	X	-	X	-	-
- of which: forborne exposures	X	X	X	X	-	X	-	-
e) Other performing exposures	-	X	X	-	4,200,736	X	-	4,200,736
- of which: forborne exposures	X	X	X	X	-	X	-	-
TOTAL A	**-**	**-**	**-**	**-**	**4,200,736**	**-**	**-**	**4,200,736**
B. OFF-BALANCE SHEET EXPOSURES								
a) Non-performing	-	-	-	-	X	-	X	-
b) Performing	-	X	X	-	957,074	X	-	957,074
TOTAL B	**-**	**-**	**-**	**-**	**957,074**	**-**	**-**	**957,074**
TOTAL A+B	**-**	**-**	**-**	**-**	**5,157,810**	**-**	**-**	**5,157,810**

On-balance sheet exposures summarize all financial assets within business with banks as recognized in items 20 “Financial Assets held for trading”, 40 “Financial assets available for sale” and 60 “Loans to Banks”, except for derivatives that, in this section, are considered off-balance-sheet. Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives, including hedging derivatives) for which credit risk is taken.

A.1.6 On-balance-sheet and off-balance-sheet exposures to customers: gross and net values and past due ranges

Type of exposures/vales	Gross exposure					Specific value adjustments	Portfolio value adjustments	Net exposure
	Non-performing assets				Performing			
	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	Over 1 year				
A. ON-BALANCE SHEET EXPOSURES								
a) Bad debts	3,172	-	5,345	1,874,403	X	1,096,376	X	786,544
- of which: forborne exposures	3,169	-	5,345	297,094	X	179,376	X	126,232
b) Unlikely to Pay	642,477	43,209	158,577	860,940	X	379,680	X	1,325,523
- of which: forborne exposures	568,739	19,893	82,763	472,156	X	201,804	X	941,747
c) Non-performing past due exposures	8,338	15,662	19,540	19,541	X	3,840	X	59,241
- of which: forborne exposures	851	2,890	5,542	8,121	X	897	X	16,507
d) Performing past due exposures	X	X	X	X	1,146,943	X	8,860	1,138,083
- of which: forborne exposures	X	X	X	X	246,702	X	1,906	244,796
e) Other performing exposures	-	X	-	-	28,509,814	X	152,664	28,357,150
- of which: forborne exposures	X	X	X	X	406,387	X	3,140	403,247
TOTAL A	**653,987**	**58,871**	**183,462**	**2,754,884**	**29,656,757**	**1,479,896**	**161,524**	**31,666,541**
B. OFF-BALANCE SHEET EXPOSURES								
a) Non-performing	26,511	-	-	-	X	3,669	X	22,842
b) Performing	-	X	-	-	1,409,758	X	1,150	1,408,608
TOTAL B	**26,511**	**-**	**-**	**-**	**1,409,758**	**3,669**	**1,150**	**1,431,450**
TOTAL A+B	**680,498**	**58,871**	**183,462**	**2,754,884**	**31,066,515**	**1,483,565**	**162,674**	**33,097,991**

On-balance sheet exposures summarize all financial assets within business with customers as recognized in items 20 “Financial Assets held for trading”, 40 “Financial assets available for sale” and 70 “Loans to Customers”, except for derivatives that, in this section, are considered off-balance-sheet. Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives, including hedging derivatives) for which credit risk is taken.

Net non-performing forborne exposures that, in the “cure period” do not have any past due falling within the “Up to 3 months” past due range, came to Euro 374,442 thousand.

A.1.7 On-balance sheet exposures to Customers: changes in gross non-performing exposures

Reasons/categories	Bad debts	Unlikely To-Pay	Non-performing past due exposures
A. Opening gross exposure	**1,822,285**	**1,521,654**	**123,321**
- of which: sold exposures not derecognized	-	-	-
B. Increases	**274,880**	**573,702**	**165,027**
B.1 from performing loans	7,682	366,360	154,130
B.2 transfers from other categories of non-performing exposures	257,306	141,240	4,031
B.3 other increases	9,892	66,102	6,866
C. Decreases	**214,245**	**390,153**	**225,267**
C.1 to performing loans	234	64,593	67,550
C.2 writeoffs	84,570	4,107	4,078
C.3 collections	55,083	61,408	12,654
C.4 realization on disposals	11,438	-	-
C.5 losses on disposals	12,390	-	-
C.6 transfers to other categories of non-performing exposures	1,548	260,045	140,985
C.7 other decreases	48,982	-	-
D. Closing gross exposure	**1,882,920**	**1,705,203**	**63,081**
- of which: sold exposures not derecognized	-	-	-

A.1.8 On-balance sheet non-performing exposures to Customers: changes in total value adjustments

Reasons/Categories	Bad debts		Unlikely to Pay		Non-performing past-due exposures	
	Total	of which forborne exposures	Total	of which forborne exposures	Total	of which forborne exposures
A. Opening total adjustments	**1,028,959**	**-**	**306,243**	**-**	**4,596**	**-**
- of which: sold exposures not derecognized	-	-	-	-	-	-
B. Increases	**214,230**	**-**	**176,692**	**-**	**8,177**	**-**
B.1 value adjustments	147,471	-	157,865	-	4,718	-
B.2 losses on disposals	12,391	-	-	-	-	-
B.3 transfers from other categories of non-performing exposures	54,299	-	4,105	-	2,410	-
B.4 other increases	69	-	14,722	-	1,049	-
C. Decreases	**146,813**	**-**	**103,255**	**-**	**8,933**	**-**
C.1 writebacks from valuations	43,485	-	38,289	-	751	-
C.2 writebacks from collections	5,275	-	3,483	-	143	-
C.3 gains on disposal	534	-	-	-	-	-
C.4 derecognition	84,570	-	4,107	-	4,079	-
C.5 transfers to other categories of non-performing exposures	557	-	56,663	-	3,594	-
C.6 other decreases	12,392	-	713	-	366	-
D. Total closing adjustments	**1,096,376**	**-**	**379,680**	**-**	**3,840**	**-**
- of which: exposures disposed of and not derecognized	-	-	-	-	-	-

A.2 CLASSIFICATION OF EXPOSURES BASED ON EXTERNAL AND INTERNAL RATINGS

Qualitative disclosures

The categorization by rating grade is based on the internal and external models of the Cariparma Crédit Agricole Group.

Quantitative disclosures

A.2.1 Categorization of on-balance sheet and off-balance sheet loan exposures by external rating grade

Exposures	External rating grade						Without rating	Total
	Grade 1	Grade 2	Grade 3	Grade 4	Grade 5	Grade 6		
A. On-balance-sheet exposures	2,019	3,665,492	1,061,840	1,493,338	103,009	75,516	29,466,063	35,867,277
B. Derivatives	-	7,917	12,726	11,524	1,271	1,185	541,799	576,422
B.1 Financial Derivatives	-	7,917	12,726	11,524	1,271	1,185	541,799	576,422
B.2 Credit Derivatives	-	-	-	-	-	-	-	-
C. Guarantees issued	-	508,125	230,269	208,878	8,837	6,420	614,846	1,577,375
D. Commitments to disburse funds	-	140,579	4,166	7,074	31	994	80,878	233,722
E. Other	-	-	-	-	-	-	1,005	1,005
Total	**2,019**	**4,322,113**	**1,309,001**	**1,720,814**	**113,148**	**84,115**	**30,704,591**	**38,255,801**

The above breakdown by rating grades refers to measurements made by Cerved Group S.p.A. And DBRS (which are ECAI – External Credit Assessment Institutions – recognized by the Bank of Italy). The “without rating” column reports exposures with counterparties for which ratings given by the two ECAIs are not available, of which the key is given in the table below:

Credit rating grade	ECAI – Lince by Cerved Group	DBRS
Grade 1		from AAA to AAL
Grade 2	from A1.1 to A3.1	from AH to AL
Grade 3	B1.1	from BBBH to BBBL
Grade 4	from B1.2 to B2.2	from BBH to BBL
Grade 5	C1.1	from BH to BL
Grade 6	from C1.2 to C2.1	from CCCH to D

A.2.2 Breakdown of on-balance sheet and off-balance sheet loan exposures by external rating grade

Exposures	Internal rating grades				Without rating	Total
	from AAA to BBB+	from BBB to BBB-	from BB+ to B	from B- to D		
A. On-balance-sheet exposures	4,799,828	9,362,634	4,275,243	3,419,800	14,009,772	35,867,277
B. Derivatives	3,288	19,032	17,547	33,514	503,041	576,422
B.1 Financial Derivatives	3,288	19,032	17,547	33,514	503,041	576,422
B.2 Credit derivatives	-	-	-	-	-	-
C. Guarantees issued	347,433	521,112	255,134	103,567	350,129	1,577,375
D. Commitments to disburse funds	-	545	5	-	233,172	233,722
E. Other	-	-	-	-	1,005	1,005
Total	**5,150,549**	**9,903,323**	**4,547,929**	**3,556,881**	**15,097,119**	**38,255,801**

The breakdown by rating grade given above refers to Cariparma Crédit Agricole Group internal models.

The "Without rating" column mainly shows exposures to Banks, State bodies and Sovereign States, for which internal rating models are not available.

Excluding counterparties without rating, 65% of total counterparties fall within the Investment grades (from AAA to BBB-), whereas 20% falls within the BB+/B grades and 15% in the B-/D grades.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF GUARANTEE

A.3.1 Secured exposures to Banks

	Net value of exposure	Collaterals (1)				Personal guarantees (2)									Total (1)+(2)
						Credit derivatives					Signature loans				
		Real estate mortgage	Real estate leases-finance	Securities	Other collaterals	CLN	Other derivatives				Governments and central banks	Other public entities	Banks	Other	
							Governments and central banks	Other public entities	Banks	Other					
1. On-balance-sheet exposures:	**585,162**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**582,020**	**-**	**582,020**
1.1 fully secured	82,020	-	-	-	-	-	-	-	-	-	-	-	82,020	-	82,020
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2 partially secured	503,142	-	-	-	-	-	-	-	-	-	-	-	500,000	-	500,000
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Off-balance-sheet secured exposures:	**4,030**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**267**	**3,763**	**4,030**
2.1 fully secured	4,030	-	-	-	-	-	-	-	-	-	-	-	267	3,763	4,030
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A.3.2 Secured exposures to Customers

	Net value of exposure	Collaterals (1)				Personal guarantees (2)										Total (1)+(2)
						Credit derivatives					Signature loans					
		Real estate mortgage	Real estate leases-finance	Securities	Other collaterals	CLN	Other derivatives				Governments and central banks	Other public entities	Banks	Other		
							Governments and central banks	Other public entities	Banks	Other						
1. Secured on-balance-sheet exposures:	**20,748,928**	**14,821,270**	**-**	**171,038**	**615,200**	**-**	**-**	**-**	**-**	**-**	**-**	**29,902**	**2,403,277**	**2,119,639**		**20,160,326**
1.1 fully secured	18,478,514	14,680,756	-	105,551	454,013	-	-	-	-	-	-	29,887	1,005,324	1,854,165		18,129,696
- of which non-performing	1,774,816	1,493,321	-	937	12,833	-	-	-	-	-	-	26,649	-	187,214		1,720,954
1.2 partially secured	2,270,414	140,514	-	65,487	161,187	-	-	-	-	-	-	15	1,397,953	265,474		2,030,630
- of which non-performing	112,675	33,951	-	792	5,087	-	-	-	-	-	-	-	-	33,698		73,528
2. Off-balance-sheet secured exposures:	**396,831**	**59,849**	**-**	**24,866**	**83,595**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,191**	**174,081**		**353,582**
2.1 fully secured	291,785	56,900	-	19,210	63,280	-	-	-	-	-	-	-	162	151,475		291,027
- of which non-performing	3,227	-	-	78	827	-	-	-	-	-	-	-	-	2,254		3,159
2.2 partially secured	105,046	2,949	-	5,656	20,315	-	-	-	-	-	-	-	11,029	22,606		62,555
- of which non-performing	2,015	-	-	-	1,131	-	-	-	-	-	-	-	-	535		1,666

In compliance with Bank of Italy Circular No. 262, 4th update, in the “Collaterals” and “Personal guarantees” columns, the fair value of the collaterals or guarantee is reported, estimated as at the reporting date or, where not available, its contractual value. It is pointed out that, unlike for previous years, in compliance with the above 4th update, both the above values may be higher than the book value of secured exposures.

● B Breakdown and concentration of exposures

B.1 BREAKDOWN BY SECTOR OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS (BOOK VALUE)

Exposures/Counterparties	Governments			Other State Bodies			Financial Companies			Insurance undertakings			Non-financial corporations			Other parties		
	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments	Net Exposure	Specific value adjustments	Portfolio value adjustments
A. On-balance-sheet exposures																		
A.1 Bad debts			X			X	1,563	8,305	X	5,779	120	X	535,410	962,935	X	243,792	125,016	X
- of which: forborne exposures			X			X	536	2,939	X			X	122,105	175,558	X	3,591	879	X
A.2 Unlikely to Pay	-	-	X	4,832	51	X	35,482	10,776	X			X	1,129,595	295,560	X	155,614	73,293	X
- of which: forborne exposures			X	4,831	50	X	33,585	10,020	X			X	842,514	176,482	X	60,817	15,252	X
A.3 Non-performing past-due exposures			X	-	-	X	38	4	X			X	40,454	2,753	X	18,749	1,083	X
- of which: forborne exposures			X			X	-	-	X			X	8,552	462	X	7,955	435	X
A.4 Performing exposures	4,247,402		X	67,889		X	4,407,836		4,229	217,326		1	9,664,993		72,595	10,889,787		84,699
- of which: forborne exposures		X			X		4,804	X	37		X		443,009	X	3,450	200,230	X	1,559
Total A	**4,247,402**	**-**	**-**	**72,721**	**51**	**-**	**4,444,919**	**19,085**	**4,229**	**223,105**	**120**	**1**	**11,370,452**	**1,261,248**	**72,595**	**11,307,942**	**199,392**	**84,699**
B. Off-balance-sheet exposures																		
B.1 Bad debts			X			X	329		X			X	8,259	716	X	28		X
B.2 Unlikely to Pay			X			X	28	28	X			X	13,618	2,724	X	138	150	X
B.3 Other non-performing exposures			X			X	-	-	X			X	405	50	X	37	1	X
B.4 Performing exposures	3,178	X		1,416	X		32,952	X	12	33,608	X	32	1,286,527	X	1,068	50,927	X	38
Total B	**3,178**	**-**	**-**	**1,416**	**-**	**-**	**33,309**	**28**	**12**	**33,608**	**-**	**32**	**1,308,809**	**3,490**	**1,068**	**51,130**	**151**	**38**
Total (A+B) (31.12. 2015)	**4,250,580**	**-**	**-**	**74,137**	**51**	**-**	**4,478,228**	**19,113**	**4,241**	**256,713**	**120**	**33**	**12,679,261**	**1,264,738**	**73,663**	**11,359,072**	**199,543**	**84,737**
Total (A+B) (31.12.2014)	**4,855,635**	**-**		**77,141**	**303**		**5,123,899**	**15,868**	**2,830**	**140,319**	**22**	**24**	**13,165,138**	**1,158,067**	**80,601**	**11,158,285**	**169,550**	**85,219**

On-balance-sheet exposures include loans as well as other financial assets, such as debt securities, with the exception of derivative contracts and equity securities.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or goods are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives) for which credit risk is taken.

B.2 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS (BOOK VALUE)

Exposures/Geographical areas	North-West Italy		North-East Italy		Central Italy		South Italy and Islands	
	Net exposure	Total Value adjustments	Net exposure	Total Value adjustments	Net exposure	Total Value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures								
A.1 Bad debts	360,330	516,262	286,244	344,156	76,151	129,438	63,380	101,585
A.2 Unlikely to Pay	468,361	139,250	607,452	132,750	176,721	53,437	71,239	53,532
A.3 Non-performing past-due exposures	18,451	1,272	27,337	1,637	4,945	412	8,496	518
A.4 Performing exposures	13,336,290	71,253	6,389,516	48,555	7,638,512	26,400	1,858,502	14,449
Total	**14,183,432**	**728,037**	**7,310,549**	**527,098**	**7,896,329**	**209,687**	**2,001,617**	**170,084**
B. Off-balance-sheet exposures								
B.1 Bad debts	1,686	30	6,364	635	523	51	43	-
B.2 Unlikely to Pay	1,087	387	12,089	1,895	560	560	48	60
B.3 Other non-performing exposures	318	6	68	39	33	3	23	3
B.4 Performing exposures	590,045	314	577,734	746	194,614	21	44,577	69
Total	**593,136**	**737**	**596,255**	**3,315**	**195,730**	**635**	**44,691**	**132**
Total (A+B) (31.12.2015)	**14,776,568**	**728,774**	**7,906,804**	**530,413**	**8,092,059**	**210,322**	**2,046,308**	**170,216**
Total (A+B) (31.12.2014)	**15,587,913**	**666,773**	**8,100,799**	**482,826**	**8,657,985**	**200,922**	**1,930,685**	**155,860**

On-balance-sheet exposures include loans as well as other financial assets, such as debt securities, with the exception of derivative contracts and equity securities.

Off-balance-sheet exposures include financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives) for which credit risk is taken.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or goods are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives) for which credit risk is taken.

B.3 BREAKDOWN BY GEOGRAPHICAL AREA OF ON-BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO BANKS (BOOK VALUE)

Exposures/Geographical areas	Italy		Other European Countries		America		Asia		Rest of the world	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance-sheet exposures										
A.1 Bad debts	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to Pay	-	-	-	-	-	-	-	-	-	-
A.3 Non-performing past-due exposures	-	-	-	-	-	-	-	-	-	-
A.4 Performing exposures	2,315,612	-	1,866,179	-	9,762	-	5,066	-	4,117	-
Total A	**2,315,612**	**-**	**1,866,179**	**-**	**9,762**	**-**	**5,066**	**-**	**4,117**	**-**
B. Off-balance-sheet exposures										
B.1 Bad debts	-	-	-	-	-	-	-	-	-	-
B.2 Unlikely to Pay	-	-	-	-	-	-	-	-	-	-
B.3 Other non-performing exposures	-	-	-	-	-	-	-	-	-	-
B.4 Performing exposures	292,141	-	630,731	-	908	-	27,629	-	5,665	-
Total B	**292,141**	**-**	**630,731**	**-**	**908**	**-**	**27,629**	**-**	**5,665**	**-**
Total (A+B) (31.12.2015)	**2,607,753**	**-**	**2,496,910**	**-**	**10,670**	**-**	**32,695**	**-**	**9,782**	**-**
Total (A+B) (31.12.2014)	**1,600,118**	**-**	**3,554,576**	**121**	**9,695**	**-**	**21,844**	**-**	**8,706**	**-**

On-balance-sheet exposures include loans as well as other financial assets, such as debt securities, with the exception of derivative contracts and equity securities.

Exposures associated to counterparty risk relating to transactions for lending or borrowing securities or goods are excluded.

Off-balance-sheet exposures include all financial transactions other than on-balance-sheet ones (guarantees issued, commitments, derivatives) for which credit risk is taken.

B.4 LARGE RISKS

As at 31 December 2015, positions showing large risk features as defined in Circular No. 258/2013 (as updated) were:
a1) those having a total nominal amount of Euro 21,927,032 thousand.
a2) those having a total weighted amount of Euro 1,260,690 thousand.
b) a total number of 6.

E. Asset disposals

QUANTITATIVE DISCLOSURES

E.1 Financial assets disposed of but not derecognized: book value and full value

Technical forms/Portfolio	Financial assets held for for trading			Financial assets designated at fair value			Financial assets available for sale			Investments held to maturity			Loans to Banks			Loans to Customers			Total	
	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	A	B	C	31.12.2015	31.12.2014
A. On-balance-sheet assets	-	-	-	-	-	-	-	-	-	-	-	-	999	-	-	-	-	-	999	448,952
1. Debt securities	-	-	-	-	-	-	-	-	-				999						999	448,952
2. Equity securities	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
3. collective investment undertakings	-	-	-	-	-	-	-	-	-	X	X	X	X	X	X	X	X	X	-	-
4. Loans	-	-	-	-	-	-	-	-	-										-	-
B. Derivative instruments	-	-	-	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	-	-
Total 31.12.2015	-	-	-	-	-	-	-	-	-	-	-	-	999	-	-	-	-	-	999	
of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (31.12.2014)	-	-	-	-	-	-	386,686	-	-	-	-	-	62,266	-	-	-	-	-	-	448,952
of which non-performing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Key:
A = disposed financial assets fully recognized (book value)
B = disposed financial assets partially recognized (book value)
C = disposed financial assets partially recognized (full value)

E.2 Financial liabilities for financial assets disposed of but not derecognized: Book value

Liabilities/Assets portfolio	Financial assets held for trading	Financial assets designated at fair value	Financial assets available for sale	Investments held to maturity	Loans to banks	Loans to Customers	Total
1. Due to Customers	-	-	-	-	-	-	-
a) in respect of assets fully recognized	-	-	-	-	-	-	-
b) in respect of assets partially recognized	-	-	-	-	-	-	-
2. Due to banks	-	-	-	-	**1,005**	-	**1,005**
a) in respect of assets fully recognized	-	-	-	-	1,005	-	1,005
b) in respect of assets partially recognized	-	-	-	-	-	-	-
Total 31.12.2015	-	-	-	-	**1,005**	-	**1,005**
Total 31.12.2014	-	-	**383,565**	-	**62,637**	-	**446,202**

The table below reports financial liabilities which have the assets disposed but not derecognized – and still partially or totally recognized in the Balance Sheet – as underlying asset. These are repurchase agreements concerning securities held in the “Available-for-sale financial assets” and “Loans to Banks” portfolio.

E.4 COVERED BOND TRANSACTIONS

Portfolio being disposed

In order to increase its liquidity reserves, in 2013 the Cariparma Crédit Agricole Group designed its program for the issue of Covered Bonds. These bonds are secured, i.e. "covered" both by the issuing bank and by a pool of high-quality loans, whose "separate" administration is assigned to a special-purpose vehicle (Cariparma OBG srl – the Special Purpose Vehicle selected to participate in the Program, in which Cariparma holds a 60% stake), which acts as the "depositary of loans used as collaterals". This transaction, which is part of a process for enhancing the efficiency of funding sources, aims at providing the Bank with a wider range of liquidity management instruments. This decision was made considering that the Covered Bond market allows Cariparma to have access to funding instruments with higher maturity than the securities placed with its Retail customers, to diversify its investor base and to stabilize the cost of funding. In order to be implemented, this program, which aims also at increasing the eligible liquidity reserve with the European Central Bank, requires very effective organizational control and significant capital soundness. It is also emphasized that the above program has no effect on the regulatory risk profile of the disposing Banks (and of the Group) and does not generate the obligation for the Banks to derecognize the assets used as collaterals.

Disclosure

At its meetings held on 24 July 2012 and 26 March 2013, the Board of Directors of Cariparma resolved to start the design of a program for the issue of covered bonds for a maximum amount of Euro 8 billion.

The Italian legislation framework on Covered Bonds consists of Article 7-bis of Law No. 130 of 30 April 1999 (as amended and supplemented, hereinafter referred to as "Law 130"), of the Decree issued by the Italian Minister of the Economy and Finance No. 310 of 14 December 2006 (the "MEF Decree") and by the Provisions for Prudential Supervision of Banks set down in the Bank of Italy's Circular No. 285 of 17 December 2013, as supplemented and amended (the "Instructions" and, jointly with Law 130 and with the MEF Decree, the "Legislation").

The issue of Covered Bonds has allowed the Cariparma Crédit Agricole Group to further diversify its stock of eligible assets with the European Central Bank, to have access to funding tools with longer maturity than the securities placed with its Retail Customers, to diversify its investor base and to stabilize the cost of funding.

In general, the transaction, in accordance with the relevant regulations, consisted in the following activities. The Banks of the Cariparma Crédit Agricole Group (Cariparma, Banca Popolare FriulAdria and Carispezia) transfer a "Pool" of mortgage loans to Cariparma OBG S.r.L. The assets transferred to the Special-Purpose Entity are separated from the SPE's assets and are to be used to the benefit of the holders of the Covered Bonds issued and of other parties in favour of whom the guarantee has been given. The Banks grant a subordinated loan to Cariparma OBG, to be used to pay the purchase price of the assets by the same Special-Purpose Entity.

Cariparma issues the Covered Bonds and the Special-Purpose Entity issues collateral in favour of the holders of the covered bonds.

As a consequence, the repayment of the Covered Bonds that have been issued within the transaction is secured by unconditional and irrevocable collateral issued by Cariparma OBG exclusively to the benefit of the Covered Bond subscribers (Cariparma) and of unrelated counterparties.

The disposal portfolio

The loan pool that, each time, is transferred to the Special-purpose entity must have some common features.

In May 2013 and June 2015, accounts receivable based on mortgage loans contracts were selected, which, as at their respective transfer date, had, by way of an example and not limited to, the following common features:

- Accounts receivable based on Mortgage loans agreements:
  - Which are Home mortgage loans (i) having a risk-weighting factor not higher than 35% and (ii) for which the residual principal amount plus the residual principal of any previous mortgage loans with mortgage on the same property is not higher than 80% of the value of the mortgaged property; or
  - Which are Mortgage loans authorized or purchased by the Cariparma Crédit Agricole Group;
  - Which are performing with no instalments past due for over 30 days from the due date;
  - Which do not include clauses restricting the Group Banks' right to sell the loans resulting from the relevant contract or providing for the borrower's consent to the transfer and the Group Banks have obtained such consent;
  - for which any pre-amortization time provided for by the contract has fully expired and at least one instalment has matured and has been paid;
  - which have been granted to a natural person, a legal person or to more than one natural or legal person, who have jointly taken out the loan;
  - which provide for the borrower to pay floating-rate interest (determined each time by the Group Banks) or fixed-rate interest.

Upon the first disposal, made by signing, on 20 May 2013, a specific loan sale master agreement, the Banks in the Cariparma Crédit Agricole Group transferred an initial pool to Cariparma OBG S.r.l. for a total principal amount of approximately Euro 3.2 billion (the "Initial Pool", of which Euro 1.9 billion transferred by Cariparma, Euro 1.0 billion by Banca Popolare FriulAdria and Euro 0.3 billion by Carispezia).

Upon the second disposal, made on 20 June 2015, the Banks in the Cariparma Crédit Agricole Group transferred a second pool to Cariparma OBG S.r.l. for a total principal amount of approximately Euro 2.3 billion (the "Second Pool", of which Euro 1.5 billion transferred by Cariparma, Euro 0.4 billion by Banca Popolare FriulAdria and Euro 0.4 billion by Carispezia).

As at 31 December 2015, the Cover Pool consisted of accounts receivable resulting from 51,464 mortgage loans, with a total residual debt of approximately Euro 4.4 billion (Euro 2.8 billion transferred by Cariparma, Euro 1.1 billion by Banca Popolare FriulAdria and Euro 0.5 billion by Carispezia).

Current accounts

The Program provides for a complex structure of current accounts to manage the cash flows from the transaction. A number of accounts have been opened in the name of Cariparma OBG and specifically, but not limited to: Collection Accounts, Capital Account Portion, Reserve Fund Accounts, Guarantor Payments Accounts and Expenses Accounts.

Parties involved in the Program

With regard to the Program, the following parties have the roles set forth here below:

- Transferor Banks: Cariparma, Cassa di Risparmio della Spezia S.p.A., Banca Popolare FriulAdria S.p.A.;
- Master Servicer: Cariparma (which, in this capacity, has been tasked by Cariparma OBG S.r.l., pursuant to the Servicing Master Agreement, with the collection and recovery of the receivables in the Initial Portfolio and in the portfolios that the Transferor Banks will transfer to Cariparma OBG S.r.l. pursuant to the Transfer Master Agreement);
- Sub-Servicers and Services Provider: each Transferor Bank (which, in this capacity, shall undertake to carry out, as sub-servicer, the same services that Cariparma shall undertake to provide to Cariparma OBG S.r.l., in its capacity as Master Servicer, with reference only to the portion of Portfolio transferred by the same Transferor Bank to Cariparma OBG S.r.l.;
- Principal Paying Agent: Cariparma (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to determine and process the payments due, for principal and interest, to the holders of the Covered Bonds);

- Calculation Agent: Crédit Agricole Corporate & Investment Bank, Milan Branch ("CACIB") (which, in this capacity, pursuant to the Cash Management and Agency Agreement, shall have the main task to prepare and sent – to all parties to the agreement – the so-called Payments Report, setting forth the available funds owned by Cariparma OBG S.r.l and the payments to be made, based on the payment priority order as set by the parties in the transaction, pursuant to the Intercreditor Agreement, from the available funds);
- Account Bank: Cariparma (with which, in this capacity, pursuant to the Cash Management and Agency Agreement, the Italian current accounts shall be opened and kept in the name of Cariparma OBG S.r.l; on these accounts the liquidity shall be deposited to be used for the payments set as per the Program schedule);
- Asset Monitor: Mazars S.p.A. (which, in this capacity, pursuant to the Asset Monitor Agreement, shall carry out the calculations and verifications on the Mandatory Tests and on the Amortisation Test to be performed pursuant to the Cover Pool Administration Agreement, verifying the accurateness of the calculations made by the Calculation Agent pursuant to the Cover Pool Administration Agreement. With separate assignment, it is presently established that the Asset Monitor, tasked by Cariparma, carries out further verifications, specifically on (i) compliance of the eligible assets making up the Pool with the requirements set by the Legislation and (ii) compliance with the limits set for the transfer and with the issuers' requirements as provided for in the Instructions and (iii) the completeness, truthfulness and promptness of the information made available by investors;
- Guarantor Quotaholders: Cariparma and Stichting Pavia (which, in this capacity, shall sign the Quotaholders Agreement to exercise the corporate rights associated to the equity investment held by each one of them in Cariparma OBG S.r.l);
- Representative of the Covered Bondholders: Zenith Service S.p.A. (which, in this capacity, shall exercise, towards Cariparma and Cariparma OBG S.r.l., the rights of the counterparties involved in the transaction based on the Program Contracts);
- Administrative Services Provider: Zenith Service S.p.A. (which, in this capacity, shall have the task to provide Cariparma OBG S.r.l. with administrative and corporate services relating to the activities to be carried out within the Program).
- Arranger: CACIB;
- Rating Agency: Moody's.

Risks associated with the transaction

The Program for the Issue of Covered Bonds entails the financial risks specified below, for which several mitigation measures have been adopted: Credit Risk, Liquidity Risk, Refinancing Risk, Counterparty Risk, Operational Risks, Risk of Bankruptcy of the Issuer Bank, Legal Risks.

Based on the procedures, in compliance with the Supervisory Instructions, Cariparma Internal Audit Department shall perform, at least every 12 months, a verification of the controls carried out, also using the information received and the judgements expressed by the Asset Monitor.

Main features of the Program

The Program financial structure envisages that Cariparma may issue Covered Bonds in more than one subsequent series of Covered Bonds to be rated by Moody's Investors Service (presently the expected rating is Aa2).

In 2013 a single issue of Covered Bonds was made, the so-called retained Covered Bonds (which were repurchased by Cariparma) at a floating rate, indexed to the Euribor, for an amount of Euro 2.7 billion, to be used in refinancing operations with the European Central Bank

In 2014 Cariparma, partially cancelled the securities issued in 2013, which currently amount to Euro 1.2 billion and launched its first issue of Covered Bonds on the market for Euro 1 billion; the latter were placed with institutional investors with the support of Dealers, such as Crédit Agricole Corporate & Investment Bank, Banca Imi, Erste Group, LBBW, Nord LB, Unicredit.

In 2015 Cariparma went on with the second issue of Covered Bonds on the market for Euro 1 billion; these bonds were placed with institutional investors with the support of Dealers such as Crédit Agricole Corporate & Investment Bank, Unicredit Bank AG, Lloyds, ING, Santander, Natixis.

As at 31 December 2015, therefore, the nominal value of the bonds issued came to Euro 3.2 billion, of which Euro 1.2 billion worth of retained bonds and Euro 2 billion worth of bonds publicly traded.

Cariparma will be able to issue, within the Program, Covered Bonds for a total amount not exceeding Euro 8 billion.

F. Models for credit risk measurement

To complete the actions referring to the First Pillar and concomitantly with the adoption of the IRB Advanced approach to calculate capital requirements, in 2014, the Cariparma Crédit Agricole Group started an important project for the upgrading of its systems and models in view of advanced risk management.

This upgrading, which is required for banks in Class 1, has entailed the development and implementation of internal models for the measurement and integration of risks, scenario analysis for stress testing/planning and falls within a wider action that the Cariparma Crédit Agricole Group has started for the implementation and integration, on a single IT platform, of advanced control and simulation tools.

Within the above project, which is currently being validated by the "Comité Normes et Méthodes" (CNM) of the French Parent Company, the parametrization and feeding of data for the prospective and stressed simulation of the economic capital (Credit VaR) were carried out, which will allow the Group to have this factor available for the measurement and assessment of capital adequacy (ICAAP process) effective from 2016.

● *Section 2 – Market risks*

2.1 INTEREST RATE RISK AND PRICE RISK – SUPERVISORY TRADING BOOK

QUALITATIVE DISCLOSURES

General aspects

Cariparma does not engage in significant proprietary trading in financial and capital markets.

Therefore, trading is essentially instrumental and made on behalf of Customers based on the concept of intermediation, which allows the Cariparma Group to take only residual financial risk positions.

The Cariparma Crédit Agricole Group trading book is historically composed of securities (mainly bonds issued by Banks) and of over-the-counter derivatives (matched trading). Cariparma, in its capacity as Parent Company, coordinates the interest rate risk and price risk of the Group's trading book, centrally managing banking operations as well as the risk assessment and control activities.

The equity absorbed is reported using standard methods.

In 2015, the Cariparma CA upgraded it operational process, being a subsidiary of the Crédit Agricole SA Group, in order to comply with the Volcker Rule and the "*Loi francaise de séparation et de régulation des activitès bancaires*" (LBF), which prohibit speculative transactions from being carried out on own behalf. The above regulations have applied to the Cariparma Crédit Agricole Group since July 2015.

Management and measurement of interest rate and price risks

Organisational aspects

The market risk in Cariparma's trading book is managed as part of the Group's relevant risk policies.

This document defines the internal regulatory system for the management of market risk with reference to operations in financial instruments, foreign currencies and commodities, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of market risk;
- Guidelines and rules on which the market risk management processes are based.

The Market Risk Policy is one of the components of the overall risk governance model, consistently with Crédit Agricole guidelines.

Management mechanism

Within the process for market risk management, primary responsibility is assigned to corporate bodies/department, according to their respective areas, and they must be completely aware of the Bank's level of exposure:

the Board of Directors is tasked with strategic overseeing and is therefore responsible for defining market risk governance policies and management processes.

The Corporate Banking Department, vested with the relevant powers by the Board of Directors, is responsible for market risk management, and, therefore, defines and steers the Group's mechanism for the management of market risk, in compliance with the instructions and resolutions issued by the Group ALM Committee and Risk Management Committee.

The Risk Management and Permanent Controls Department is responsible for control. In compliance with the instructions and resolutions issued by the ALM Committee, it verifies the corporate risk management process and supervises compliance of the treatment of market risk with the legislation in force.

The limit structure

The limit structure reflects the level of risk deemed acceptable with reference to the individual business areas and is a mechanism designed to control that operational practices, at the various organisational levels, are performed in compliance with management guidelines and strategies, as defined by the Top Management.

The framework system for market risk regarding the Trading book of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

Operational limits for Cariparma, which are defined on the basis of the nominal value of the open position (that is after clearing of identical purchase and sale positions), are set down and approved by the Board of Directors.

Therefore, operational limits are, consistently with the Parent Company's global limits, adaptations of the latter by type of asset, product, portfolio, and risk factors.

Control System

Risk monitoring is a task assigned to the Risk Management and Permanent Controls Department, which is responsible for verifying:

- Compliance with the operational limits set on the trading books of the Bank;
- Adequacy and proper operation of the finance process;

- Compliance with approved risk management rules and criteria;
- Proper running of activities and controls for protection from risks.
- The presence of any problems to be promptly solved.

The Risk Management and Permanent Controls Department is also responsible for reporting on the above activities to the management bodies.

QUANTITATIVE DISCLOSURES

1. Supervisory Trading Book: breakdown by residual duration (repricing date) of on-balance-sheet financial assets and liabilities and financial derivatives

	EURO							
Type/Residual maturity	On demand	Up to 3 months	From over 3 months to 6 months	From over 6 months to 1 year	From over 1 year to 5 years	From over 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**39**	**-**	**1**	**-**	**2**	**-**
1.1 Debt securities	-	-	39	-	1	-	2	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	39	-	1	-	2	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**31**	**3,628,421**	**810,898**	**2,135,415**	**1,967,122**	**484,571**	**101,108**	**-**
3.1 With underlying security	-	8,260	6,297	442	1,122	-	20	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	8,260	6,297	442	1,122	-	20	-
+ long positions	-	3,489	3,255	407	907	-	10	-
+ short positions	-	4,771	3,042	35	215	-	10	-
3.2 Without underlying security	31	3,620,161	804,601	2,134,973	1,966,000	484,571	101,088	-
- Options	31	1,338	2,152	1,603,790	113,021	50,399	7,352	-
+ long positions	16	669	1,076	801,895	56,510	25,200	3,676	-
+ short positions	15	669	1,076	801,895	56,511	25,199	3,676	-
- Other derivatives	-	3,618,823	802,449	531,183	1,852,979	434,172	93,736	-
+ long positions	-	1,807,915	401,215	265,562	926,523	217,086	46,868	-
+ short positions	-	1,810,908	401,234	265,621	926,456	217,086	46,868	-

	Other currencies							
Type/Residual maturity	On demand	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	From over 5 year up to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 repurchase agreements for funding purposes	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**172,990**	**56,613**	**27,352**	**8,088**	**150**	**26**	**-**
3.1 With underlying security	-	368	-	-	188	150	26	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	368	-	-	188	150	26	-
+ long positions	-	184	-	-	94	75	13	-
+ short positions	-	184	-	-	94	75	13	-
3.2 Without underlying security	-	172,622	56,613	27,352	7,900	-	-	-
- Options	-	42	196	58	-	-	-	-
+ long positions	-	21	98	29	-	-	-	-
+ short positions	-	21	98	29	-	-	-	-
- Other derivatives	-	172,580	56,417	27,294	7,900	-	-	-
+ long positions	-	87,815	28,228	13,647	3,950	-	-	-
+ short positions	-	84,765	28,189	13,647	3,950	-	-	-

2.2 Interest rate risk and price risk – Banking book

QUALITATIVE DISCLOSURES

General aspects, Management and measurement of interest rate risk and price risks

General aspects

Asset Liability Management activities refer to all on-balance-sheet and off-balance-sheet transactions (Banking Book), excluding from this perimeter the positions in the supervisory Trading Book. Fluctuations in interest rates impact the Group's profits by reducing net interest income and net banking income and also affect capital by causing changes in the net present value of future cash flows.

Interest rate risk, therefore, refers to all on-balance-sheet and off-balance-sheet transactions, excluding the supervisory trading book.

The Banking Book price risk is generated by financial-type assets held for various trading objectives.

The framework system for interest rate risk and price risk regarding the Trading book of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

The Risk Management and Permanent Controls Department is responsible for control.

Organisational aspects

The process for the management of interest rate risk and price risk regarding the Group Banking Book is regulated within the relevant risk policies.

Cariparma, in its capacity as Parent Company, coordinates the interest rate risk and price risk profiles of the Group's Banking Book, centrally managing banking operations, as well as the activities for risk measurement and control.

The Governance model vests:

- the ALM Committee with the task of setting the strategic and direction lines for the management, of validating the methods for measuring the exposure to interest rate risk, of examining the reporting produced by the Financial Management Division, as well as to resolve on any measures to be implemented.
- the Risk Management Committee with the task to examine the outcomes of controls of compliance with the RAF and Risk Strategy limits and alert thresholds, as well as of any alert procedures that started.

The CFO delegates the Financial Management Division of the Parent Company for financial management and, specifically, this Division is responsible for interest rate risk management.

The Risk Management and Permanent Controls Department is responsible for control and, therefore, it verifies the corporate risk management process and supervises compliance of the treatment of market risk with the legislation in force and with the Group risk strategy. Moreover, on a monthly basis, the Risk Management and Permanent Controls Department carries out the reperforming of the risk indicators set down by Crédit Agricole S.A.within the implemented Risk Strategy.

The framework system for market risk regarding the Banking Book of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

Risk policy and management

The processes for the management of interest rate and price risks are governed by the respective risk policies. These documents define the internal regulatory system for the management of risks with reference to operations in financial instruments, in terms of:

- The principles, objectives, methodologies and tools used for the measurement, control and management of risks;
- Guidelines and rules on which the risk management and stress testing processes are based.

The policy for the management of interest rate risk is designed to implement the short-term and long-term strategies by defining a cumulative gap by maturity. The management of this position aims at maximizing the profitability of the Bank, in compliance with the limits and with the guidelines set by the Board of Directors of the Parent Company and implemented by the Board of Directors of FriulAdria and by the Group Risks Committee of Crédit Agricole S.A. The main financial instruments for the management of interest risk hedges are Interest Rate Swaps, which, for their very nature, are contracts referring to "pure" interest rate risk.

The policy for the management of the Banking Book is designed to invest available liquidity and to hold liquidity reserves in a Basel 3 perspective. The management of price risk aims at monitoring the impacts on the book value of capital and on regulatory capital generated by changes in value of the financial instruments held in the Banking Book, consistently with the acceptable risk level as set by the Board of Directors and by the Group Risk Committee of Crédit Agricole S.A.

Control System

Independent control on the system for the management of interest rate risk is performed by the Risk Management and Permanent Controls Department that:

- Controls the risk measurement and stress testing models, consistently with the guidelines issued by the Supervisory Body and with the procedures set by Crédit Agricole S.A.
- Assesses, within the validation and update process, the results of quantitative and qualitative analysis of the models, expressing its opinion in this regard;
- Independently verifies the outcomes of the stress tests on the Banking Book;
- Informs the Board of Directors and Crédit Agricole S.A. (within the control process) where the limits set for risk management have been breached since the last communication and recommends remedial actions to be implemented, after obtaining the opinion of the Financial Management Division.

The Risk Management and Permanent Controls Department is responsible for control of compliance with the set limits (global, operational and alert thresholds); therefore, it prepares and send to the corporate Bodies its Financial Risk Report, covering the control outcomes, any breaches of limits and activates, where required, the appropriate alert procedures. On a quarterly basis, it submits a summary of the above Report to the Risk Management Committee, as well as to the Internal Control Committee.

Risk measurement: Methodological aspects and limit structure

For measuring interest rate risk, an interest-rate gap model has been adopted, according to which, at each future maturity date, the cumulative gap generated by sensitive fixed-rate assets and liabilities existing as at the relevant date is measured. To calculate the fixed-rate gap, on-balance-sheet exposures to interest rate risk must be identified, as well as the stable component of demand items, the effects of the “optionality” underlying some Banking Book positions must be estimated (e.g. early repayment of mortgage loans), as well as the maturity of some balance sheet items that have no certain contractual maturity, in accordance with the proprietary models of the Group and of Crédit Agricole S.A.

In 2015 the Interest Rate Risk internal model was subject to annual updating. In this regard, no specific changes were made to the stability components set in the previous version.

In line with the instructions issued by Crédit Agricole S.A., a set of limits for the gaps was defined, which represents the maximum acceptable level of interest rate risk for the Group. These limits are calculated with reference to a series of risk indicators that measure the impact of a change in interest rates on equity. The ALM Committee and the Risk Management Committee approved the new limits proposed, which were then submitted to the Group Risk Committee of Crédit Agricole S.A. and to the Boards of Directors of the Banks.

In line with the Group management profile, the limit structure was approved and confirmed within the Risk Strategy:

- Global limit in terms of Net Present Value (NPV);
- Gap global limits subdivided into different time ranges.

As regards the Banking Book price risk, global limits are defined on the basis of the type of instrument that can be held (Italian, German, and French Government Bonds) and are expressed with reference to the maximum nominal value that can be held. These limits are approved by the Bank Board of Directors.

In 2015 new global limits and alert thresholds were set on the impact of the stress test on the Banking Book, at Group level.

Fair value hedging

Hedging interest rate risk has the objective of immunizing the Banking Book from changes in the fair value of funding and lending, caused by adverse movements in the interest rate curve, or of reducing the uncertainty of cash flows linked to a specific asset/liability. Specifically, subject to hedging are fixed-rate debenture loans and fixed-rate securities recognized as assets (micro-hedge), mortgage loans with CAP grated to Customers (macro-hedge) and fixed-rate gaps, which are subject to macro-hedge. The hedges were made exclusively by purchasing Interest Rate Swaps and Interest Rate Options.

In compliance with the IAS, the effectiveness of the hedges was assessed by Cariparma Financial Management Division, which carries out the relevant tests on a monthly basis; within the procedures, formal documentation for every hedging transaction is kept.

Cash flow hedging

In the period there was no cash flow hedging.

QUANTITATIVE DISCLOSURES

1. Banking book: breakdown by residual duration (by repricing date) of financial assets and liabilities

EURO

Type/Residual maturity	On demand	Up to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From more than 1 year to 5 years	From more than 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**7,555,590**	**16,638,143**	**2,150,638**	**1,220,136**	**2,476,050**	**1,422,184**	**2,027,879**	**161,138**
1.1 Debt securities	2,095,566	2,276,793	206,621	-	-	-	-	161,138
- with early repayment option	-	-	-	-	-	-	-	-
- Other	2,095,566	2,276,793	206,621	-	-	-	-	161,138
1.2 Loans to banks	755,054	1,857,334	1,674	32,336	578,005	410,076	1	-
1.3 Loans to customers	4,704,970	12,504,016	1,942,343	1,187,800	1,898,045	1,012,108	2,027,878	-
- c/c	9,196	84,664	27,308	250,052	123,661	27,619	9,126	-
- other loans	4,695,774	12,419,352	1,915,035	937,748	1,774,384	984,489	2,018,752	-
- with early repayment option	3,173	299,755	64,719	37,829	45,896	47	6	-
- Other	4,692,601	12,119,597	1,850,316	899,919	1,728,488	984,442	2,018,746	-
2. On-balance-sheet liabilities	**32,823,384**	**4,931,048**	**1,458,895**	**1,272,100**	**5,218,816**	**2,173,481**	**6,004,332**	**-**
2.1 Due to customers	32,668,351	1,206,262	601,741	1,946	3,403	-	6,004,332	-
- c/c	15,322,383	600,009	300,000	-	-	-	3,002,166	-
- other due	17,345,968	606,253	301,741	1,946	3,403	-	3,002,166	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	17,345,968	606,253	301,741	1,946	3,403	-	3,002,166	-
2.2 Due to banks	143,754	2,394,418	34,293	30,028	1,951,110	170,075	-	-
- c/a	49,259	-	-	-	-	-	-	-
- other due and payables	94,495	2,394,418	34,293	30,028	1,951,110	170,075	-	-
2.3 Debt securities	11,279	1,330,368	822,861	1,240,126	3,264,303	2,003,406	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	11,279	1,330,368	822,861	1,240,126	3,264,303	2,003,406	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**8**	**277,881**	**3,794**	**270,798**	**49,085**	**62,307**	**56,425**	**-**
3.1 With underlying security	-	37,400	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	37,400	-	-	-	-	-	-
+ long positions	-	18,909	-	-	-	-	-	-
+ short positions	-	18,491	-	-	-	-	-	-
3.2 Without underlying security	8	240,481	3,794	270,798	49,085	62,307	56,425	-
- Options	8	240,481	3,794	270,798	49,085	62,307	56,425	-
+ long positions	6	120,225	465	135,263	24,856	31,441	29,194	-
+ short positions	2	120,256	3,329	135,535	24,229	30,866	27,231	-
- Other derivatives	-	17,721,495	343,642	1,625,721	7,882,120	6,661,400	-	-
+ long positions	-	4,157,350	314,348	1,473,971	6,432,820	4,738,700	-	-
+ short positions	-	13,564,145	29,294	151,750	1,449,300	1,922,700	-	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-

	Other currencies							
Type/Residual maturity	On demand	Up to 3 months	From over up 3 months to 6 months	From over up 6 months to 1 year	From over up 1 year to 5 years	From over up 5 year to 10 years	Over 10 years	Indefinite maturity
1. On-balance-sheet assets	**41,109**	**549,557**	**21,501**	**22,751**	**9,548**	**1,379**	**-**	**-**
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
1.2 Loans to banks	40,659	384,584	-	-	5,844	-	-	-
1.3 Loans to customers	450	164,973	21,501	22,751	3,704	1,379	-	-
- c/a	-	20	2	6	-	-	-	-
- Other loans	450	164,953	21,499	22,745	3,704	1,379	-	-
- with early repayment option	-	50,581	2,563	1,939	-	-	-	-
- Other	450	114,372	18,936	20,806	3,704	1,379	-	-
2. On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2.1 Due to customers	-	-	-	-	-	-	-	-
- c/a	-	-	-	-	-	-	-	-
- other due and payables	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- c/a	-	-	-	-	-	-	-	-
- other due and payables	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-
4. Other off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
+ long positions	-	-	-	-	-	-	-	-

2.3 EXCHANGE RATE RISK

QUALITATIVE DISCLOSURES

General aspects, management and measurement of exchange rate risk

The Group is not engaged in proprietary trading on the currency market and does not hold assets or liabilities which are not hedged against this risk. Consequently, there are no exposures apart from residual positions in respect of activities carried out to meet customer requirements in both the spot and forward markets. These residual positions are nonetheless monitored daily. The process for the management of exchange rate risk of the Group is regulated by the relevant risk policy.

The framework system for exchange rate risk of the Cariparma Group is reviewed on a yearly basis, consistently with the guidelines and the risk appetite set by the Crédit Agricole Group. Such risk appetite is structured through global limits and operational limits that are defined by the Risk Strategy.

Exchange rate risk hedging

Hedging of interest rate risk is based on the intermediation principle, which allows the Parent Company and the Subsidiaries of the Cariparma Crédit Agricole Group not to take exchange rate risk positions exceeding the authorized operational limits. Back-to-back hedging transactions are carried out with Authorized Financial Counterparties and are traded upon the closing of the relevant transactions with Customers.

QUANTITATIVE DISCLOSURES

1. Breakdown by currency of assets, liabilities and derivatives

Items	Currencies					
	US DOLLAR	UK POUND	JAPAN YEN	CANADIAN DOLLAR	SWISS FRANC	OTHER VALUE DATE
A. Financial Assets	**273,491**	**29,064**	**3,653**	**2,099**	**15,120**	**19,307**
A.1 Debt securities	-	-	-	-	-	-
A.2 Equity securities	-	-	-	-	-	-
A.3 Loans to banks	169,712	22,939	3,313	1,383	779	17,417
A.4 Loans to customers	103,779	6,125	340	716	14,341	1,890
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	**1,209**	**589**	**43**	**63**	**418**	**312**
C. Financial Liabilities	**279,327**	**28,978**	**3,699**	**1,980**	**15,492**	**18,691**
C.1 Due to banks	118,805	3,132	8	211	9,460	15,550
C.2 Due to customers	160,522	25,846	3,691	1,769	6,032	3,141
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	**7,343**	**3,886**	**19**	**141**	**135**	**271**
E. Financial derivatives	247,240	11,187	261	2,140	2,178	1,481
- Options	256	40	-	-	-	-
+ long positions	128	20	-	-	-	-
+ short positions	128	20	-	-	-	-
- Other derivatives	246,984	11,147	261	2,140	2,178	1,481
+ long positions	123,329	7,295	137	1,062	1,099	717
+ short positions	123,655	3,852	124	1,078	1,079	764
Total assets	**398,157**	**36,968**	**3,833**	**3,224**	**16,637**	**20,336**
Total liabilities	**410,453**	**36,736**	**3,842**	**3,199**	**16,706**	**19,726**
Difference (+/-)	**-12,296**	**232**	**-9**	**25**	**-69**	**610**

2.4 DERIVATIVE INSTRUMENTS

A. Financial Derivatives

A.1. Supervisory Trading Book: closing notional values

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the Counter	Central counterparties	Over-the Counter	Central counterparties
1. Debt securities and interest rates	**7,236,433**	**-**	**8,159,418**	**-**
a) Options	3,700,396	-	4,182,253	-
b) Swaps	3,536,037	-	3,977,165	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	**298,484**	**-**	**222,437**	**-**
a) Options	59,232	-	45,232	-
b) Swaps	826	-	-	-
c) Forward contracts	238,426	-	177,205	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**7,020**	**-**	**1,451**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**7,541,937**	**-**	**8,383,306**	**-**

A.2 Banking Book: closing notional values

A.2.1 Held for Hedging

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the Counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates	**17,489,971**	**-**	**17,562,060**	**-**
a) Options	353,873	-	286,664	-
b) Swaps	17,117,189	-	17,070,923	-
c) Forward contracts	18,909	-	204,473	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	-	-	-	-
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**17,489,971**	**-**	**17,562,060**	**-**

A.2.2 Other derivatives

Underlying assets/Type of derivative	31.12.2015		31.12.2014	
	Over-the Counter	Central counterparties	Over-the counter	Central counterparties
1. Debt securities and interest rates	**449,536**	**-**	**888,076**	**-**
a) Options	449,536	-	464,706	-
b) Swaps	-	-	186,000	-
c) Forward contracts	-	-	237,370	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
2. Equity securities and equity indices	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
3. Exchange rates and gold	**-**	**-**	**-**	**-**
a) Options	-	-	-	-
b) Swaps	-	-	-	-
c) Forward contracts	-	-	-	-
d) Futures	-	-	-	-
e) Other	-	-	-	-
4. Commodities	**-**	**-**	**-**	**-**
5. Other underlying assets	**-**	**-**	**-**	**-**
Total	**449,536**	**-**	**888,076**	**-**

A.3 Financial derivatives: gross positive fair value – breakdown by product

Underlying assets/Types of derivatives	Positive fair value			
	31.12.2015		31.12.2014	
	Over-the Counter	Central counterparties	Over-the Counter	Central counterparties
A. Supervisory Trading Book	**99,203**	**-**	**191,172**	**-**
a) Options	5,806	-	6,597	-
b) Interest rate swap	90,507	-	180,805	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	2,742	-	3,760	-
f) Futures	-	-	-	-
g) Other	148	-	10	-
B. Banking Book – hedging	**511,574**	**-**	**710,803**	**-**
a) Options	5,862	-	4,902	-
b) Interest rate swap	505,511	-	705,901	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	201	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking Book – other derivatives	**1,059**	**-**	**7,266**	**-**
a) Options	1,059	-	3,828	-
b) Interest rate swap	-	-	157	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward	-	-	3,281	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**611,836**	**-**	**909,241**	**-**

A.4 Financial derivatives: gross negative fair value – breakdown by product

Underlying assets/Types of derivatives	Negative fair value			
	31.12.2015		31.12.2014	
	Over-the Counter	Central counterparties	Over-the Counter	Central counterparties
A. Supervisory Trading Portfolio	**108,779**	**-**	**204,263**	**-**
a) Options	17,049	-	20,329	-
b) Interest rate swap	88,892	-	180,141	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	2,701	-	3,785	-
f) Futures	-	-	-	-
g) Other	137	-	8	-
B. Banking Book – hedging	**507,537**	**-**	**532,210**	**-**
a) Options	-	-	-	-
b) Interest rate swap	507,537	-	531,855	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	-	-	355	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
C. Banking Book – other derivatives	**973**	**-**	**3,743**	**-**
a) Options	973	-	3,717	-
b) Interest rate swap	-	-	26	-
c) Cross currency swap	-	-	-	-
d) Equity swap	-	-	-	-
e) Forward contracts	-	-	-	-
f) Futures	-	-	-	-
g) Other	-	-	-	-
Total	**617,289**	**-**	**740,216**	**-**

A.5 OTC financial derivatives: Supervisory Trading Book: notional values, gross positive and negative fair values by counterparty – contracts not included in netting arrangements

Contracts not included in compensation agreements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	98	800,000	226,224	-	2,541,267	261,554
- Positive fair value	-	-	-	7,296	-	82,363	420
- Negative fair value	-	-	-	4	-	1,491	1,252
- future exposure	-	-	-	931	-	7,494	37
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	121,548	601	-	138,258	6,633
- Positive fair value	-	-	1,568	-	-	1,157	60
- Negative fair value	-	-	1,207	13	-	1,632	74
- future exposure	-	-	1,373	6	-	1,400	66
4) Other assets							
- notional value	-	-	-	-	-	3,515	-
- Positive fair value	-	-	-	-	-	95	-
- Negative fair value	-	-	-	-	-	36	-
- future exposure	-	-	-	-	-	352	-

A.6 OTC financial derivatives: Supervisory Trading Book: notional values, gross positive and negative fair values by counterparty – contracts included in netting arrangements

Contracts included in netting arrangements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	3,407,290	-	-	-	-
- Positive fair value	-	-	5,964	-	-	-	-
- Negative fair value	-	-	102,923	-	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	31,444	-	-	-	-
- Positive fair value	-	-	237	-	-	-	-
- Negative fair value	-	-	56	-	-	-	-
4) Other assets							
- notional value	-	-	3,505	-	-	-	-
- Positive fair value	-	-	43	-	-	-	-
- Negative fair value	-	-	91	-	-	-	-

A.7 OTC financial derivatives: Banking Book: notional values, gross positive and negative fair values by counterparty – contracts not included in netting arrangements

Contracts not included in compensation agreements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	18,909	-	-	-	217,536
- Positive fair value	-	-	201	-	-	-	-
- Negative fair value	-	-	-	-	-	-	973
- future exposure	-	-	-	-	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-
4) Other assets							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
- future exposure	-	-	-	-	-	-	-

A.8 OTC financial derivatives: Banking Book: notional values, gross positive and negative fair values by counterparty – contracts included in netting arrangements

Contracts included in netting arrangements	Governments and Central Banks	Other public entities	Banks	Financial companies	Insurance companies	Non-financial corporations	Other
1) Debt securities and interest rates							
- notional value	-	-	17,703,062	-	-	-	-
- Positive fair value	-	-	512,432	-	-	-	-
- Negative fair value	-	-	507,537	-	-	-	-
2) Equity securities and equity indices							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
3) Exchange rate and gold							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-
4) Other assets							
- notional value	-	-	-	-	-	-	-
- Positive fair value	-	-	-	-	-	-	-
- Negative fair value	-	-	-	-	-	-	-

A.9 Residual maturity of OTC financial derivatives: notional values

Underlying asset/residual maturity	Up to 1 year	More than 1 and up to 5 years	More than 5 years	Total
A. Supervisory Trading Portfolio	**2,672,983**	**3,172,306**	**1,696,648**	**7,541,937**
A.1 Financial derivatives on debt securities and interest rates	2,375,378	3,164,407	1,696,648	7,236,433
A.2 Financial derivatives on share capital securities and share indices	-	-	-	-
A.3 Financial Derivatives on exchange rates and gold	290,584	7,899	-	298,483
A.4 Financial derivatives on other values	7,021	-	-	7,021
B. Banking book	**3,042,114**	**7,997,207**	**6,900,186**	**17,939,507**
B.1 Financial derivatives on debt certificates and interest rates	3,042,114	7,997,207	6,900,186	17,939,507
B.2 Financial derivatives on equity securities and equity indices	-	-	-	-
B.3 Financial Derivatives on exchange rates and gold	-	-	-	-
B.4 Financial derivatives on other values	-	-	-	-
Total (31.12.2015)	**5,715,097**	**11,169,513**	**8,596,834**	**25,481,444**
Total (31.12.2014)	**6,457,655**	**11,375,748**	**9,000,039**	**26,833,442**

● Section 3 – Liquidity risk

QUALITATIVE DISCLOSURES

General aspects, management and measurement of liquidity risk

General and organisation aspects

Liquidity risk concerns the possibility that the Bank may not be able to meet its payment commitments, both expected and unexpected, without prejudicing its daily operations or its financial position. This risk is managed based on the following components:

- Management of short-term liquidity: its objective is to ensure that outgoing liquidity flows can be handled with incoming liquidity flows, in the perspective of supporting continuously normal banking operations;
- Management of structural liquidity: its objective is to maintain the balance between total liabilities and medium-/ long-term assets.

The liquidity risk management model used by the Group is based on the principle of separation of liquidity measurement and management processes from liquidity risk controlling processes, in compliance with the regulatory requirements and with the guidelines issued by CAsa. This model provides for the measurement and management of liquidity risk to be centrally performed by the Parent Company Cariparma, which is also responsible for the funding process of all the entities in the Group. This framework is defined as the "Liquidity System".

The adopted Governance model provides for centralized risk management at Group level, in compliance with the guidelines set down by Crédit Agricole S.A. The model sets the responsibilities of the corporate Bodies and structures involved, specifically:

- The Board of Directors, the body in charge of strategic oversight, is responsible for defining governance policies, the organizational structure and management processes. Specifically, it approves measurement methods, risk tolerance thresholds and the limits system, the assumptions at the basis of stress tests, the Plan d'Urgence and the Contingency Funding Plan.
- The CFO, through Cariparma Management Division, is the role responsible for management and, specifically, for the preparation of the reporting to the Bank of Italy, as well as of internal reporting on the Group's liquidity situation (statement of liquidity). The Financial Management Division operates in compliance with the directions of the ALM Committee, on which the General Managers of the Subsidiaries sit.
- The Risk Management and Permanent Controls Department is responsible of the permanent controls mechanism, controls compliance with global and operational limits, as well as with alert thresholds, prepares the reporting to corporate Bodies and triggers, where required, the alert procedures. Jointly with the Financial Management Division, it is also responsible for monitoring the ratios provided for in the Contingency Funding Plan.

The process for the management of liquidity risk is regulated, at Group level, by the relevant risk policy.

Risk management and control: methodological aspects

The model adopted for liquidity risk management is based on the monitoring of the short-term component (up to 12 months) and the medium/long-term one.

The main objective of the short-term liquidity management process is to ensure that the Bank is able to satisfy on-balance-sheet payment commitments, expected and unexpected, in such a way as not to prejudice normal business.

A basic condition for achieving this objective is to permanently maintain a sufficient balance between incoming and outgoing liquidity flow.

To measure the exposure to short-term liquidity risk, the maturity mismatch approach has been used, in accordance with the guidelines set down by Crédit Agricole SA and with supervisory instructions.

The liquidity risk monitoring system considers the following factors:

- Keeping immediate liquidity, i.e. the net balance of customer sources, excess own funds and loans to customers. This is carried out by recognizing cash inflows and outflows expected in the various ranges of residual maturity making up the maturity ladder;
- the continuation of the business activity based on planned rates (monitoring the performance of liquidity from loans to customers/customer sources).

An essential aspect of liquidity management is the definition of an interbank short-term refinancing limit (LCT – *Limite Court Terme*), which is fine-tuned using the method set by the Liquidity System aimed at ensuring surplus liquidity over a one-year horizon in a market under stress conditions.

It imposes "non-concentration" on shorter maturities, with the effect of fostering longer terms for inter-bank funding over a one-year time horizon.

The stress scenarios on which the structure of the limits is based are defined on realistic assumptions but, at the same time, are appropriately conservative in relation to the severity and duration of the simulated shock.

Short-term liquidity risk management and oversight policies aim at ensuring the surmounting of any crisis that leads to serious reduction in the Group's normal financing sources; in this regard, three stress scenarios have been identified:

- Systemic crisis: a situation that leads to partial closure of the short-term and medium-/long-term refinancing market, with continuing business operations. The Bank must be able to continue operations for a one-year time horizon.
- Idiosyncratic crisis: a situation that leads to a bank run, partial closure of the short-term market and total closure of the medium-/long-term market with continuing business operations. In this scenario the Group must be able to continue operations for a one-month time horizon.
- Global crisis: a situation having the combined features of both a systemic crisis and an idiosyncratic crisis, in terms of substantial bank run, total closure of the markets, use of reserves even though with write-downs. The Bank must be able to continue business operations in a serious crisis for a two-week time horizon.

Alert thresholds have also been implemented for the management medium-/long-term liquidity, by defining the ratios *Position en Resources Stable* (PRS) and *Coefficient en Resources Stable* (CRS). They aim at ensuring the Group financial balance between stable resources (medium-/long-term market resources, resources from Customers, own funds) and long-term uses (non-current assets, loans to Customers and liquidity reserves). PRS and CRS positive levels substantiate the Bank's ability to support its assets during a crisis.

Moreover, concentration limit to MLT maturities (*Concentration des tombées de dette MLT*) has been set, which aims at ensuring the Group financial balance between maturities of MLT resources and maturities of long-term uses.

The resilience ratios for every one of the assumed scenarios are calculated on a monthly basis.

These ratios have the purpose of monitoring compliance with the Group's risk appetite and are set against specific limits, defined by CAsa and approved by the Group Risk Committee, upon presentation of the Risk Strategy and then submitted to the Board of Directors for its approval.

In 2015, in compliance with the Basel III regulatory framework, the Group reported its LCR (liquidity coverage ratio) indicator to the Supervisory Bodies on a regular basis.

It is reported that, in 2015, Cariparma placed a new Covered Bond issue on the market for a total of Euro 1 billion, which was fully subscribed by institutional investors. With this transaction, the Group aims at improving its liquidity profile diversifying financing sources and stabilizing them on longer maturities.

In December 2015, the Liquidity Reserves of the Group consisted of two internal securitization transactions, one Bank Covered Bond issue and of a portfolio of Italian Government securities hedged for interest rate risk and with LCR purposes.

In 2015 the Cariparma Group took part in the 3M open market refinancing operations (OMA). As at 31 December 2015, at Group level, Targeted Long Term Refinancing Operations (TLTRO) only were in force for an amount of Euro 1.4 billion.

Finally, in marketing the Bank's products, liquidity risk is taken into account through the internal transfer rate system. Based on the products' financial features and on the prevailing market conditions, the system allows the internal return rate to be determined, which, in turn, is the basis for the pricing of lending and direct funding products.

Risk control

The Risk Management and Permanent Controls Department is responsible for controlling compliance with the set limits; therefore it prepares and issues its own Financial Risk Report, which includes information on the control outcomes and on any breaches of the limits or alert thresholds. On a quarterly basis, it submits a summary of the above Report to the Group Risk Management Committee, Internal Control Committee and to the Boards of Directors of the Bank.

The Risk Management and Permanent Controls Department calculates, independently and on a daily basis, the short-term liquidity ratios (LCT) and monitors on a monthly basis the stress scenario and alert indicators as generated by the CASA Group tools. Jointly with the Financial Management Division, it is also responsible for monitoring the ratios provided for in the Contingency Funding Plan.

A process is in place for notifying and formalizing a corrective plan to senior management and Crédit Agricole in the event of any global or limits being exceeded, of significant losses, warning ceilings being reached in terms of risks or results, significant variations in risk indicators, potentially negative and unexpected variations in financial markets, shortfalls or malfunctions of any systems for the management or assessment of risks and results, or any other event or situation deemed relevant in monitoring liquidity risk.

QUANTITATIVE DISCLOSURES

1. Breakdown of financial assets and liabilities by residual contract maturity

	EURO									
Items/Timeframe	On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month up to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From over 1 year up to 5 years	More than 5 years	Indefinite maturity
On-balance-sheet assets	**2,228,243**	**84,019**	**166,274**	**657,781**	**1,340,012**	**1,630,148**	**3,691,825**	**11,041,773**	**14,197,522**	**435,092**
A.1 Government securities	-	-	-	-	47,958	10,421	187,380	1,547,301	1,803,701	-
A.2 Other debt securities	-	-	-	-	150,950	356	200,739	-	-	140,814
A.3 Units of collective investment undertakings	459	-	-	-	-	-	-	-	-	-
A.4 Loans	2,227,784	84,019	166,274	657,781	1,141,104	1,619,371	3,303,706	9,494,472	12,393,821	294,278
- banks	170,889	271	147	210,188	100,439	602,915	531,371	1,310,948	410,000	294,278
- customers	2,056,895	83,748	166,127	447,593	1,040,665	1,016,456	2,772,335	8,183,524	11,983,821	-
On-balance-sheet liabilities	**38,946,534**	**2,016,890**	**787,577**	**420,315**	**2,563,069**	**1,479,299**	**1,441,272**	**6,412,981**	**2,428,839**	**120,000**
B.1 Deposits and current accounts	20,371,282	1,000,000	150,096	182,180	1,055,941	300,646	34,057	547,611	170,000	-
- banks	114,999	1,000,000	-	181,514	600,000	-	30,040	547,611	170,000	-
- customers	20,256,283	-	150,096	666	455,941	300,646	4,017	-	-	-
B.2 Debt securities	66,010	16,890	486,761	55,636	448,753	869,839	1,307,660	3,426,562	2,000,000	120,000
B.3 Other liabilities	18,509,242	1,000,000	150,720	182,499	1,058,375	308,814	99,555	2,438,808	258,839	-
Off-balance-sheet transactions	**203,204**	**61,741**	**27,432**	**58,619**	**146,410**	**230,354**	**205,856**	**8,882**	**406,022**	**-**
C.1 Financial derivatives with exchange of principal	-	57,090	19,433	46,743	74,433	61,985	27,166	8,882	16,022	-
- long positions	-	35,872	9,675	23,392	37,258	31,078	13,770	4,762	11	-
- short positions	-	21,218	9,758	23,351	37,175	30,907	13,396	4,120	16,011	-
C.2 Financial derivatives without exchange of principal	203,204	4,651	7,999	11,876	71,977	168,369	178,690	-	390,000	-
- long positions	96,882	3,432	6,865	10,385	36,020	38,688	126,595	-	255,000	-
- short positions	106,322	1,219	1,134	1,491	35,957	129,681	52,095	-	135,000	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

Items/Timeframe	Other currencies On demand	From over 1 day to 7 days	From over 7 days to 15 days	From over 15 days to 1 month	From over 1 month up to 3 months	From more than 3 months to 6 months	From more than 6 months to 1 year	From over 1 year up to 5 years	More than 5 years	Indefinite maturity
On-balance-sheet assets	**80,683**	**353,907**	**33,477**	**48,064**	**113,909**	**21,767**	**6,763**	**9,020**	**-**	**-**
A.1 Government securities	-	-	-	-	-	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	-	-	-	-
A.3 Units of collective investment undertakings	-	-	-	-	-	-	-	-	-	-
A.4 Loans	80,683	353,907	33,477	48,064	113,909	21,767	6,763	9,020	-	-
- banks	40,660	352,621	13,690	4,595	13,702	-	-	5,844	-	-
- customers	40,023	1,286	19,787	43,469	100,207	21,767	6,763	3,176	-	-
On-balance-sheet liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
B.1 Deposits and current accounts	-	-	-	-	-	-	-	-	-	-
- banks	-	-	-	-	-	-	-	-	-	-
- customers	-	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet transactions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C.1 Financial derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of principal	-	-	-	-	-	-	-	-	-	-
- long positions	-	-	-	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-	-	-	-

As at 31 December 2015, the Parent Company Cariparma was carrying out two so-called "internal" securitization transactions transferring receivables deriving from mortgage loans so called "*fondiari*" (real estate mortgage loans with duration higher than 18 months and ratio between the loan amount and the value of the collateral not higher than 80%) secured by first mortgage.

As at 31 December 2015, the residual debt of securitized loans amounted to Euro 4,027 million.

Subsequent to the transfer of the mortgage loans, the Parent Company fully subscribed the securities (Senior and Junior) having the following features:

Securitization 1:
- Senior: nominal value Euro 1,738 million, maturity 31 January 2058, indexed to EUR 6M+0.35%;
- Junior: nominal value Euro 390 million, maturity 31 January 2058, indexed to EUR 6M+0.60% + variable portion;

Securitization 2:
- Senior: nominal value Euro 1,576 million, maturity 30 April 2060, indexed to EUR 6M+0.75%;
- Junior: nominal value Euro 453 million, maturity 30 April 2060, indexed to EUR 6M+0.90% + variable portion;

In order to provide the SPV with liquidity to pay the coupons, two Interest Rate Swap transactions were carried with the SPV for a notional value of Euro 1,738 million and Euro 1,573 million, respectively, with maturities on 31 January 2058 and 30 April 2060; the derivative amortization reflects the amortization of senior security.

● *Section 4 – Operational risks*

QUALITATIVE DISCLOSURES

General aspects, management and measurement of operational risks

The Cariparma Crédit Agricole Group has adopted the definition of operational risk given in "Basel 2 – International Convergence of Capital Measurement and Capital Standards" prepared by the Basel Committee on Banking Supervision.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Legal risk includes, but is not limited to, exposure to fines, penalties, or punitive damages resulting from supervisory actions, as well as private settlements.

To consolidate and enhance control of operational risks, the Group has set clear objectives:
- To achieve full compliance with the requirements set by the Supervisory regulations for internal control systems (15th update of Bank of Italy's Circular No. 285/2013 as updated);
- Constant full compliance by the Group Banks with the regulatory requirements for the use of the Traditional Standardised Approach (TSA) for the calculation of the Regulatory Capital as provided for by Basel 3, except CALIT (an intermediary pursuant to Article 107 of the Italian Consolidated Banking Act -TUB), which uses the base approach;
- Constant improvement in the monitoring of risks and losses, in order to allow a management-oriented approach, especially in terms of risk mitigation and prevention initiatives;
- Fine-tuning of the permanent controls systems and extension of the coverage of the same controls within the company perimeter;
- Being fully compliant with the regulatory requirements for the use of AMA (Advanced Measurement Approaches) for the calculation of Regulatory Capital.

Macro-organisational aspects

Governance of Group operational risks is the responsibility of the Risk Management and Permanent Controls Department that implements the guidelines issued by the Risk Management Department of the Controlling Company Crédit Agricole S.A., and reports on a solid line to the latter.

In 2015, completing the rationalization of the Group control structures, CALIT risk function was outsourced to the Parent Company. Moreover, subsequent to the incorporation of the Crédit Agricole Group Solution consortium, also the new company's risk function was outsourced to the Parent Company. Therefore, since the fourth quarter of 2015, the Risk Management and Permanent Controls Department (Italian acronym DRPC) has been carrying out the activities for risk management and control for all the Companies of the Cariparma Crédit Agricole Group.

In complying with the supervisory regulations, the Group formalized the roles and responsibilities of the corporate bodies and functions involved in the management of operational risks.

The governance model provides for:

- A centralized strategy for the control of operational risks;
- Close connections with the activities for permanent controls;
- Synergies with the Compliance Central Department and with the Internal Audit Department.

Risk management

The Group has adopted a model that is consistent with the guidelines issued by Crédit Agricole and governed by the central department, which works with the well-established and complementary contributions, in its operating, management and mitigation activities, of specialized roles, departments and mechanisms:

- ORM (Operational Risk Manager, Italian acronym: MRO);
- Control on Outsourced Important Operational Functions/Provision of Outsourced Essential Services (Italian acronyms FOIE/PSEE), on Physical Security and on the Business Continuity Plan (BCP or with the Italian acronym PCO);
- Control on Information System Security;
- CISO (Chief Information Security Officer);
- Business Continuity Manager (BCM), who is responsible for the Business Continuity Plan;
- Persons in charge of Controls, within the Distribution Network structures, with the task of performing 2nd degree 1st level permanent controls;
- Fraud Prevention Unit (Italian acronym: NAF);
- structures and tools, instrumental for proper risk control and for the management of mitigation/improvement actions, including:
  - the Supervisory Committee of CA s.a. (*Comité Suivi Métier*);
  - the Internal Control Committee;
  - the Risk Management Committee;
  - the FOIE/PSEE Interfunctional Work Group for the Provision of Outsourced Essential Services);
  - the BCP (Business Continuity Plan) Interfunctional Work Group;
  - the system of remote controls for the Distribution Network, together with early warning indicators;
  - Work Groups for Improvement.

The upgrading of the process for the management and control of operational risk to the guidelines issued by Crédit Agricole S.A. and the adoption of the same general methods used by Group had the purpose of meeting the requirements for the adoption of Advanced Measurement Approaches (AMA) to determine the capital requirements for Operational Risks.

The operational risk management process is divided into the following macro-phases:

- detection, identification and classification of risks and losses and their recognition in the accounts where necessary;
- assessment and measurement of the risk profile for every corporate context that is deemed critical;
- identification of mitigation actions and preparation of the action plan;
- verification of the adequacy of the control plan;
- verification of the controls actual implementation;
- development of the system for remote controls;
- verification of correct exercise of mitigation actions;
- information and reporting.

In the above phases, the following processes are also applied:
- Loss data collection (recording, classification and processing of loss data);
- *Scenario analysis* (prospective measurement of exposure to high-impact low-frequency operational risks, relating to specific contexts);
- Risk self-assessment (self-assessment of the exposure to operational risks relating to the specific operating Departments and the relevant processes, made directly by the Department Head);
- Direct involvement of corporate departments in collective assessment work groups (PSEE, improvement, ...).

Each of these processes entails processing information using methods that are predefined, repeatable and formalized in the Company's regulations, as well as with the support of specific application tools.

Risk mitigation

The Group has implemented a policy for operational risk mitigation through:
- specific self-assessment activities (so-called "Self-Risk Assessment") aimed at defining an annual Action Plan containing all the initiatives that the Persons responsible for the various corporate processes have identified as required in order to mitigate existing operational risks;
- implementation and increasing coverage of the permanent controls plan, both at the Distribution Network and at Central Departments, in order to control the most critical processes;
- a fraud prevention unit, whose Manager coordinates company units in the interception, management and prevention of fraud;
- implementation of a fraud prevention specific training program, in order to foster culture and awareness of risks;
- implementation of the mechanism for control and monitoring on outsourced essential services (FOIE/ PSEE), specifically with:
  - Updating of the regulatory framework;
  - Management and methodological support;
  - Review of outsourcing already in force;
- implementation of the mechanism for control and monitoring on:
  - security, both physical and IT;
  - Business Continuity (BC).

Transfer of risk

Based on specific assessments, the Group transfers operational risk through the following dedicated initiatives:
- activation of insurance policies to offset the impact of unexpected losses;
- Strengthening the responsibilities and skills of a structure that has the objective, among others, of assessing and managing insurance covers;
- coordination with CA S.A., aimed at ensuring full consistency between the transfer strategy and the Group objectives.

Risk management coordination and shared solutions

This is the specific task of the Group Operational Risks Committee, composed of the main Corporate Departments, which is responsible for:
- Approving guidelines and action plans on operational risks (other than Compliance).
- Reporting on LDC (Loss Data Collection).
- Monitoring control activities and outcomes, as well as:
  - periodically validating operational risk mapping;
  - periodically validating the identification of risk scenarios being measured during the Scenario Analysis Process.

- Governing business continuity for the Cariparma Crédit Agricole Group.
- Monitoring and, if necessary, taking action on Information Systems Security for the Cariparma Crédit Agricole Group, assessing the situation based on the periodic reporting made by the CISO (Chief Information Security Officer).
- Monitoring and, if necessary, taking action on outsourced important functions and essential services (FOIE/PSEE) for the Cariparma Crédit Agricole Group.
- Managing risk transfer, with specific reference to insurance coverage.

FOIE – Outsourced Essential Services (called by CAsa PSEE – Provisions of Outsourced Essential Services)

In 2015, regulatory controls were fully reviewed and monitoring procedures were updated regarding the management of Outsourced Essential Services (FOIE), pursuant to the supervisory regulations (specifically, the Bank of Italy Circular No. 285/2013 as updated). The FOIE/PSEE control function, which is part of the Operational Risks and Permanent Controls Division of the Risk Management and Permanent Controls Department, is responsible for the process governing the outsourcing of essential services and for defining the relevant regulation; it also has specific responsibilities for the control/monitoring phases and for methodological support.

The most important actions concerned:

- the Group "Outsourcing Policy", which has been reviewed to implement the recent updates to the Supervisory guidelines and covers, in addition to outsourcing of essential services to providers outside the Group, also:
  - Intra-group outsourcing;
  - Outsourcing of non-essential services.
- Entry into force of the "Regulation Implementing the Group Outsourcing Policy" in 2016, which:
  - regulates the general process and- with specific regard to the FOI – taking account also of the actual experience and of the system best practices;
  - Provides for the activities and obligations for the outsourcing of Information Systems;
  - Defines specific guidelines on the outsourcing of cash handling;
- Strong support to the corporate structures in outsourcing management, aimed both at proper exercise of the process and at wider dissemination of an outsourcing culture;
- The implementation of general monitoring and increasing the awareness of the outsourced service owners as regards their responsibilities, using also:
  - a specific "Tableau de bord", managed by the structure in change of control of FOIE/PSEE and aimed, depending on the respective responsibilities, at acquiring all information and updates required to control compliance of all relationships (in terms of agreements and execution) with the regulatory guidelines, both Supervisory and corporate ones;
  - a specific "Tableau de bord", managed by the Purchasing Division and focused on the outsourced FOI contract agreements, aimed at acquiring all information required to verify full compliance with such contract agreements, detecting and reporting any problems;
  - Regular updating of the permanent controls plan;
  - Systematic exercise of specific activities (e.g. Risk assessment, participation in Work Groups...), also in cooperation with the corporate departments and divisions concerned, for direct monitoring of FOIE-related operational risks.

The following are also focused on:

- updating of the official list of FOIE/PSEE;
- adequacy of periodic reporting to the Bank's Top Officers, Committees and the Parent Company CAsa;
- support for the definition and updating of the mapping of the Group operational risks associated to outsourced processes;
- support for the implementation and operation of the Controls System;
- support for the definition and updating of the Action Plan for the mitigation of operational risks and the monitoring of its implementation status;
- monitoring of the outcomes of the campaign for the assessment of the adequacy of the Business continuity Plans (Italian acronym PCO).

In 2015, the activities of the FOIE/PSEE specific Interfunctional Work Groups continued, mainly aiming at:
- verifying that the requirements to be deemed essential are met or continue to be met for newly-outsourced or already outsourced services, respectively;
- analyzing and managing the critical situations that actually occurred;
- To increase the awareness of the relevant Corporate Structures in order for them to implement the most suitable solutions to maintain full compliance of all outsourced services they own with the applicable regulations.

IT systems security

In 2015, the Group continued to implement the 2014 projects and started new ones in the Cybersecurity scope; the actions that were completed have allowed consolidation of security actions and controls, for both Customers and the Banks, especially as regards Cybercrime and attacks on the web. Moreover, specific focus was placed on the context and changes occurred subsequent to the incorporation of the service company within the Cariparma Crédit Agricole Group perimeter, the “Crédit Agricole Group Solutions” Consortium.

Among the most important projects, the following are to be reported:
- The use of strong authentication tools on all Internet banking products and channels;
- The extension of fraud prevention platforms to the new channels dedicated to Internet banking products;
- IAM – Identity Access Management: the platform has been configured and scheduled for start-up in accordance with the new Consortium planning;
- The strengthening of the platforms dedicated to protection against “APT – Advanced Persistent Threat” attacks.
- For Loss Data Prevention matters, the identification of a solution that will allow the start-up of the user data classification process by the users, which has been designed to set down DLP controls that are proportionate to the data criticality;
- The strengthening of regulatory controls concerning tracking of bank transactions;
- The release of the platform for online contract signing with digital signature.

The set of actions started in 2014, in compliance with Supervisory provisions, was implemented as planned; further progress is scheduled for 2016 and completion for 2017.

At the same time, complying with the requests made by the Parent Company CAsa on IT security, the actions scheduled for 2015 were completed and those that have been scheduled for 2016 in agreement with the Parent Company were started.

Business Continuity Plan (Italian acronym: PCO)

In 2015, the Group continued to update and verify the Business Continuity Plan to take into account the changes in the general situation and in the Group’s organisational, technology and software infrastructure.

In 2015, the main activities were:
- Full implementation of the actions to comply with the Supervisory regulations (Bank of Italy Circular No. 285/2013), also as regards the incorporation of the service company within the Cariparma CA Group perimeter (the “Crédit Agricole Group Solutions” Consortium);
- Exercise, on a regular basis, of testing and certification sessions, all with favourable results, concerning the solutions for the restoration of IT Systems (both mainframe and departmental environment, networks and TLC, Security Control-room) and the critical processes in the business continuity perimeter, including special scenarios of “massive non-availability of servers or workstations (WS)” and “logic disruption of a critical information system”;
- consolidating the CA s.a. method for Business Continuity Management;
- Definition and activation of logistic back-up solutions for entities of the CAsa Group in Italy (e.g. CAceis);
- The analysis and assessment of the adequacy of the BCPs of providers of Outsourced Important Operational Functions;
- The updating of the Business impact analysis;
- The updating of emergency Operational Plans (back-up solutions to be triggered in case of crisis);

- The testing of the Crisis Management Organizational Model (Italian acronym MOGC) on the non-availability of a site (sample: Trade Finance);
- Comparison to third-party solutions (e.g. EBA, Monte Titoli), participating in the simulations of such solutions;
- Triggering of the Disaster Recovery solutions during extraordinary maintenance and implementation actions on the mainframe information systems carried out by the outsourcing provider Silca.

The reliability of the business continuity plan was favourably verified by the departments and divisions engaged in control functions.

In 2015, the exercise continued as regards the specific “BCP Interfunctional Work Groups”, in order to share the progress in the relevant activities and to ensure alignment of all corporate structures involved in business continuity.

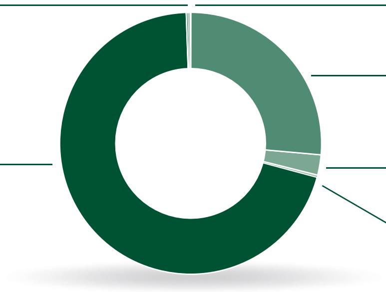
Loss data

Operational losses, which the model considers as quantitative data, are collected, managed and analyzed, to different levels of granularity and detail, using an event classification scheme complying with the one set by Basel II Framework, by the Supervisory Authority and by Crédit Agricole S.A. The basic structure is as follows:
- **Internal frauds:** losses due to deliberate acts committed by at least one party internal to the Bank and causing economic loss to the Bank;
- **External frauds:** events due to deliberate acts committed exclusively by parties that cannot be defined as internal to the Bank, generally for the purpose of personal gain;
- **Relations with staff and workplace safety:** events relating to the relations between the company and its staff or to the failure of the workplace to meet health and safety standards. These include liabilities arising from accidents to employees in company offices or vehicles;
- **Business practices:** events linked to the supply of products and provision of services to Customers carried out in an improper or negligent manner (fiduciary requirements and adequate information on investments), as well as defects in the nature or features of products/models/contracts. These include liabilities arising from breach of public security laws or other legislation not specific to the banking sector;
- **Disasters or other events:** events due to natural causes or human acts, which lead to damage to company resources (material or immaterial property, persons, etc.) and/or service interruptions or other events (including improper conduct/illegal acts by third-party companies that damage the company). The category also includes liabilities arising from political changes and retroactive changes in legislation and tax;
- **Technological systems and services:** losses arising from the malfunctions, logical or structural defects in technological and other support systems;
- **Execution, delivery and process management:** losses arising from unintentional errors in the management of operational and support assets or caused by counterparties other than customers and suppliers.

To report consolidated loss data, the Cariparma Crédit Agricole Group has adopted a new IT application especially designed to facilitate the adoption of advanced methods, and has also adopted specific tools and models developed directly by Crédit Agricole S.A.

QUANTITATIVE DISCLOSURES

With reference to sources of operational risk, the breakdown of net losses (gross losses net of other collection excluding insurance-related ones) by event type recognized in 2015 is given below based on the above classification scheme. So-called boundary losses are excluded.



Activities of the Validation Unit

The analyses carried out by the Validation Service in 2015 showed that the internal rating system used on the Group Retail portfolio complied with the regulatory requirements set down by the Supervisory Authority for banks authorized to use AIRB approaches. In 2015, the Validation Unit verified compliance with the applicable regulation of the process to extend the use of advanced approaches to Carispezia Retail portfolio. The authorization to be given by the Supervisory Authority is pending for the finalization of the roll out process.

The follow up as at 30 June 2015 of the corrective actions which were requested in previous years to the relevant corporate structures showed that 14 actions were implemented within the credit risk scope vs. 85 recommendations that were still open as at the reporting date[1]. Of the remaining actions, 18 were cancelled and 53 were found still in progress even though the relevant corporate structures had already started the required action plans.

The backtesting analyses carried out on Retail models as at 30 June 2015 confirmed the discriminating ability of the internal models detected on the development sample, as well as the conservative feature of the risk parameters that were calibrated in 2014. The portfolio to which the retail internal model apply was found stable on all the main analysis axes (classes of authorized and drawn credit lines, geographical area, economic sector, etc.), whereas the distribution of retail counterparties on the rating scale was found overall granular, except for the Individuals segment, in which the significant concentration of Customers in low risk grades was confirmed.

The validation verifications showed adequate use of the risk parameters in the management processes, whereas room for improvement, however not blocking, was found in the internal controls system supporting the rating process.

In December 2015, the Validation Unit sent its annual report to the Bank of Italy on the use of the AIRB on the Retail portfolio, in addition to the report on the comparison between internal ratings and the ratings given by the Authorized Agencies (ECAI), in compliance with the applicable regulations.

The 2016 Validation Plan was submitted to the Board of Directors in February 2016 and provides for activities mainly in the scopes set forth below:

- Monitoring of the performances of internal models and their use in the management processes;
- Controls on EBA 2016 stress tests;
- Analysis of the information systems supporting the rating model and the process for the calculation of RWAs;
- Verifications on the consistency of the data used as inputs for internal models;
- Start-up of the validation process on the new release of internal models for the Retail segment.

1 The perimeter of the actions required in terms of credit risk also includes those referring to corporate customers and to Carispezia Retail portfolio, both of which are, for the time being, excluded from the AIRB perimeter.

PART F – INFORMATION ON EQUITY

Section 1 – Shareholders' equity

A. QUALITATIVE DISCLOSURES

The capital management policy of Cariparma is aimed at maintaining the level of resources needed at any time to cope with the risks taken.

B. QUANTITATIVE DISCLOSURES

B.1 Shareholders' equity: composition

The breakdown of equity as at 31 December 2015 is given below:

Equity items	31.12.2015	31.12.2014
1. Capital	876,762	876,762
2. Share premium reserve	2,736,004	2,736,004
3. Reserves	877,433	838,746
- income reserves	875,072	836,385
a) legal reserve	132,682	125,779
b) reserve provided for by the Articles of Association	724,942	693,158
c) treasury shares	-	-
d) other	17,448	17,448
- other	2,361	2,361
4. Equity instruments	-	-
5. (Treasury Shares)	-	-
6. Valuation reserves	67,362	45,152
- Financial assets available for sale	89,164	72,211
- Property, plant and equipment	-	-
- Intangible assets	-	-
- Hedging of foreign investments	-	-
- Cash flow hedges	-	-
- Exchange rate differences	-	-
- Disposal groups	-	-
- Actuarial gains (losses) on defined-benefit plans	-21,802	-27,059
- Share of Valuation Reserves on investees measured using the equity method	-	-
- Special revaluation laws	-	-
7. Net Profit (loss) for the period	216,501	138,050
Total	**4,774,062**	**4,634,714**

The "Other" reserves consist of the relevant portions from assignation of shares and rights on shares of the Parent Company Crédit Agricole S.A.

For more exhaustive reporting on Item "3. Reserve", reference is made to table 14.4 Income Reserve: other information of the Note to the Financial Statements Part B – Liabilities.

B.2 Reserves from valuation of financial assets available for sale: composition

Assets/Values	31.12.2015		31.12.2014	
	Positive Reserve	Negative Reserve	Positive Reserve	Negative Reserve
1. Debt securities	87,418	-	82,581	-11,744
2. Equity securities	1,773	-	1,792	-418
3. Units in collective investment undertakings	-	-27	-	-
4. Loans	-	-	-	-
Total	**89,191**	**-27**	**84,373**	**-12,162**

B.3 Reserves from valuation of financial assets available for sale: changes for the period

	Debt securities	Equity securities	Units in collective investment undertakings	Loans
1. Opening balance	**70,837**	**1,374**	**0**	**0**
2. Increases	**49,580**	**611**	**-**	**-**
2.1 Fair value gains	46,573	20	-	-
2.2 Reversal to Income Statement of negative reserves:				
- for impairment	-	589	-	-
- for realization	3,007	2	-	-
2.3. Other changes	-	-	-	-
3. Decreases	**32,999**	**212**	**27**	**-**
3.1 Fair value losses	6,566	204	27	-
3.2 Impairment losses	-	-	-	-
3.3 Reversal to Income Statement of positive reserves:				
- for realization	26,433	8	-	-
3.4. Other changes	-	-	-	-
4. Closing Balance	**87,418**	**1,773**	**-27**	**0**

● *Section 2 – Own Funds and supervisory capital requirements*

2.1 Own funds

A. QUALITATIVE DISCLOSURES

Own Funds, minimum capital requirements and the consequent capital ratios were determined on the basis of the provisions of Bank of Italy Circular No. 285 of 17 December 2013 (as updated) “Supervisory provisions for Banks” and Circular No. 286 of 17 December 2013 (as updated) “Instructions for the preparation of reports on Regulatory Capital and capital ratios for banks and securities intermediation firms”.

1. Common Equity Tier 1 (CET1)

The Common Equity Tier 1 of Cariparma as at 31 December 2015 consisted of high quality components (share capital, share premium reserves, other reserves) appropriately adjusted for goodwill, other intangible assets, 20% of Excess of expected losses vs. value adjustments (the so-called shortfall, referring to the advanced approach), excess of elements to be deducted from the Additional Tier 1 capital vs. the Additional Tier 1 capital.

In January 2014, the Cariparma Crédit Agricole exercised the option – giving the relevant communication to the Bank of Italy – not to include, in any element of its own funds, unrealized profit and/or losses from exposures to State bodies classified as AFS (Bank of Italy, Supervisory Bulletin No. 12, December 2013).

2. Additional Tier 1 (AT1)

The Additional Tier 1 capital includes the Lower Tier 1 amounting to Euro 120 million issued in 2011 (admitted to the grandfathering, contributing to the Additional Tier 1 Capital in 2014 only for 80% of its value), minority interests, among its positive elements and, among the negative ones, mainly 40% of the shortfall. As at 31 December 2015, the negative elements of the Additional Tier 1 Capital exceed the positive elements of the same capital component and, therefore, the excess portion was deducted from the Common Equity Tier 1 (which is the reason why Tier 1 Capital was equal to the Common Equity Tier 1).

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value in currency	Book value	Portion that can be included Additional Tier 1
Subordinated loan	29.06.2011	31.12.2100	perpetual, with call from 28 June 2016	3M Euribor + 729 b.p.	euro	120,000	120,048	120,000

3. Tier 2 (T2)

As at 31 December 2015, the Tier 2 capital includes, among its positive elements, the subordinated deposits subscribed by Crédit Agricole, the Lower Tier 2 issued in 2009 and subscribed by Customers (they contribute to Tier 2 capital for the amount remaining after amortization for prudential purposes), the excess of value adjustments vs. expected losses, and, among its negative elements, 40% of the shortfall.

Characteristics	Issue date	Maturity	Repayment schedule	Interest rate	Currency	Original value	Book value	Portion that can be included in Tier 2
Subordinated deposit	17.12.2008	17.12.2018	5 units from 17.12.2014	3M Euribor + 334 b.p.	euro	250,000	150,187	150,000
Subordinated deposit	30.03.2011	30.03.2021	5 units from 30.03.2017	3M Euribor + 220 b.p.	euro	400,000	400,023	400,000
Subordinated loan	30.06.2009	30.06.2016	50% as at 30 June 2015 50% as at 30 June 2016	Up to 30 June 2012 5%; afterwards 50% 6M Euribor + 100 bp	euro	77,250	38,515	15,450
Subordinated loan	30.06.2009	30.06.2016	50% as at 30 June 2015 50% as at 30 June 2016	5% fixed	euro	222,750	110,749	44,550

B. QUANTITATIVE DISCLOSURES

Items	31.12.2015	31.12.2014
A. Common Equity Tier 1 – CET1 prior to the application of prudential filters	**4,596,797**	**4,517,905**
of which CET 1 instruments subject to transitional regulations	-	-
B. CET1(+/-) prudential filters	**-1,160**	**-6,329**
C. CET1 including deductible elements and the effects of the transitional regulations (A+/-B)	**4,595,637**	**4,511,575**
D. Elements to be deducted from CET1	**1,498,693**	**1,655,294**
E. Transitional regulations – Impact on CET1 (+/-)	**165,627**	**272,797**
F. Total Common Equity Tier 1 – CET1 (C-D+/-E)	**3,262,571**	**3,129,078**
G. Additional Tier 1 – AT1 including deductible elements and the effects of the transitional regulations	**84,000**	**96,000**
of which AT1 instruments subject to transitional regulations	84,000	96,000
H. Elements to be deducted from AT1	**-**	**-**
I. Transitional regulations – Impact on AT1 (+/-)	**-133,272**	**-183,328**
L. Total Additional Tier 1 – AT1 (G-H+/-I)	**-**	**-**
M. Tier 2 – T2 including deductible elements and the effects of the transitional regulations	**626,604**	**738,002**
of which T2 instruments subject to transitional regulations	-	-
N. Elements to be deducted from T2	**-**	**-**
O. Transitional regulations – Impact on T2 (+/-)	**-119,195**	**-160,480**
P. Total Tier 2 – T2 (M-N+/-O)	**507,409**	**577,522**
Q. Total own funds (F+L+P)	**3,769,980**	**3,706,600**

2.2 Capital Adequacy

A. QUALITATIVE DISCLOSURES

Compliance with the minimum capital requirements is verified by comparing Own Funds, calculated as reported above, with total risk-weighted assets determined on the basis of the provisions of Bank of Italy Circular No. 285 of 17 December 2013 (as updated) “Supervisory provisions for Banks” and Circular No. 286 of 17 December 2013 (as updated) “Instructions for the preparation of reports on Regulatory Capital and capital ratios for banks and securities intermediation firms”.

The above ratio shows a Total Capital ratio value that, as at 31 December 2014, ensured full compliance with the thresholds set down by the Supervisory regulations. This performance is also the result to a specific corporate policy that favours distribution of earnings to shareholders, also to acknowledge and reward the key role of minority shareholders in maintaining a strong bond with the communities the Group operates in, always in full compliance with the regulatory limits and with the recommendations issued by the Regulator.

B. QUANTITATIVE DISCLOSURES

Categories/Amounts	Non-weighted amounts		Weighted amounts/requirements	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
A. RISK ASSETS				
A.1 CREDIT AND COUNTERPARTY RISKS	43,246,066	43,966,701	15,421,443	15,512,151
1. Standardized Approach	27,789,235	28,672,421	12,654,173	12,511,889
2. IRB approach	15,456,831	15,294,280	2,767,270	3,000,262
2.1 Foundation	-	-	-	-
2.2 Advanced	15,456,831	15,294,280	2,767,270	3,000,262
3. Securitizations	-	-	-	-
B. SUPERVISORY CAPITAL REQUIREMENTS				
B.1 CREDIT AND COUNTERPARTY RISKS			1,233,715	1,240,972
B.2 RISK OF VALUE ADJUSTMENTS TO LOANS			1,081	6,039
B.3 REGULATORY RISK				
B.4 MARKET RISKS			72	1,231
1. Standardized Approach			72	1,231
2. Internal models			-	-
3. Concentration risk			-	-
B.5 OPERATIONAL RISK			151,183	154,025
1. Basic indicator approach			-	-
2. Standardized approach			151,183	154,025
3. Advanced approach			-	-
B.6 OTHER MEASUREMENT ELEMENTS			-	-
B.7 TOTAL PRUDENTIAL REQUIREMENTS			1,386,051	1,402,267
C. EXPOSURES AND CAPITAL ADEQUACY RATIOS				
C.1 Risk-weighted assets			17,325,647	17,528,332
C.2 Common Equity Tier 1/Risk-weighted assets (CET1 capital ratio)			18.8	17.9
C.3 Tier 1/Risk-weighted assets (Tier 1 capital ratio)			18.8	17.9
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			21.8	21.1

PART G – BUSINESS COMBINATIONS

In the third quarter of the year, an extraordinary intra-group business combination was carried out within the Cariparma Crédit Agricole Group. This combination, which does not fall within IFRS 3 scope of application, consisted in the transfer of a business unit between companies that belong to the Group.

Based on the fact that this business combination had only reorganization purposes and implementing the relevant accounting policy of the Group, it was reported based on the pooling-of-interests method in the separate financial statements of the companies involved, with no profit or loss recognized.

The intra-group business combination concerned the incorporation of Crédit Agricole Group Solutions, a not-for-profit *Società Corsortile per Azioni* (Italian consortium company limited by shares) which provides services, mainly but exclusively, to and/or in the interest of its shareholders.

All activities relating to the Operational Processes, Information Systems, Technical Logistics, Safety and Security, Business Continuity, Purchases and Real Estate Management, Human Resources Administration areas were transferred to the new company.

The corporate business operations have been ensured mainly with the transfer of intangible assets (software), property, plant and equipment (hardware) and resources.

Based on the fact that this business combination had mainly reorganization purposes and implementing the relevant accounting policy of the Group, it was reported based on the pooling-of-interests method in the separate financial statements of the companies involved, with no profit or loss recognized.

The balance sheet upon transfer reports a book value of the transferred assets equal to Euro 136.9 million (consisting of property, plant and equipment, tax assets and cash and cash equivalents), and transferred liabilities amounting to Euro 101.9 million (consisting of employees' severance benefits, due to staff and trade payables) and a net accounting balance of Euro 35 million, equal to the equity investment subscribed by Cariparma.

PART H – TRANSACTIONS WITH RELATED PARTIES

The regulation issued by the Bank of Italy on 12 December 2011, on risk activities and conflicts of interest with associated persons falls within the scope of the framework regulation concerning related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Italian Consolidated Law on Banking 53 of the Italian Consolidated Law on Banking (TUB) and CONSOB Regulation No. 17221/10) and has been designed to "*control the risk that the closeness of some persons to the Bank's decision-making centers may compromise the objectivity and impartiality of decisions relating to loan granting and other transactions with the same persons, with possible distortions in the allocation of resources, in the Bank's exposure to risks not adequately measured or controlled, potential damages to depositors and shareholders*".

This regulation came into force on 31 December 2012 and, consequently, the first supervisory reporting was made on 31 March 2013, as required by the Supervisory Authority.

The Cariparma Crédit Agricole Group had already adopted a Regulation on transactions with related parties implementing the original CONSOB regulation of 2010; on 11 December 2012, in accordance with the regulation issued by the Bank of Italy, Cariparma approved the Document "Regulation for Risk Assets and Conflicts of Interests with Parties associated to the Cariparma Crédit Agricole Group", in order to give the Group a specific internal regulation that amounts to the new body of law on these issues and in order to harmonize the various regulations in force. On 29 July 2014, the above Regulation was updated.

In addition to identifying the related parties of the Cariparma Crédit Agricole Group, this document provides for the introduction of prudential limits for risk assets towards associated parties, sets the procedures to process and approve transactions with related parties, defines specific rules with regard to transactions with related parties made by the Group companies and sets procedures and timeframe for the provision of the disclosure and appropriate documentation relating to the transactions to be resolved to (i) independent directors, as well as, where necessary, (ii) to the control bodies.

With regard to controls, the required control activities are carried out by different corporate roles, in different capacities and in the different phases of the process, in order to ensure constant compliance with the prudential limits and resolution-making procedures as provided for by the legislation, also pursuing the objective to appropriately prevent and manage potential conflicts of interests associated to transactions with associated parties.

Related parties

Related parties of the Cariparma Crédit Agricole Group are the following:
a) corporate officers, namely the members of the Board of Directors, of the Board of Auditors and of the Senior Management of the Companies in the Group;
b) the shareholder, that is to say, the natural or legal person controlling or exercising significant influence on the company;
c) the person, other than a shareholder, who can appoint, on his/her/its own, one or more members of the body engaged in strategic oversight functions, also based on any agreement whatsoever or clauses of the Articles of Association dealing with or providing for the exercise of the above rights and powers;
d) a company or an enterprise, also set up in a legal form other than that of a company, on which a Group company can exercise control or a significant influence;
e) the identified staff.

Connected Persons

Persons connected to a related party are defined as follows:
- companies or enterprises, also set up in a legal form other than that of a company, which are controlled by a related party;
- persons controlling a related party among those listed at points b and c of the relevant definition, that is to say, persons or entities that are directly or indirectly subject to joint control with the same related party;
- close family members of a related party or the companies or enterprises controlled by the same.

Associated Persons

Associated persons of the Cariparma Crédit Agricole Banking Group are defined as the set consisting of a related party and of all the persons connected to the same. For application at individual level, the single companies belonging to the Group refer to the same perimeter of associated persons as determined by the Parent Company Cariparma, without prejudice to any specific sector regulations applicable to the single Companies.

1. Information on remuneration of senior managers with strategic responsibilities

In the light of the above-mentioned Regulation managers with strategic responsibilities include persons having direct and indirect power and responsibility over the planning, management and control of the Bank's operations, including Directors, both executive and non-executive, and the members of control bodies.

The remuneration of Directors and Auditors is established with specific resolutions passed by the Shareholders' General Meeting.

The table below reports the amounts of the man benefits awarded to Directors, Auditors and Managers tasked with strategic responsibilities.

	31.12.2015
Short-term employee benefits	9,488
Benefits subsequent to severance from employment	219
Other long-term benefits	-
Employees' severance benefits	-
Share-based payments (Stock options)	-

2. Information on transactions with related parties

Transactions with related parties are the transfer of resources, services or bonds between the Company (or companies directly and/or indirectly controlled) and one or more of the related parties, independently of whether payment was agreed or not. Transactions carried out with related parties have followed the specific procedures provided for by the above Regulation. In the year, no atypical or unusual transactions were carried out whose size or features might have jeopardized or affected the protection of corporate assets and the interests of shareholders.

TYPE OF RELATED PARTIES	Financial assets held for trading	Financial assets available for sale	Loans to Customers	Loans to Banks	Due to Customers	Due to Banks	Guarantees issued
Controlling Company	-	-	-	1,766,654	-	2,152,005	1,208
Entity exercising significant influence on Company	-	-	-	-	93,912	-	-
Subsidiaries	2,476	-	1,538,867	1,416,635	444,946	1,138,695	16,348
Associates	-	-	15,714	-	2,611	-	634
Directors and Managers with strategic responsibilities	13	-	731	-	1,783	-	-
Other related parties	10,304	5,775	2,886,928	592,152	572,374	60,668	52,427
Total	**12,793**	**5,775**	**4,442,240**	**3,775,441**	**1,115,626**	**3,351,368**	**70,617**

PART I – SHARE-BASED PAYMENTS

QUALITATIVE DISCLOSURES

The Bank has no agreements for payments based on its shares in place.

The plan for the free allocation of shares by the Parent Company Crédit Agricole S.A., to all Employees of the Crédit Agricole S.A. Group was completed in November 2013 with the assignation of shares to the Employees. These shares will be tied for three years, at the end of which time each employee may freely dispose of them.

From 2011 to 2013 higher expenses equal to the fair value of the shares assigned to the Group Employees were recognized, calculated as at the date of approval of the plan and recognizing, as offsetting item, an identical increase in equity.

QUANTITATIVE DISCLOSURES

The specific reserve came to Euro 1,240 thousand (as recognized from 2011 to 2013).

PART L – SEGMENT REPORTING

Operations and income by business segment

In compliance with IFRS 8 *Operating Segments*, the figures on operations and income by business segment are given using the "*management reporting approach*".

Segment reporting was prepared using the multiple ITR (internal transfer rate) method, integrating the cost of liquidity in compliance with the Bank of Italy's provisions.

Cariparma operates through an organizational structure that includes: **Retail** and **Private Banking** channels designed to provide services to individuals, households and small businesses; the **Corporate Banking** channel designed to provide services to large-size companies. The **Other** channel is of a residual nature and includes the activities pertaining to central departments, with specific reference to governance.

Income from the Retail and Private Banking channels came to Euro 1,167 million, increasing by +0.8% Y/Y, mainly due to the net commission income component that performed well in the Wealth Management segment. Net interest income also improved. The contribution of the Corporate Banking channel to total revenues came to Euro 190 million, decreasing by -6.9% vs. 2014. Specifically, interest income decreased mainly due to outgoing assets relating to an important Customer that went into an Interbanking lending scheme, subsequent to the change in its legal form. The Other channel reported a positive balance thanks to higher divides collected from subsidiaries and to the improved performance of trading activities.

As regards costs, the Retail and Private Banking channels posted a -2.9% decrease in this aggregate, thanks to lower flows in terms of cost of risk, whereas operating expenses slightly increased vs. the previous year. The change in the latter aggregate was due to the development of operations with customers and was offset by an increase in costs recovered. The Corporate Banking channel also confirmed the downward trend of the cost of risk and achieved a decrease in total costs by -25.6%.

It is also pointed out that, the "Gains/losses on equity investments" item also recognizes the effect of the Adjustment Price relating to the disposal of the equity investment in Crédit Agricole Vita, made in 2012, and the effect of the disposal of the equity investment in CA Agro-Alimentare S.p.A.

Assets by segment mainly consisted of loans to Customers, property, plant and equipment and intangible assets that can be directly allocated to the operating segments. As at 31 December 2015, assets of the Retail and Private Banking channels amounted to Euro 17.8 billion, coming essentially in line with (-0.3%) vs. 31 December 2014. The assets referring to the Corporate Banking channel decreased by -7.3%, coming to Euro 11.8 billion and reflecting the decrease in loans to product companies of the Crédit Agricole Group and the outgoing assets relating to an important Customer that went into an Interbanking lending scheme, subsequent to the change in its legal form.

Liabilities by segment consisted of direct funding from Customers, which can be directly allocated to the operating segments. Within this aggregate, funding relating to the Retail and Private Banking channels came to Euro 22.0 billion, in line with 2014; the contribution of the Corporate Banking channel came to Euro 5.5 billion, up by +18.3% vs. the previous year.

It is pointed out that unallocated assets and liabilities report the set of the inter-bank transactions, the issue of the covered bond, as well as other balance sheet aggregates, such as: unallocated property, plant and equipment/ intangible assets, tax assets/liabilities, specific-purpose provisions and equity.

In accordance with IFRS 8, it is reported that the Bank's business operations are essentially carried out in the Italian national territory, they are not subject to periodic performance reporting to the management breaking down by foreign geographical area. The Bank has no customer that could allow the achievement of revenues for an amount exceeding 10% of total revenues recognized.

SEGMENT REPORTING AS AT 31 DECEMBER 2015

	Retail and Private Banking	Corporate Banking	Other	Total
External operating income:				
Net interest income	543,124	123,625	1,662	668,411
Net commission income	411,908	62,971	6,172	481,051
Net gain (loss) on trading activities	2,515	3,051	1,184	6,750
Dividends	-		43,974	43,974
Other net operating revenues	209,564	46	51,655	261,265
Total operating revenues	**1,167,111**	**189,693**	**104,647**	**1,461,451**
Net value adjustments for impairment of loans	-114,832	-100,497	-870	-216,199
Value adjustments for impairment of AFS financial assets and other financial transactions	-		-1,745	-1,745
Staff and administrative expenses and depreciation and amortization	-691,391	-37,524	-204,027	-932,942
Accruals to provisions for contingencies	-6,421	-4,318	18	-10,721
Total costs	**-812,644**	**-142,339**	**-206,624**	**-1,161,607**
Gain (loss) on equity investments	11,110	516	-1,441	10,185
Impairment on goodwill	-	-	-	-
Gains on disposal of investments	-	-	-	-
Profit (loss) by segment	**365,577**	**47,870**	**-103,418**	**310,029**
Unallocated operating expenses	-	-	-	-
Net profit (loss) before taxes	**365,577**	**47,870**	**-103,418**	**310,029**
Taxes	-129,897	-17,009	53,378	-93,528
Profit (loss) for the period	**235,680**	**30,861**	**-50,040**	**216,501**
Assets and liabilities				
Assets by segment	17,807,742	11,091,685	247,899	29,147,326
Equity investments in associates	-	-	1,310,009	1,310,009
Unallocated assets	-	-	11,515,210	11,515,210
Total assets	**17,807,742**	**11,091,685**	**13,073,118**	**41,972,545**
Liabilities by segment	22,028,681	5,487,421	702,601	28,218,703
Unallocated liabilities	-	-	8,979,780	8,979,780
Total liabilities	**22,028,681**	**5,487,421**	**9,682,381**	**37,198,483**

SEGMENT REPORTING AS AT 31 DECEMBER 2014

	Retail and Private Banking	Corporate Banking	Other	Total
External operating income:				
Net interest income	541,234	141,029	-253	682,010
Net commission income	404,088	62,439	7,809	474,336
Net gain (loss) on trading activities	3,417	2,194	-8,450	-2,839
Dividends	-		36,878	36,878
Other net operating revenues	209,317	-1,863	51,798	259,252
Total operating revenues	**1,158,056**	**203,799**	**87,782**	**1,449,637**
Net value adjustments for impairment of loans	-148,087	-145,553	-	-293,640
Value adjustments for impairment of AFS financial assets and other financial transactions	-		2,975	2,975
Staff and administrative expenses and depreciation and amortization	-677,136	-38,904	-179,364	-895,404
Accruals to provisions for contingencies	-6,658	-5,965	5,538	-7,085
Total costs	**-831,881**	**-190,422**	**-170,851**	**-1,193,154**
Gain (loss) on equity investments	-	-	-22,546	-22,546
Impairment on goodwill	-	-	-	-
Gains on disposal of investments	-	-	-	-
Profit (loss) by segment	**326,175**	**13,377**	**-105,615**	**233,937**
Unallocated operating expenses	-	-	-	-
Net profit (loss) before taxes	**326,175**	**13,377**	**-105,615**	**233,937**
Taxes	-130,671	-5,360	40,144	-95,887
Profit (loss) for the period	**195,504**	**8,017**	**-65,471**	**138,050**
Assets and liabilities				
Assets by segment	17,859,135	11,963,259	294,891	30,117,285
Equity investments in associates	-	-	1,287,509	1,287,509
Unallocated assets	-	-	10,955,427	10,955,427
Total assets	**17,859,135**	**11,963,259**	**12,537,827**	**42,360,221**
Liabilities by segment	22,044,305	4,638,091	646,841	27,329,237
Unallocated liabilities	-	-	10,396,270	10,396,270
Total liabilities	**22,044,305**	**4,638,091**	**11,043,111**	**37,725,507**

FINANCIAL STATEMENTS OF THE CONTROLLING COMPANY CRÉDIT AGRICOLE S.A.

ACTIF

	31.12.2014	31.12.2013
Opérations interbancaires et assimilées	**152,295**	**142,398**
Caisse, banques centrales	2,008	7,729
Effets publics et valeurs assimilées	28,847	22,314
Créances sur les établissements de crédit	125,440	112,355
Opérations internes au Crédit Agricole	**265,969**	**274,219**
Opérations avec la clientèle	**4,716**	**2,455**
Opérations sur titres	**37,256**	**42,850**
Obligations et autres titres à revenu fixe	37,246	37,829
Actions et autres titres à revenu variable	10	5,021
Valeurs immobilisées	**66,520**	**63,713**
Participations et autres titres détenus à long terme	7,597	8,281
Parts dans les entreprises liées	58,746	55,245
Immobilisations incorporelles	37	45
Immobilisations corporelles	140	142
Capital souscrit non versé	**-**	**-**
Actions propres	**48**	**50**
Comptes de régularisation et actifs divers	**33,157**	**30,957**
Autres actifs	6,740	7,639
Comptes de régularisation	26,417	23,318
TOTAL ACTIF	**559,961**	**556,642**

PASSIF

	31.12.2014	31.12.2013
Opérations interbancaires et assimilées	**93,425**	**97,983**
Banques centrales	1	11
Dettes envers les établissements de crédit	93,424	97,972
Opérations internes au Crédit Agricole	**41,667**	**49,150**
Comptes créditeurs de la clientèle	**225,918**	**226,386**
Dettes représentées par un titre	**94,210**	**88,314**
Comptes de régularisation et passifs divers	**36,645**	**30,908**
Autres passifs	8,458	3,823
Comptes de régularisation	28,187	27,085
Provisions et dettes subordonnées	**32,957**	**31,779**
Provisions	1,672	1,835
Dettes subordonnées	31,285	29,944
Fonds pour risques bancaires généraux	**1,005**	**971**
Capitaux propres hors FRBG	**34,134**	**31,151**
Capital souscrit	7,729	7,505
Primes d’émission	21,316	22,441
Réserves	1,947	2,827
Écart de réévaluation	-	-
Provisions réglementées et subventions d’investissement	28	24
Report à nouveau	2	(5177)
Résultat de l’exercice	3,112	3531
TOTAL PASSIF	**559,961**	**556,642**

HORS-BILAN DE CRÉDIT AGRICOLE S.A.

(en millions d'euros)	31.12.2014	31.12.2013
Engagements donnés	34,264	50,585
Engagements de financement	14,453	30,954
Engagements de garantie	19,807	19,631
Engagements sur titres	4	-

(en millions d'euros)	31.12.2014	31.12.2013
Engagements reçus	58,397	64,345
Engagements de financement	33,173	46,390
Engagements de garantie	25,224	17,955
Engagements sur titres	-	

COMPTE DE RÉSULTAT DE CRÉDIT AGRICOLE S.A.

	31.12.2014	31.12.2013
Intérêts et produits assimilés	11,625	12,811
Intérêts et charges assimilées	(14,331)	(15,250)
Revenus des titres à revenu variable	4,750	2,815
Commissions (produits)	782	777
Commissions (charges)	(1,062)	(1,263)
Gains ou pertes sur opérations des portefeuilles de négociation	(116)	516
Gains ou pertes sur opérations des portefeuilles de placement et assimilés	564	(361)
Autres produits d'exploitation bancaire	79	46
Autres charges d'exploitation bancaire	(48)	(91)
Produit net bancaire	**2,243**	**-**
Charges générales d'exploitation	(672)	(672)
Dotations aux amortissements et aux dépréciations sur immobilisations incorporelles et corporelles	(13)	(12)
Résultat brut d'exploitation	**1,558**	**(684)**
Coût du risque	(115)	570
Résultat d'exploitation	**1,443**	**(114)**
Résultat net sur actifs immobilisés	198	892
Résultat courant avant impôt	**1,641**	**778**
Résultat exceptionnel	-	-
Impôt sur les bénéfices	1,509	2,777
Dotations/reprises de FRBG et provisions réglementées	(38)	(24)
RÉSULTAT NET DE L'EXERCICE	**3,112**	**3,531**

DISCLOSURE OF THE FEES FOR THE AUDIT OF THE ACCOUNTS AND OTHER SERVICES PURSUANT TO THE ITALIAN CIVIL CODE AT ARTICLE 2427 PARAGRAPH 16-*BIS*

FEES FOR:	31.12.2015
Statutory audit of annual accounts	432
Certification services	270
Other services	-
Total	**702**

Annexes

INTERNATIONAL ACCOUNTING STANDARDS ENDORSED UP TO 31.12.2015

List of IAS / IFRS		Endorsing EC Regulation
IFRS 1	First-time adoption of the International Financial Reporting Standards	1136/2009 – 550/2010 – 574/2010 – 662/2010 – 149/2011 – 1205/2011 – 1255/2012 – 183/2013 – 301/2013 – 313/2013 – 2343/2015 – 2441/2015
IFRS 2	Share-based payments	1126/2008 – 1261/2008 – 495/2009 – 243/2010 – 244/2010 – 28/2015
IFRS 3	Business combinations	495/2009 – 149/2011 – 1361/2014 – 28/2015
IFRS 4	Insurance contracts	1126/2008 – 494/2009 – 1165/2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1126/2008 – 494/2009 – 243/2010 – 2343/2015
IFRS 6	Exploration for and Evaluation of Mineral Resources	1126/2008
IFRS 7	Financial instruments: Disclosures	1126/2008 – 70/2009 – 495/2009 – 824/2009 – 1165/2009 – 574/2010 – 149/2011 – 1205/2011 – 1256/2012 – 2343/2015 – 2406/2015
IFRS 8	Operating segments	1126/2008 – 243/2010 – 632/2010 – 28/2015
IFRS 10	Consolidated Financial Statements	1254/2012 – 313/2013 – 1174/2013 –
IFRS 11	Joint Arrangements	1254/2012 – 313/2013 – 2173/2015
IFRS 12	Disclosure of Interests in Other Entities	1254/2012 – 313/2013 – 1174/2013
IFRS 13	Fair value measurement	1255/2012 – 1361/2014 – 28/2015
IAS 1	Presentation of Financial Statements	1274/2008 – 53/2009 – 70/2009 – 494/2009 – 243/2010 – 149/2011 – 301/2013 – 2113/2015 – 2406/2015
IAS 2	Inventories	1126/2008 – 70/2009
IAS 7	Statement of Cash Flows	1126/2008 – 53/2009 – 70/2009 – 494/2009 – 243/2010
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1126/2008 – 70/2009
IAS 10	Events After The Reporting Period	1126/2008 – 70/2009 – 1142/2009
IAS 11	Construction contracts	1126/2008
IAS 12	Income Taxes	1126/2008 – 495/2009 – 1255/2012
IAS 16	Property, Plant and Equipment	1126/2008 – 70/2009 – 70/2009 – 495/2009 – 301/2013 – 28/2015 – 2113/2015 – 2231/2015
IAS 17	Leases	1126/2008 – 243/2010 – 2113/2015
IAS 18	Revenues	1126/2008 – 69/2009
IAS 19	Employee Benefits	1126/2008 – 70/2009 – 29/2015 – 2343/2015
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1126/2008 – 70/2009
IAS 21	The Effects of Changes in Foreign Exchange Rates	1126/2008 – 69/2009 – 494/2009 – 149/2011
IAS 23	Borrowing Costs	1260/2008 – 70/2009 – 2113/2015
IAS 24	Related Party Disclosures	1126/2008 – 632/2010 – 28/2015
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1126/2008
IAS 27	Separate Financial Statements	494/2009 – 1254/2012 – 1174/2013 – 2441/2015
IAS 28	Investments in Associates and Joint Ventures	1126/2008 – 70/2009 – 494/2009 – 495/2009 – 149/2011 – 1254/2012 – 2441/2015

List of IAS / IFRS		Endorsing EC Regulation
IAS 29	Financial Reporting in Hyperinflationary Economies	1126/2008 – 70/2009
IAS 31	Interests in Joint Ventures	1126/2008 – 70/2009 – 494/2009 – 149/2011
IAS 32	Financial Instruments: Presentation	1126/2008 – 53/2009 – 70/2009 – 494/2009 – 495/2009 – 1293/2009 149/2011 – 1256/2012 – 301/2013
IAS 33	Earnings per Share	1126/2008 – 494/2009 – 495/2009
IAS 34	Interim Financial Reporting	1126/2008 – 70/2009 – 495/2009 – 149/2011 – 301/2013 – 2343/2015 – 2406/2015
IAS 36	Impairment of Assets	1126/2008 – 69/2009 – 70/2009 – 495/2009 – 243/2010 – 1174/2013 – 2113/2015
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1126/2008 – 495/2009
IAS 38	Intangible Assets	1126/2008 – 70/2009 – 495/2009 – 243/2010 – 28/2015 – 2231/2015
IAS 39	Financial Instruments: Recognition and Measurement (except for some provisions concerning hedge accounting)	1126/2008 – 53/2009 – 70/2009 – 494/2009 – 495/2009 – 824/2009 – 839/2009 – 1171/2009 – 243/2010 – 149/2011 – 1375/2013 – 1174/2013
IAS 40	Investment Property	1126/2008 – 70/2009 – 1361/2014 – 2113/2015
IAS 41	Agriculture	1126/2008 – 70/2009 – 2113/2015
IFRIC 1	Changes in Existing Decommissioning Restoration and Similar Liabilities	1126/2008
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments	1126/2008 – 301/2013
IFRIC 4	Determining whether an Arrangement contains a Lease	1126/2008 – 254/2009
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and. Environmental Rehabilitation Funds	1126/2008 – 70/2009 – 1142/2009
IFRIC 6	Liabilities arising from Participating in a Specific Market — Waste of Electric and electronic equipment	1126/2008
IFRIC 7	Applying the Restatement. Approach under IAS 29 Financial Reporting In Hyperinflationary Economies	1126/2008
IFRIC 8	Scope of IFRS 2	1126/2008
IFRIC 9	Reassessment of Embedded Derivatives	1126/2008 – 495/2009 – 1171/2009 – 243/2010
IFRIC 10	Interim financial reporting and impairment	1126/2008
IFRIC 11	IFRS 2 – Group and Treasury Shares Transactions	1126/2008
IFRIC 12	Service Concession Arrangements	254/2009
IFRIC 13	Customer Loyalty Programmes	1262/2008 – 149/2011
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.	1263/2008 – 633/2010
IFRIC 15	Agreements for the Construction of Real Estate	636/2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	460/2009
IFRIC 17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC 18	Transfers of Assets from Customers	1164/2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1255/02012
IFRIC 21	Levies	634/2014
SIC 7	Introduction of the Euro	1126/2008 – 494/2009
SIC 10	Government Assistance – No specific relation to Operating Activities	1126/2008
SIC 12	Consolidation – Special-purpose Entities (Special-purpose vehicles)	1126/2008

List of IAS / IFRS		Endorsing EC Regulation
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	1126/2008
SIC 15	Operating Leases – Incentives	1126/2008
SIC 21	Income Taxes – Recovery of Revalued Non-depreciable Assets	1126/2008
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	1126/2008
SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1126/2008
SIC 29	Service Concession Arrangements: Disclosures	1126/2008 – 254/2009
SIC 31	Revenues – Barter Transactions involving Advertising Services	1126/2008
SIC 32	Intangible Assets – Website Costs	1126/2008

List of International Accounting Standards whose coordinated text has been adopted with Commission Regulation (EC) No. 1126/2008 of 3 November 2008. The above Regulation was published in the Official Journal of the European Union issue No. L320 of 29 November 2008 and amending Regulation (EC) No. 1725/2003.

The number and date of the EC Regulations endorsing the subsequent amendments and supplements.

Source EFRAG – The EU endorsement process – Position as at 16 February 2016.

TAX INFORMATION ON RESERVES

Tax information on equity reserves

	Reserves and provisions that do not form part of Shareholders' income in case of distribution	Reserves and provisions that form part of the Company's taxable income in case of distribution	Reserves and provisions that form part of the Shareholders' taxable income in case of distribution	Undistributable valuation reserves
Share premium reserve	2,693,560	42,444	-	-
Reserve – Contributions for share capital increase	-	-	-	-
Reserve pursuant to Art. 13 of It. Leg. D. 124/93	-	314	-	-
Legal reserve	-	-	132,682	-
Extraordinary Reserve	-	-	814,745	-
Reserve from first time adoption of IAS/IFRS	-	-	-97,651	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of tax and reporting values	-	-	12,319	-
Valuation reserve for other corridor elimination	-	-	-5,076	-
Valuation reserve	-	-	-	89,164
Reserve from actuarial valuation – employee severance benefits and defined-benefit Pension Plan	-	-	-	-21,802
Reserve from share-based payments	517	-	604	-
Share capital	-	-	-	-
Reserve for free assignation of shares	-	-	1,240	-
Reserve from adjustment of transfer Purchase Price	-	-	605	-
Reserve for purchases of business units	-	-	-3,853	-
Reserve for disposal of business units	-	-	20,987	-
TOTAL	**2,694,077**	**42,758**	**876,602**	**67,362**

Capital and reserves: possible use and distributability (pursuant to Article 2427 – paragraph 7-bis)

Items of liabilities	Amount		Possible uses (*)	Distributable portion	Summary of uses in last three years	
					For loss coverage	For other reasons
Share Capital		876,762	-	-	-	-
Share premium reserve		2,693,560	A, B , C (4)	2,693,560	-	-
Share premium reserve taxable pursuant to Law 266/2005		42,444	A, B (2), C (3)	42,444	-	-
Reserves		877,433	-	-	-	-
Legal reserve	132,682		A(1), B	-	-	-
Extraordinary Reserve	814,745		A, B, C	814,745	-	-
Reserve – Contributions for share capital increase	-		A	-	-	-
Reserve pursuant to Art. 13 of It. Leg. D. 124/93	314		A, B, C	314	-	-
Reserve from share-based payments	1,121		A, B, C	1,121	-	-
Reserve for free assignation of shares	1,240		A, B, C	1,240	-	-
Reserve from adjustment of transfer Purchase Price	605		A, B, C	605	-	-
Reserve for purchases of business units	-3,853		A, B, C	-3,853	-	-
Reserve for disposal of business units	20,987		A, B. C	20,987	-	-
Reserve from first time adoption of IAS/IFRS	-97,651		-	-	-	-
Reserve from tax adjustment from first time adoption of IAS/IFRS for realignment of tax and reporting values	12,319		-	-	-	-
Valuation reserve for other corridor elimination	-5,076		-	-	-	-
Valuation reserves	-	67,362	-	-	-	-
Reserve from valuation of assets available for sale	89,164		-	-	-	-
Reserve from actuarial valuation – employee severance benefits and defined-benefit pension plan	-21,802		-	-	-	-
Profit for the period		216,501	-	-	-	-
Total		**4,774,062**		**3,571,163**	**-**	**-**

(*) A: For capital increase B: To cover losses C: For distribution to Shareholders.

(1) Usable for share capital increase (A) for the portion exceeding one fifth of the share capital.

(2) If the reserve is used to cover losses, no profits may be distributed until such reserve is restored or reduced by the same amount. The reduction must be approved by the Extraordinary Shareholders' Meeting without applying the provisions of the second and third paragraphs of Article 2445 of the Italian Civil Code.

(3) Unless the reserve is transferred to share capital, it may only be reduced with the application of the provisions of Article 2445 paragraphs 2 and 3 of the Italian Civil Code If distributed, it shall form part of the Company's taxable income.

(4) Distributable when the legal reserve has reached the fifth one of the share capital.

OWNED PROPERTY SUBJECT TO REVALUATION PURSUANT TO SPECIAL LAWS

List of owned property item that have been revaluated and are still recognized setting forth the revaluation amount pursuant to Article 10 of Italian Law No. 72 of 19 March 1983.

Description	Book value net of revaluation	Law 823/1973	Law 576/75	Law 72/1983	Law 218/90 Amato	Law No. 408 of 29.12.90	Law No. 413 of 30.12.1991	Law 342/2000	Law 266/05	1St time adoption of IAS/IFRS	Total cost	Accumulated depreciation as at 31 Dec. 2015	Net book value as at 31 Dec. 2015
VIA UNIVERSITÀ, 1 – PARMA	1,792,749	-	510,263	195,089	2,039,910	6,708,770	-	428,631	-	-	11,675,413	2,599,577	9,075,836
VIA CAVESTRO, – PARMA	1,593,248	-	385,900	-	1,501,229	3,609,776	-	389,474	-	-	7,479,627	2,111,526	5,368,101
AGENZIA CITTÀ N.1 – PARMA	790,432	-	99,914	-	249,070	983,272	-	378,832	-	-	2,501,519	1,156,130	1,345,389
AGENZIA CITTÀ N.3 – PARMA	1,514,061	-	56,793	3,788	285,627	807,691	-	189,474	-	-	2,857,434	1,322,141	1,535,292
AGENZIA CITTÀ N.6 – PARMA	1,014,040	-	2,406	25,203	112,926	159,997	-	166,015	-	-	1,480,587	805,744	674,843
AGENZIA CITTÀ N.8 – PARMA	992,774	-	37	-	382,861	887,578	-	319,388	-	-	2,582,639	1,104,297	1,478,341
AGENZIA CITTÀ N.9 – PARMA	583,257	-	15,987	-	186,612	319,851	-	149,334	-	-	1,255,042	578,039	677,003
AGENZIA CITTÀ N.4 – PARMA	3,687,412	-	-	-	-	1,954,872	-	607,415	-	-	6,249,699	3,637,722	2,611,976
AGENZIA CITTÀ N.2 – PARMA	1,480,573	-	-	-	-	793,152	57,092	98,378	-	-	2,429,194	1,035,610	1,393,585
TALIGNANO	657,722	-	-	-	-	1,710,026	289,767	-	-	-	2,657,515	628,013	2,029,501
VIA SPEZIA C.S.C. – PARMA	30,700,875	-	-	-	-	22,894,280	42,608	3,957,751	-	-	57,595,513	30,983,028	26,612,485
PARMA – VIA SPEZIA – (PODERE MARTINELLA)	391,489	-	-	-	-	44,284	-	-	-	-	435,774	-	435,774
ALBARETO	179,826	-	-	-	-	64,005	-	22,958	-	-	266,788	172,779	94,010
BARDI	130,807	-	11,930	5,967	61,540	106,574	-	76,594	-	-	393,412	217,893	175,519
BASILICANOVA	313,727	-	-	-	57,102	167,520	13,316	147,621	-	-	699,287	293,931	405,356
BEDONIA – NUOVA SEDE	608,247	-	-	-	-	182,435	-	112,306	-	-	902,988	486,679	416,309
BERCETO	153,751	-	2,161	11,500	61,274	87,586	-	55,926	-	-	372,197	177,165	195,033
BORGOTARO	461,682	-	11,389	18,401	95,615	128,117	-	16,994	-	-	732,200	388,743	343,456
BUSSETO FILIALE	683,066	-	22,360	0	-	468,356	-	100,485	-	-	1,274,267	635,316	638,951
CALESTANO	27,937	-	9,321	1,911	47,801	94,609	-	17,398	-	-	198,977	108,047	90,930
COENZO	371,668	-	1,808	-	-	138,121	-	9,465	-	-	521,062	284,146	236,916
COLLECCHIO	2,080,216	-	-	-	-	288,117	-	191,196	-	-	2,559,529	1,162,312	1,397,217
COLORNO – NUOVA SEDE	964,727	-	-	-	-	786,454	-	108,667	-	-	1,859,847	856,342	1,003,505
CORNIGLIO	146,714	-	26,353	928	48,146	194,040	-	35,078	-	-	451,259	159,120	292,139
FIDENZA AGENZIA N.1	1,943,126	-	83,677	29,665	215,527	307,531	-	-	-	-	2,579,526	951,449	1,628,078
FIDENZA AGENZIA N.2	607,864	-	-	-	28,659	345,710	-	48,093	-	-	1,030,326	455,572	574,754
FONTANELLATO	738,098	-	29,897	-	111,655	379,247	-	15,582	-	-	1,274,479	567,380	707,100
FORNOVO TARO	1,196,227	-	8,156	19,437	-	198,065	-	14,142	-	-	1,436,027	664,781	771,246
LANGHIRANO	876,688	-	42,532	12,128	90,543	562,140	-	50,672	-	-	1,634,703	520,107	1,114,597
MEDESANO	215,068	-	18,132	9,531	108,953	219,782	-	40,468	-	-	611,934	240,989	370,944
MILAN, ITALY	2,272,834	-	-	-	-	1,555,993	-	158,469	-	-	3,987,296	2,315,199	1,672,097
MONCHIO	43,829	-	1,143	5,726	59,171	90,515	-	10,666	-	-	211,050	105,600	105,450
NEVIANO ARDUINI	70,408	-	3,954	2,574	46,044	88,290	-	11,935	-	-	223,206	109,258	113,948
NOCETO – FILIALE	808,224	-	14,143	10,558	76,036	108,038	-	28,103	-	-	1,045,101	502,588	542,513
PALANZANO	70,340	-	974	8,767	46,594	122,582	-	13,092	-	-	262,349	133,285	129,064
PELLEGRINO – FILIALE	236,593	-	15,431	2,998	49,259	182,482	-	19,224	-	-	505,987	201,372	304,615
PIEVEOTTOVILLE	44,007	-	342	-	45,249	73,623	-	8,525	-	-	171,744	85,737	86,007
POLESINE	394,863	-	-	-	-	150,460	-	70,135	-	-	615,458	395,120	220,338

Description	Book value net of revaluation	Law 823/1973	Law 576/75	Law 72/1983	Law 218/90 Amato	Law No. 408 of 29.12.90	Law No. 413 of 30.12.1991	Law 342/2000	Law 266/05	1St time adoption of IAS/IFRS	Total cost	Accumulated depreciation as at 31 Dec. 2015	Net book value as at 31 Dec. 2015
PONTETARO	748,492	-	19,513	3,367	66,243	93,310	26,289	116,981	-	-	1,074,193	485,964	588,229
ROCCABIANCA	777,156	-	-	-	-	241,824	-	17,912	-	-	1,036,891	562,511	474,381
SALA BAGANZA	87,452	-	46,459	6,907	72,054	323,203	-	59,315	-	-	595,390	198,098	397,292
SALSOMAGGIORE	1,604,064	-	60,047	41,818	338,509	424,119	-	16,718	-	-	2,485,275	1,192,030	1,293,245
S.MARIA DEL TARO	54,209	-	3,146	-	58,320	100,472	-	10,200	-	-	226,347	125,884	100,464
S.SECONDO	362,347	-	145	-	105,674	392,743	-	71,430	-	-	932,338	388,068	544,271
S.ANDREA BAGNI	205,545	-	1,859	-	-	129,517	-	5,253	-	-	342,174	204,485	137,689
SISSA	527,436	-	3,353	7,578	-	159,671	-	27,414	-	-	725,453	280,539	444,914
SOLIGNANO	26,999	-	4,209	5,424	51,082	97,942	-	9,218	-	-	194,874	106,750	88,125
SORAGNA	248,364	-	18,533	17,254	67,759	177,224	-	39,340	-	-	568,473	239,316	329,157
SORBOLO	1,294,723	-	-	-	-	651,020	-	62,444	-	-	2,008,187	1,251,193	756,993
SUZZARA	1,039,932	-	-	-	-	539,476	-	18,414	-	-	1,597,822	974,728	623,094
TABIANO TERME	68,799	-	757	19,119	85,501	132,004	-	16,618	-	-	322,800	184,284	138,515
TRAVERSETOLO	1,098,944	-	23,043	8,221	72,176	259,432	-	84,935	-	-	1,546,750	632,737	914,013
ZIBELLO	190,307	-	136	0	98,960	278,852	-	6,056	-	-	574,311	296,533	277,778
SPORTELLO AREA S.P.I.P.	926,911	-	-	-	-	14,843	-	9,560	-	-	951,314	425,764	525,551
AGENZIA DI CITTÀ N. 5	4,138,872	-	-	-	-	2,518	-	-	-	-	4,141,390	1,953,213	2,188,177
LANGHIRANO AGENZIA 3	406,312	-	-	-	-	138	-	-	-	-	406,449	240,717	165,732
VIA MISTRALI 1/3 – PARMA	4,846,769	-	369,753	377,014	1,508,925	-	897,799	2,460,915	-	-	10,461,175	3,889,466	6,571,710
B.GO S. AMBROGIO 3/5/7 – PARMA	1,703,080	-	-	-	140,699	-	1,050,126	295,927	-	-	3,189,833	1,464,189	1,725,644
VIA EMILIO LEPIDO, 12/A – PARMA	1,067,509	-	-	-	179,927	-	498,958	177,237	-	-	1,923,631	1,065,056	858,575
PIAZZA DEL POPOLO, 22 – LANGHIRANO	57,180	-	34,618	15,494	162,684	-	255,039	217,764	-	-	742,779	368,418	374,361
PIAZZA MIODINI, 2 – FELINO	786,113	-	35,969	10,329	87,798	-	301,908	220,281	-	-	1,442,398	632,765	809,633
PIAZZA GRAMSCI, 24 – SALA BAGANZA	552,791	-	15,749	0	235,765	-	670,239	14,659	-	-	1,489,204	717,213	771,991
STRADA PER BUSSETO, 135 – FONTEVIVO	285,068	-	11,927	20,658	103,291	-	350,998	299,492	-	-	1,071,434	419,704	651,730
STRADA PROVINCIALE, 59 – FONTANELLE	84,888	-	9,533	2,582	45,448	-	151,905	63,487	-	-	357,844	177,044	180,799
VIA M. LIBERTÀ, 322 – MEZZANI	32,302	-	5,127	5,210	38,218	-	65,506	53,984	-	-	200,348	122,525	77,823
VIA LA SPEZIA, 8 – COLLECCHIO	766,785	-	-	-	73,636	-	59,469	641,640	-	-	1,541,529	810,977	730,552
LAGRIMONE	172,191	-	-	-	-	-	99,980	-	-	-	272,171	229,561	42,610
STRADA ASOLANA, 128 – S. POLO TORRI	800,171	-	-	-	-	-	-	11,996	-	-	812,167	347,351	464,817
VIA GRAMSCI, 13 – PARMA	555,131	-	-	-	-	-	436,369	70,280	-	-	1,061,780	520,981	540,799
VIA MACALLE' 11 – AGAZZANO	152,426	-	-	-	72,046	53,139	-	27,352	-	-	304,963	73,410	231,553
VIA EMILIA OVEST 18 – ALSENO	364,626	-	-	-	51,646	108,998	-	47,211	-	-	572,481	222,949	349,531
PIAZZA COLOMBO 11 – BETTOLA	83,016	-	-	-	61,975	134,658	-	27,484	-	-	307,133	161,236	145,898
PIAZZA S.FRANCESCO 11/A – BOBBIO	280,152	-	-	-	43,608	112,497	-	20,969	-	-	457,225	218,843	238,382
VIA ROMA 23 – BORGONOVO VAL TIDONE	436,410	-	-	-	56,810	87,567	-	31,598	-	-	612,386	246,609	365,777
VIA EMILIA PARMENSE 146 – CADEO LOC	455,636	-	-	-	-	16,673	-	102,983	-	-	575,293	302,683	272,610
PIAZZA BERGAMASCHI 4 – CALENDASCO	285,670	-	-	-	-	36,431	-	41,650	-	-	363,751	127,185	236,566
VIA ROMA 8 – CAORSO	329,212	-	-	-	98,127	101,462	-	41,257	-	-	570,058	214,249	355,809
GALLERIA BRAGHIERI 1 – CASTEL S.GIO	681,995	-	-	-	171,844	413,391	-	88,751	-	-	1,355,981	606,226	749,755
VIA CAVOUR 1/A – CORTEMAGGIORE	269,068	-	-	-	77,469	87,409	-	35,055	-	-	469,001	171,533	297,468
VIA DEL CONSORZIO 7 – FERRIERE	172,784	-	-	-	-	4,523	-	53,147	-	-	230,454	158,111	72,343
CORSO GARIBALDI 120 – FIORENZUOLA D	621,404	-	-	-	135,487	183,413	-	114,352	-	-	1,054,655	354,950	699,706

Description	Book value net of revaluation	Law 823/1973	Law 576/75	Law 72/1983	Law 218/90 Amato	Law No. 408 of 29.12.90	Law No. 413 of 30.12.1991	Law 342/2000	Law 266/05	1St time adoption of IAS/IFRS	Total cost	Accumulated depreciation as at 31 Dec. 2015	Net book value as at 31 Dec. 2015
VIA ROMA 63 – GRAGNANO TREBBIENSE	297,910	-	-	-	41,317	23,034	-	29,569	-	-	391,830	161,878	229,953
P.ZZA CASTELLANA 22 – LUGAGNANO VAL	755,343	-	-	-	65,107	28,660	-	26,297	-	-	875,408	271,538	603,870
VIA MARTIRI LIBERTÀ 35 – MONTICELL	471,331	-	-	-	-	-	-	69,145	-	-	540,476	276,545	263,931
PIAZZA INZANI – MORFASSO	189,384	-	-	-	-	-	-	49,730	-	-	239,113	186,811	52,303
PIAZZA VITTORIA 25 – OTTONE	58,894	-	-	-	15,494	33,085	-	7,709	-	-	115,182	48,085	67,097
LARGO DAL VERME 3 – PIANELLO VAL TI	308,283	-	-	-	-	60,751	-	9,449	-	-	378,482	202,860	175,622
VIA MONTE GRAPPA 49 – PODENZANO	482,665	-	-	-	67,139	115,376	-	70,923	-	-	736,103	348,509	387,594
VIA VITTORIO VENETO 90 – PONTE DELL	506,158	-	-	-	-	172,170	-	99,830	-	-	778,158	335,977	442,181
PIAZZA TRE MARTIRI 11 – PONTENURE	715,753	-	-	-	-	-	-	68,083	-	-	783,836	422,662	361,174
VIA EMILIA EST 33 – ROTTOFRENO	47,391	-	-	-	56,810	61,128	-	24,581	-	-	189,910	100,826	89,084
VIA ANGUISSOLA 4 – TRAVO	257,560	-	-	-	-	1,640	-	38,548	-	-	297,747	134,458	163,289
VIA MORO 4 – VILLANOVA SULL'ARDA	393,424	-	-	-	-	57,044	-	71,327	-	-	521,795	194,838	326,957
VIA ZIANO 9 – VICOBARONE DI ZIANO P	48,378	-	-	-	15,494	14,084	-	8,451	-	-	86,408	49,563	36,845
VIA ROMA 175 – ZIANO PIACENTINO	69,449	-	-	-	20,658	45,381	-	8,838	-	-	144,327	66,765	77,562
VIA POGGIALI 18 – PIACENZA	4,157,140	-	-	769,851	1,567,362	5,788,954	-	1,952,811	-	-	14,236,119	4,787,023	9,449,095
VIA COLOMBO 101 – PIACENZA	1,187,720	-	-	-	-	195,554	-	196,597	-	-	1,579,871	723,864	856,008
VIALE DANTE ALIGHIERI 14 – PIACENZA	1,619,323	-	-	-	-	426,870	-	215,624	-	-	2,261,817	1,017,621	1,244,196
PIAZZA CAIROLI 3 – CODOGNO	1,243,600	-	-	-	-	171,309	-	217,624	-	-	1,632,533	1,016,955	615,578
CORSO MILANO 65 – VIGEVANO	260,138	-	-	7,230	-	163,008	-	17,382	-	-	447,758	195,351	252,408
PIAZZA VOLTA 4 – VIGEVANO	350,803	-	-	15,494	-	270,714	-	11,718	-	-	648,729	191,139	457,590
PIAZZA DUCALE 43 – VIGEVANO	1,722,445	-	-	129,114	1,077,258	1,004,817	-	417,537	-	-	4,351,171	1,294,278	3,056,893
VIA LAVATELLI 32 – CASSOLNOVO	387,361	-	-	10,329	-	91,583	-	21,130	-	-	510,403	193,038	317,364
VIA COTTA 2 – GAMBOLO'	403,081	-	-	10,329	-	94,165	-	4,474	-	-	512,049	237,966	274,083
VIA XXV APRILE 17 – PARONA	141,905	-	-	-	-	75,689	-	12,941	-	-	230,535	84,737	145,798
PIAZZA CAMPEGI 2 – TROMELLO	452,983	-	-	-	-	78,092	-	17,078	-	-	548,152	162,634	385,519
VIALE CAMPARI 12 – PAVIA	661,050	-	-	-	-	22,047	-	32,726	-	-	715,823	377,429	338,394
VALENZA	361,382	-	-	56,334	252,201	-	-	90,987	858,291	-	1,619,196	839,612	779,583
VINOVO	292,719	-	-	-	-	-	-	20,734	148,416	-	461,869	320,132	141,737
VIA ARMORARI 4 – MILANO	4,801,549	-	1,313,331	-	7,266,549	-	-	19,847,235	7,308,423	-	40,537,086	10,387,833	30,149,253
VIA ARMORARI 8 – MILANO	2,929,665	-	-	-	-	-	-	7,164,345	5,498,307	-	15,592,317	4,119,854	11,472,463
VIA FARINI 82 – MILANO	2,717,794	-	-	-	-	-	-	933,643	278,488	-	3,929,924	2,924,795	1,005,130
P.ZZA FRATTINI 19 – MILANO	613,103	-	81,632	-	371,849	-	-	543,908	268,264	-	1,878,756	1,050,943	827,813
VIA MUSSI 4 – MILANO	531,284	-	92,969	-	291,282	-	-	439,674	275,121	-	1,630,330	923,691	706,639
VIA PISTRUCCI 25 – MILANO	702,375	-	41,673	-	127,048	-	-	258,173	351,453	-	1,480,722	705,904	774,818
VIA RIPAMONTI 177 – MILANO	571,636	-	103,421	-	335,697	-	-	381,513	161,503	-	1,553,769	910,275	643,494
P.ZZA VELASCA 4 – MILANO	590,720	-	191,991	-	192,122	-	-	433,140	889,114	-	2,297,086	1,287,264	1,009,822
CORSO MAZZINI 2 – CREMONA	1,596,407	25,087	350,772	-	2,076,157	-	-	1,870,791	803,837	-	6,723,051	2,776,355	3,946,696
VIA CAVOUR 40/42 – CASALMAGGIORE	268,098	2,359	22,273	-	-	-	-	36,030	292,244	-	621,004	264,202	356,802
P.ZZA MUNICIPIO 3-9-11 – CASTELVERD	60,421	-	12,946	-	-	-	-	40,216	111,816	-	225,399	112,598	112,800
VIA GIUSEPPINA 152 – CINGIA DE'BOTT	9,619	429	5,941	-	-	-	-	12,612	74,914	-	103,516	58,834	44,682
P.ZZA VITT.VENETO 4 – 6 – CORTE DE'	128,424	-	713	-	-	-	-	7,370	47,582	-	184,089	73,937	110,152
VIA MAZZINI 8 – GRUMELLO CREMONESE	156,510	59	2,644	-	-	-	-	9,162	66,174	-	234,549	71,592	162,957
VIA ROMA 8 – GUSSOLA	57,206	-	7,753	-	-	-	-	58,355	51,318	-	174,631	113,092	61,538

Description	Book value net of revaluation	Law 823/1973	Law 576/75	Law 72/1983	Law 218/90 Amato	Law No. 408 of 29.12.90	Law No. 413 of 30.12.1991	Law 342/2000	Law 266/05	1St time adoption of IAS/IFRS	Total cost	Accumulated depreciation as at 31 Dec. 2015	Net book value as at 31 Dec. 2015
VIA ROMA 1 – PIEVE D'OLMI	16,523	-	12,488	-	-	-	-	21,534	48,712	-	99,258	59,285	39,973
LARGO DELLA VITTORIA 7 – PIZZIGHETT	459,710	-	-	-	178,694	-	-	99,878	20,092	-	758,374	381,564	376,810
VIA DELLA LIBERTÀ 10-16 – RIVAROLO	385,352	-	1,600	-	-	-	-	90,021	14,886	-	491,859	353,110	138,748
VIA MARTIRI LIBERTÀ 48-50 – ROBECC	128,368	948	8,786	-	-	-	-	15,957	81,443	-	235,502	70,177	165,325
VIA GIUSEPPINA 15-17 – S.GIOVANNI I	632,732	664	3,813	-	-	-	-	11,034	54,843	-	703,085	306,765	396,321
V,LE G,MATTEOTTI 6-8 – SESTO CREMON	109,338	508	3,370	-	-	-	-	12,890	76,972	-	203,079	81,320	121,759
VIA GARIBALDI 2 – VESCOVATO	19,949	51	12,911	-	-	-	-	18,956	106,168	-	158,035	85,668	72,368
VIA MARSALA 18 – LODI	677,079	4,127	113,691	-	-	-	-	259,762	1,051,150	-	2,105,809	1,072,696	1,033,114
LARGO CASALI 31 – CASALPUSTERLENGO	796,022	-	-	-	211,740	-	-	409,979	266,529	-	1,684,269	1,117,183	567,087
VIA ROMA 5 – S.GIULIANO MILANESE	758,506	-	43,900	-	232,406	-	-	369,534	73,368	-	1,477,714	750,783	726,931
P,ZZA DEI CADUTI 10 – SANT'ANGELO L	719,997	1,411	13,012	-	-	-	-	66,702	8,769	-	809,890	361,273	448,617
VIA I. NIEVO 18/VIA OBERDAN – MANTO	4,639,983	-	-	-	-	-	-	1,560,197	321,766	-	6,521,946	5,314,654	1,207,291
P,ZZA XX SETTEMBRE 23 – ASOLA	291,896	1,501	19,641	-	-	-	-	66,395	227,909	-	607,342	227,711	379,631
VIA G. MATTEOTTI 18 – CASTELLUCCHIO	598,779	-	-	-	-	-	-	226,505	49,464	-	874,749	647,547	227,202
VIA XXV APRILE 1 – MARMIROLO	126,415	-	10,252	-	-	-	-	78,068	61,702	-	276,436	185,854	90,582
VIA PIAVE 18-20 – OSTIGLIA	97,295	-	-	-	-	-	-	54,938	77,867	-	230,101	129,854	100,247
VIA CUSTOZA 124 – ROVERBELLA	192,777	-	14,949	-	-	-	-	22,589	155,423	-	385,738	144,318	241,420
P.ZZA DEL LINO 4 – PAVIA	1,122,034	3,079	92,263	-	481,035	-	-	941,760	217,178	-	2,857,349	1,953,052	904,298
VIA VITT.VENETO 2 – BELGIOIOSO	160,976	1,151	11,204	-	-	-	-	21,180	229,336	-	423,847	185,019	238,828
VIA EMILIA 371 – BRONI	869,251	-	-	-	328,983	-	-	300,316	50,149	-	1,548,698	907,595	641,103
V.LE CERTOSA 78 – CERTOSA DI PAVIA	495,515	-	4,692	-	120,851	-	-	82,275	28,618	-	731,951	295,082	436,870
VIA CARDINAL MAFFI 2 – CORTEOLONA	47,714	-	9,608	-	-	-	-	20,950	74,440	-	152,711	85,471	67,240
VIA ROMA 24 – PIEVE PORTO MORONE	134,526	-	-	-	-	-	-	53,937	84,966	-	273,429	153,554	119,874
VIA G. MATTEOTTI 26/28 – CREMA	692,110	4,822	56,297	-	298,140	-	-	628,944	257,319	-	1,937,632	1,050,601	887,031
P.ZZA GARIBALDI 3 – ANNICCO	65,565	1,176	3,176	-	-	-	-	52,652	67,277	-	189,848	117,472	72,376
P.ZZA DELLA LIBERTÀ 21 – CASALBUTT	76,536	506	31,536	-	-	-	-	57,722	100,940	-	267,240	149,597	117,643
P.ZZA DELLA LIBERTÀ 6 – PADERNO PO	60,910	-	4,106	-	-	-	-	14,653	84,481	-	164,150	82,438	81,712
VIA MILANO 20-22 – PANDINO	344,568	1,731	27,915	-	-	-	-	66,462	159,407	-	600,083	180,581	419,502
VIA G. VEZZOLI 2 – ROMANENGO	719,174	795	12,932	-	-	-	-	21,601	110,278	-	864,780	267,164	597,616
VIA F. GENALA 17 – SORESINA	246,124	830	35,251	-	-	-	-	97,091	382,504	-	761,801	392,734	369,067
VIA ROMA 73 – TRIGOLO	60,778	129	8,539	-	-	-	-	14,433	61,857	-	145,735	65,968	79,767
ASILO NIDO AZIENDALE – C/OCAVAGNARI	2,330,007	-	-	-	-	271,083	-	48,005	-	-	2,649,095	306,680	2,342,415
Total Assets revalued	**142,143,307**	**51,365**	**4,822,871**	**1,903,826**	**26,060,476**	**62,588,645**	**5,267,368**	**55,454,692**	**22,091,079**	**-**	**320,383,628**	**139,025,812**	**181,357,816**

Description	Book value al netto rivalutazione	Law 823/1973	Law 576/75	Law 72/1983	Law 218/90 Amato	Law 29.12.90 n.408	Law 30.12.91 n.413	Law 342/2000	Law 266/05	1St time applicazione IAS/IFRS	Cost Complessivo	Provision Amm.to al 31 Dec. 2015	Valore Netto di Bilancio al 31 Dec. 2015
MOBILIO E ARREDAMENTI	42,439.99	-	3,414.45	18,700.72	-	-	-	-	-	-	64,555.16	64,555.16	-
MACCHINARI	136,293.71	-	1,584.13	10,554.30	-	-	-	-	-	-	148,432.14	148,432.14	-

EQUITY INVESTMENTS AND ASSETS AVAILABLE FOR SALE	Book value net of revaluations	Law No. 218 of 30.07.90	Impairment	Measurement of AFS Equity investments	Total cost	Net book value as at 31 Dec. 2015
BANCA POPOLARE FRIULADRIA SPA	1,011,566,006	-	-108,158,006	-	903,408,000	903,408,000
CREDIT AGRICOLE GROUP SOLUTIONS	35,000,000.00	-	-	-	35,000,000.00	35,000,000
CALIT SRL	123,350,000	-	-47,133,000	-	76,217,000	76,217,000
MONDOMUTUI CARIPARMA S,R,L,	2,280	-	-	-	2,280	2,280
CASSA DI RISPARMIO DELLA SPEZIA	295,376,055	-	-	-	295,376,055	295,376,055
CARIPARMA OBG S.R.L.	6,000	-	-	-	6,000	6,000
SLIDERS S.R.L.	130,000	-	-130,000	-	-	-
ALMA SCUOLA CUCINA	120,556	-	-	3,235	123,791	123,791
BANCA D'ITALIA	152,350,000	-	-	-	152,350,000	152,350,000
CE.P.I.M. SPA	801,542	-44,831	-	783,222	1,539,933	1,539,934
CENTRO AGRO-ALIMENTARE DI PARMA S.R.L.	619,748	-9,296	-610,452	-	-	-
CENTRO RICERCA E FORMAZIONE (SOCRIS)	-	-	-	-	-	-
CONS. AGRARIO PROVINCIALE PAVIA SRL	-	-	-	-	-	-
CONS. AGRARIO PROVINCIALE PIACENZA SCRL	26	427	-453	-	-	-
CONSORZIO AGRARIO PROVINCIALE DI PARMA	84,915	487,535	-572,450	-	-	-
CUKI GROUP	1	-	-	-	1	1
FIDI TOSCANA	226,616	-	-	9,616	236,232	236,232
FIERE DI PARMA SPA	10,386,790	-416,050	-	1,043,672	11,014,412	11,014,412
IMPIANTI SRL	-	-	-	-	-	-
PIACENZA EXPO SPA (EX SO.PR.A.E. SPA)	1,303,405	94,063	-419,421		978,047	978,047
S.W.I.F.T. SC	148,560	971	-	32,259	181,790	181,790
SO.GE.A.P. AEROPORTO DI PARMA SOCIETÀ PER LA GESTIONE S.P.A.	236,125	-38,911	-60,276	-	136,938	136,938
SOCIETÀ PROV,LE INSEDIAMENTI PROD. SPA – SO.PR.I.P.	225,002	1,033	-226,035	-	-	-
STELLINA 10	1,900	-	-	-	1,900	1,900
VISA EUROPE LIMITED	1	-	-	9	10	10
WILDSIDE S.R.L. SHS	1,500,000					1,500,000
CA FIDUCIARIA S.P.A.	400,000	-	-	-	400,000	400,000
UNIPOLSAI ORD RA	15,445,574	-	-	-	15,445,574	15,445,574
CATTLEYA S.R.L.	500,000	-	-	-	500,000	500,000
TOTAL EQUITY INVESTMENTS AND ASSETS AVAILABLE FOR SALE	**1,649,781,102**	**74,941**	**-157,310,093**	**1,872,013**	**1,492,917,963**	**1,494,417,964**

GRUPPO CARIPARMA
CRÉDIT AGRICOLE

CARISPEZIA | FRIULADRIA | CARIPARMA

Cassa di Risparmio di Parma e Piacenza S.p.A.
Registered office: Via Università, 1 – 43121 Parma, Italy
Phone +390521,912111
Share Capital € 876,761,620.00 fully paid up
Entered in the Business Register of Parma, Italy, Tax ID and VAT registration no. 02113530345
Member of the Interbank Deposit Protection Fund and of National Guarantee Fund
Registered in the Register of Banks at no. 5435
Parent Company of the Cariparma Crédit Agricole banking Group entered in the Register of banking Groups
Subject to the direction and coordination activity of Crédit Agricole S.A.