# Consolidated Half-year Financial report as at 30th June 2013

GRUPPO CARIPARMA CRÉDIT AGRICOLE

CARISPEZIA | FRIULADRIA | CARIPARMA

# Summary

# Corporate Bodies and Independent Auditors

## Board of directors

### CHAIRPERSON

Ariberto Fassati*

### DEPUTY CHAIRPERSONS

Xavier Musca*

Fabrizio Pezzani*

### CHIEF EXECUTIVE OFFICER

Giampiero Maioli*

### DIRECTORS

Giovanni Borri

Pierre Derajinski

Daniel Epron

Marco Granelli

Nicolas Langevin

Michel Mathieu

Germano Montanari

Marc Oppenheim*

Lorenzo Ornaghi

Annalisa Sassi

Jean-Louis Roveyaz

(*) Members of the Executive Committee

## Board of auditors

### CHAIRPERSON

Paolo Alinovi

### STANDING AUDITORS

Luigi Capitani

Angelo Gilardi

Stefano Lottici

Marco Ziliotti

### ALTERNATE AUDITORS

Alberto Cacciani

Isotta Parenti

## Senior management

### CO-GENERAL MANAGER

Hugues Brasseur

### DEPUTY GENERAL MANAGER

Massimo Basso Ricci

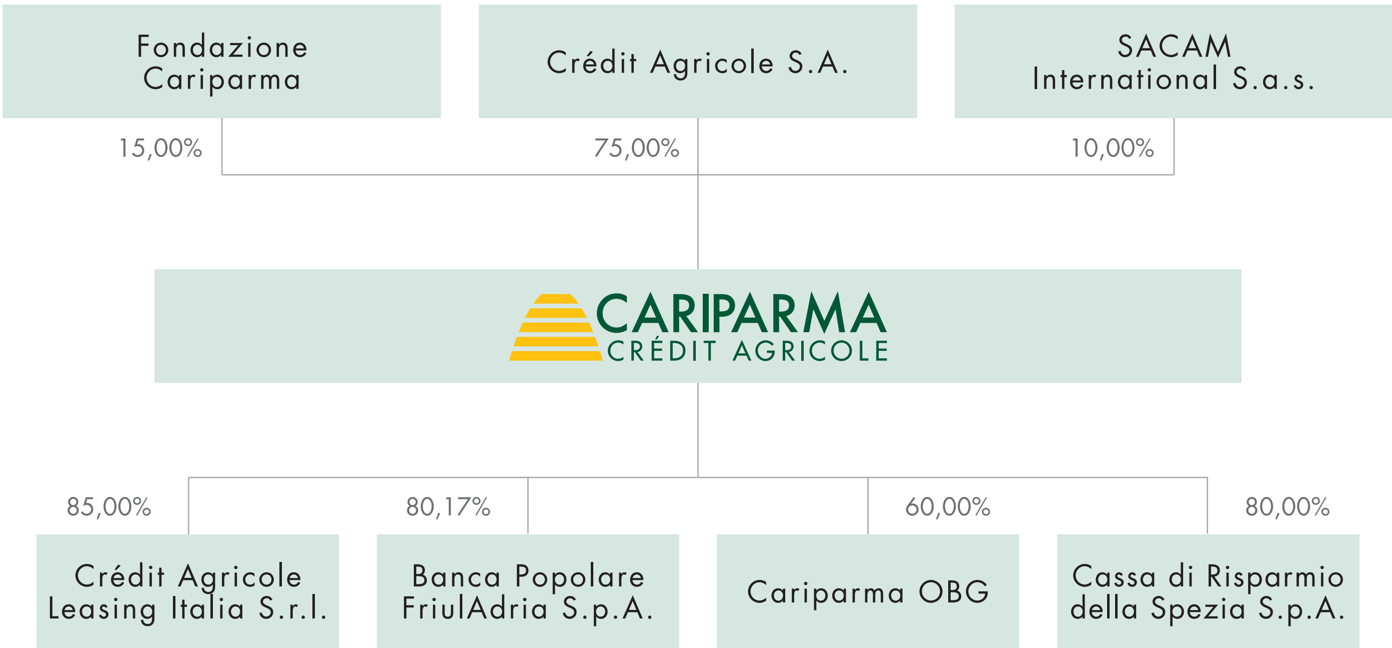
### MANAGER IN CHARGE OF THE THE PREPARATION OF THE COMPANY FINANCIAL REPORTS

Pierre Débourdeaux

## Independent auditors

Reconta Ernst & Young S.p.A.

# Profile of the Cariparma Crédit Agricole Group




## » DESCRIPTION

As at 30th June 2013, the Cariparma Crédit Agricole Group, led by the Parent Company, Cariparma, had an extensive branch network:

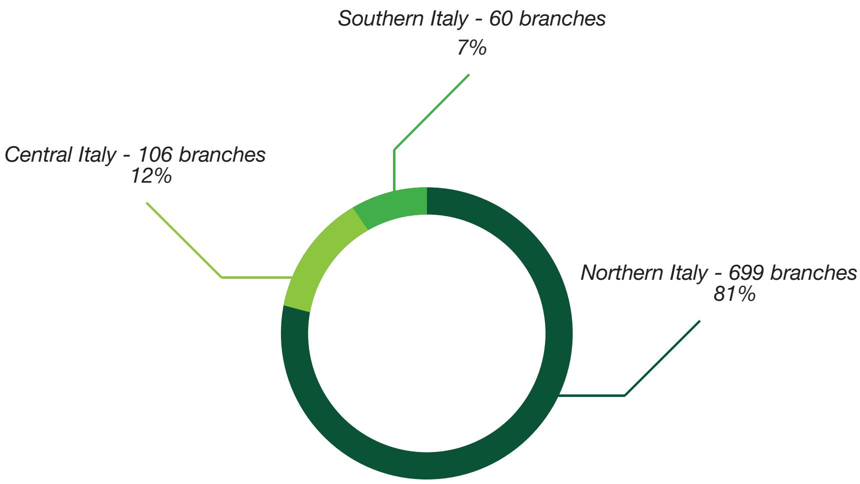
| | Cariparma | Carispezia | FriulAdria | Group |
|---|---|---|---|---|
| Branches | 593 | 73 | 199 | 865 |
| Private Banking Markets | 15 | 1 | 6 | 22 |
| Enterprise Centres | 17 | 3 | 7 | 27 |
| Corporate Areas | 5 | 1 | 1 | 7 |

## » BRANCH GEOGRAPHICAL DISTRIBUTION AS AT 30th JUNE 2013

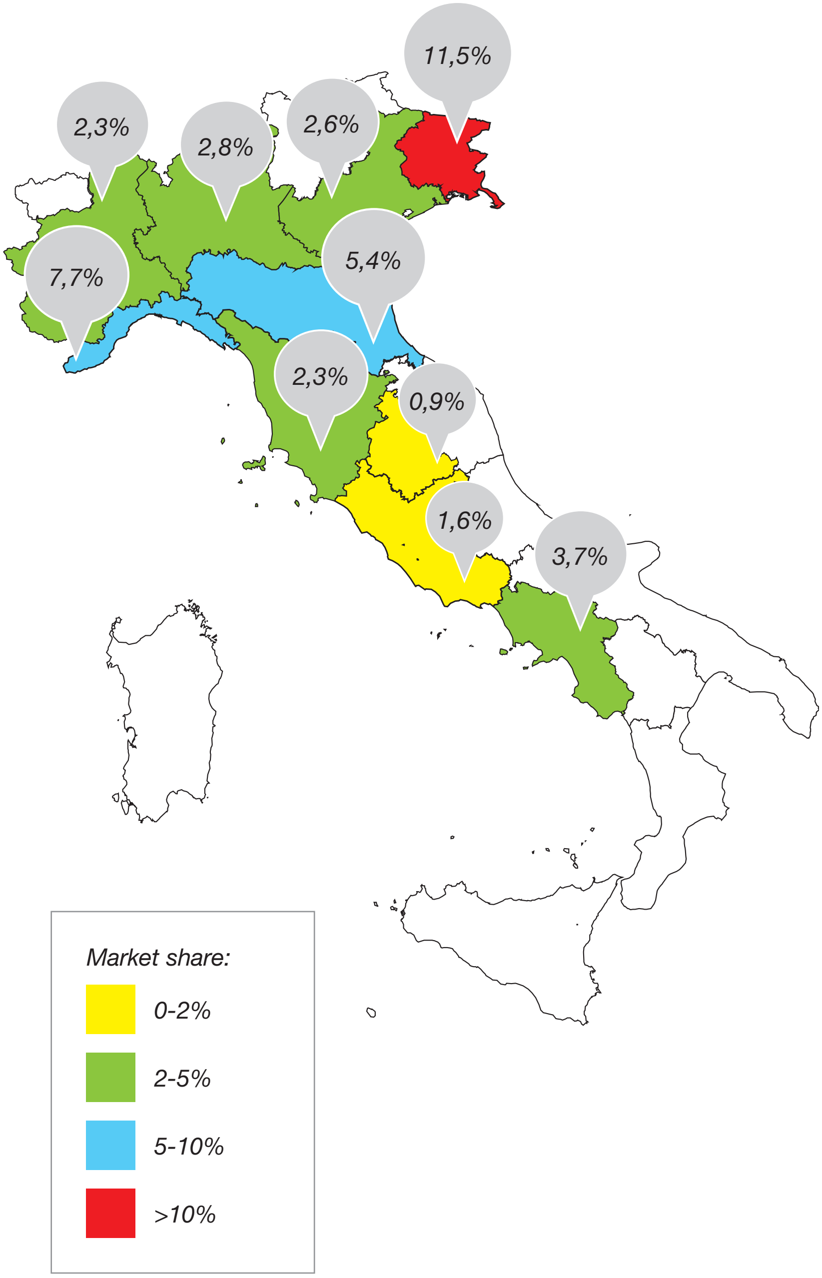
The Group ranks eighth in Italy by number of branches.

In the first half of 2013, implementing the measures set by the «Opera» Strategic Plan for 2011-2014, the Cariparma Crédit Agricole Group continued with the process designed for the rationalization of its geographical coverage in order to improve its Network's efficiency. This will be achieved by closing a few branches that are no longer deemed strategic, since they are poorly efficient or overlapping other Branches (for a total of 18).

This measure is consistent with the current development of the Italian Banking System, which, since 2008, has undergone a progressive decrease in the number of branches (down by -3.7% from 2009 to 2012). The Cariparma Crédit Agricole Group holds a 2.63% market share at a national level (in terms of percentage of branches, with shares of 25.2% in Parma, 24.7% in Piacenza, 17.5% in Pordenone and of 38.3% in La Spezia).

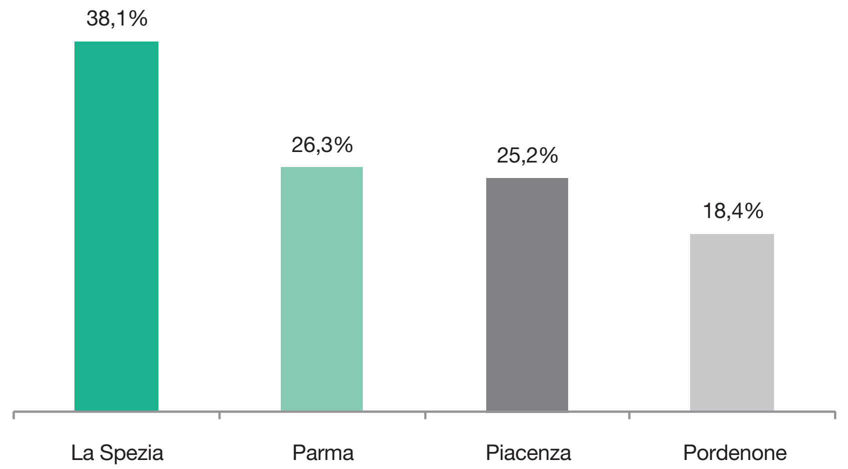


## » GEOGRAPHICAL DISTRIBUTION OF BRANCHES*




* The market shares in terms of branches have been calculated considering the branches of the Cariparma Crédit Agricole Group as at 30th June 2013 and the System as at 31st December 2012.

## » MARKET SHARES BY BRANCHES IN THE MAIN PROVINCES OF OPERATIONS



# Financial Highlights and Ratios

| Income statement (°) (thousands of euro) | 30.06.2013 | 30.06.2012 | Changes Total | % |
|---|---|---|---|---|
| Net interest | 470,777 | 521,661 | -50,884 | -9.8 |
| Net commission income | 314,828 | 291,363 | 23,465 | 8.1 |
| Dividends | 1,655 | 1,892 | -237 | -12.5 |
| Net gain (loss) on trading activities | 26,905 | 23,452 | 3,453 | 14.7 |
| Other operating revenues (expenses) | 29 | 11,187 | -11,158 | -99.7 |
| Net operating revenues | 814,194 | 849,555 | -35,361 | -4.2 |
| Operating expenses | -501,745 | -576,383 | -74,638 | -12.9 |
| Operating profit | 312,449 | 273,172 | 39,277 | 14.4 |
| Provisions for liabilities and contingencies | -9,155 | -13,313 | -4,158 | -31.2 |
| Net impairment adjustments of loans | -202,290 | -154,460 | 47,830 | 31.0 |
| Net profit | 84,839 | 166,079 | -81,240 | -48.9 |

| Dati Patrimoniali (°) (migliaia di euro) | 30.06.2013 | 31.12.2012 (*) | Changes Total | % |
|---|---|---|---|---|
| Loans to customers | 34,792,905 | 35,128,149 | -335,244 | -1.0 |
| Net financial assets/liabilities held for trading | -1,474 | -218 | 1,256 | - |
| Financial assets available for sale | 4,657,127 | 4,030,081 | 627,046 | 15.6 |
| Equity investments | 20,030 | 20,433 | -403 | -2.0 |
| Property, plant and equipment and intangible assets | 2,365,515 | 2,388,916 | -23,401 | -1.0 |
| Total net assets | 44,942,501 | 44,885,936 | 56,565 | 0.1 |
| Funding from customers | 36,520,120 | 36,219,988 | 300,132 | 0.8 |
| Indirect funding from customers | 50,188,359 | 51,292,493 | -1,104,134 | -2.2 |
| of which: asset management | 18,025,446 | 17,384,593 | 640,853 | 3.7 |
| Net due to banks | 1,068,156 | 1,151,537 | -83,381 | -7.2 |
| Equity pertaining to shareholders of the parent company | 4,444,777 | 4,383,107 | 61,670 | 1.4 |

| Operating structure | 30.06.2013 | 31.12.2012 | Changes Total | % |
|---|---|---|---|---|
| Number of employees | 8,670 | 8,775 | -105 | -1.2 |
| Average number of employees (**) | 8,252 | 8,486 | -234 | -2.8 |
| Number of branches | 865 | 882 | -17 | -1.9 |

*(°) Income Statement and Balance Sheet figures have been taken from the reclassified financial statements shown on pages 34 and 39.*

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

*(**) 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 (°) | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|
| Loans to customers / Total net assets | 77.4% | 78.3% |
| Direct customer deposits / Total net assets | 81.3% | 80.7% |
| Asset management / Total indirect funding | 35.9% | 33.9% |
| Loans to customers / Direct customer deposits | 95.3% | 97.0% |
| Total assets / Shareholders' Equity (Leverage) | 11.1 | 11.3 |

| Profitability ratios (°) | 30.06.2013 | 30.06.2012 |
|---|---|---|
| Net interest income / Net operating revenues | 57.8% | 61.4% |
| Net commissions income / Net operating revenues | 38.7% | 34.3% |
| Cost / income (a) | 61.6% | 61.4% |
| Net income / Average equity (ROE) (b) | 3.9% | 6.4% |
| Net profit (loss) for the year pertaining to shareholders of the parent company / Total assets (ROA) | 0.3% | 0.7% |
| Net profit (loss) for the year pertaining to shareholders of the parent company / Risk-weighted assets | 0.6% | 1.1% |

| Risk ratios (°) | 30.06.2013 | 31.12.2012 |
|---|---|---|
| Gross bad debts/ Gross loans to customers | 4.9% | 4.4% |
| Net bad debts / Net loans to customers | 2.2% | 2.0% |
| Net impairment adjustments of loans / Net loans to customers | 1.2% | 1.1% |
| Cost of risk (c) / Operating profit | 67.7% | 80.6% |
| Net bad debts / Total regulatory capital | 21.3% | 18.9% |
| Net impaired loans / Net loans to customers | 6.1% | 5.1% |
| Total writedowns on impaired loans / Gross impaired loans | 39.5% | 40.3% |

| Productivity ratios (°) (economic) | 30.06.2013 | 30.06.2012 |
|---|---|---|
| Operating expenses / No. of employees (average) (a) | 122.6 | 117.1 |
| Operating revenues / No. of employees (average) | 199.0 | 190.6 |

| Productivity ratios (°) (capital) | 30.06.2013 | 31.12.2012 |
|---|---|---|
| Loans to customers / No. of employees (average) | 4,216.3 | 4,139.5 |
| Direct customer deposits / No. of employees (average) | 4,425.6 | 4,268.2 |

| Capital ratios (§) | 30.06.2013 | 31.12.2012 |
|---|---|---|
| Core Tier 1 (d) / Risk-weighted assets (Core Tier 1 ratio) | 9.3% | 9.0% |
| Tier 1 capital / Risk-weighted assets (Tier 1 ratio) | 9.7% | 9.4% |
| Total regulatory capital / Risk-weighted assets (Total capital ratio) | 12.5% | 12.3% |
| Risk-weighted assets (thousands of euro) | 29,139,521 | 29,808,112 |

*(°) The ratios are based on Balance Sheet and Income Statement figures of the reclassified financial statements shown on pages 34 and 39.*

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

*(a) The ratio as at 30th June 2012 was calculated net of the expenses borne for the Solidarity Fund.*

*(b) Ratio of net profit to equity weighted average.*

*(c) Total cost of risk includes the provision for liabilities and contingencies, as well as net adjustments of loans.*

*(d) Core Tier 1 is Tier 1 capital net of innovative equity instruments.*

# Interim Report on Operations

## » MACROECONOMIC DEVELOPMENTS AND THE BANKING SYSTEM

### Macroeconomic developments in the first half of 2013

The economy of developed countries continues to be impacted by the effects of the 2007 financial crisis. The need for concomitant deleveraging of the private and public sectors is affecting the economies' ability to return to grow consistently with their potential (which, on the other hand, has decreased in the last few years).

The cyclical weakness of Italian economic activity has been continuing, even though it has lessened at the beginning of the year. The performance of the GDP (down by -2.4% YOY in March 2013[1], decreasing for the seventh consecutive quarter) has been mostly impacted by the decrease in households' available income, as well as by the uncertainty affecting Businesses' investment choices.

All components of internal demand have contributed to cause the deep recession that has been impacting the Italian economy for one year and a half now. In quantitative terms, the most significant negative impact resulted from the drop in private consumption, which decreased by over 4% in 2012. First of all, this was caused by the marked decrease in available income of households that have been impacted by a long crisis and conditioned by increasing uncertainty on their future. The decrease in households' available income was mainly caused by the marked decrease in income from business, as well as by the tax increase. Income from work has remained essentially stable in nominal terms, but has lost purchasing power due to inflation. Indeed, in 2012, with a 2.4% decrease in the real gross domestic product, households' purchasing power decreased by 4.8%.

The decrease in private consumption started in the last quarter of 2011 and continued without interruption throughout 2012, posting a slight slowdown only lately. In the fourth quarter of 2012, private consumption decreased by 0.7% over the previous period. Since mid-2011, consumption has decreased overall by over 5%, nearly twice as much as in the recession of the 2008-09 two-year period, even though the latter was worse in terms of GDP decrease.

The crisis in consumption and new purchasing behaviours becoming the rule have impacted a number of product sectors and significantly the non-food sector, which continues to be the target of households' actions for the containment of expenses, such as postponing the purchase of durable household goods (furniture, electrical household appliances) and cutting less necessary expenses (specifically, clothing and shoes). In the first months of the year, sales relating to culture and leisure (toys/games, newspapers and magazines), as well as to furniture (-5.2%) decreased rather significantly.

The latest economic data[2] shows essential stability of the Italian industrial production (+0.2%) in April, after a decrease (-0.3%) in March. The crisis of the domestic market continues to generate significant negative impacts on revenues of the manufacturing industry: the weak recovery occurred in April actually seems to be associated to the foreign trade component, which, however, in the last few months, is losing the momentum that characterized it in the past.

In the first quarter of 2013, exports of Italian goods and services showed essentially no change compared with the same period of 2012. Breaking down by sector[3], sales in the metallurgical industry decreased (-12.3%), being impacted by the iron and steel segment that has been hit by the difficulties experienced by the main domestic manufacturer, with sales falling on all major markets, such as Germany, France and the United States; sales in the electronic sector also decreased (-5%) due to the very poor performance in many markets, especially European ones, of telecommunication machines (-15%) and consumer electronics (-22.6%). Sales of pharmaceutical products continued to increase (+16,5%), driven only by sales in Japan and, especially in Belgium (the latter on their own accounted for nearly a percentage point of the entire manufacturing export), followed by food and beverage and fast-moving consumer goods, both over 7%.

[1] Source: ABI Monthly Outlook, June 2013

[2] Source: Study Centre of Confindustria (the main organization representing Italian manufacturing and service companies), Monthly Analysis.

[3] Source: ISTAT (Italian National Institute of Statistics) data processed by Prometeia.

In the first quarter of 2013, non-EU markets (northern Africa, the Middle East, Russia and Turkey) were the main export drives for manufacturing sectors, whereas, in the Euro area, exports to France and Germany significantly decreased, reflecting the overall decrease in imports to those Countries.

The data referring to the performance of domestic revenues in the first four months of the year confirmed the significant difficulties being experienced by the Italian industry in operating on the domestic market. Indeed, the main sectors featured a decrease in domestic revenues, except for electronics, which, however, has not a significant weight for the Italian manufacturing sector, since it amounts to a specialized production concentrated on a few niche markets only.

Investments continue to be affected by the uncertain outlook of domestic demand, by low use of production capacity and by the conditions for credit granting.

The liquidity positions of businesses are also impacted by the significant amount of their accounts receivable from the State: according to recent estimates[4], based on data referring to the end of 2011, these accounts receivable amount to nearly 6 percent of the GDP. The average time for payment by State bodies (weighted by the amount of accounts receivable) has been estimated as being approximately 190 days, that is to say, over twice the time provided for by the relevant agreements.

In May 2013, the unemployment rate came to 12.2%[5] after remaining at 11.9% in the first four months of the year. The increase in the unemployment rate was due to a further drop in employment (-0.3% over the first quarter, net of seasonal factors), while labour supply was stable.

The number of people out of work increased coming to over 3 million and 100 thousand units, and, in parallel, the number of employed people decreased returning to the 2005 level. This employment decrease concerned also the female component, which, up to now, had been relatively less affected by the crisis due to the increase in jobs in the personal services sector.

This long recession is increasingly worsening the many structural problems of the Italian labour market, in terms of low employment and participation rate (especially with regard to women and in the South of Italy), as well as of high unemployment rate for young adults, which, in May, came to a very high level, i.e. 38.5% (+2.9% YOY). The difficulties being experienced by the young adult component, which is also characterized by a high level of precarization in work relationships as well as by very high levels of economic inactivity, have combined with the difficulties met by older components of the labour force (over 55), which have been concerned by the Cassa Integrazione Guadagni (Italy's Wages Guarantee Fund), by job loss and by the concomitant increase in retirement age.

In June 2013, consumer inflation returned to increase (+1.2% in June vs. +1.1% in May), even though remaining at historically very low levels for Italy. With reference to producer prices, May data showed a slowdown (-0.1% vs. April, -1.1%YOY), thus confirming the strong deceleration that has involved first of all the energy component (which decreased from +11.2% of a year ago to the present -4.6%), as well as the manufacturing component (+2.9% and -1.1%, respectively); the food component was stable (+3.2% vs. +3.0%).

The decrease in oil price and the non-implementation of the increases in tax and VAT as previously planned on the one hand, and, on the other, the cyclic weakness account for the drastic decrease in both producer and consumer prices.

## The banking system in the first half-year of 2013

The weaknesses slowing down the economy continue to weigh on the Banks' financial statements, especially in terms of impaired loans. The risk represented by impaired loans on the Banks' solvency hinders their possibility to support domestic demand, thus contributing to slow down recovery in a vicious circle of weak economy and insufficient credit.

Indeed, according to the latest available data (April 2013), the annual growth rate of loans to the private sector in Italy came to -2.4%, below the overall average of the Countries in the Euro Area (-0.7%) and below the figures for France and Germany (+2,.6% and +0.9%, respectively), but significantly higher than Spain (-9.2%), which has been subject to financial tensions comparable to the ones that have affected Italy. In terms of breakdown by segment, Italy is being affected by a more reflective approach with regard to loans to businesses (-4% YOY in April 2013) and by a less negative performance with regard to loans to households, both producer and consumer, which decreased by 1.3%.

[4] Source: Bank of Italy, Economic Bulletin, April 2013.

[5] Source: ISTAT (the Italian National Institute of Statistics);

On the other hand, in Italy, the development in loans has also been affected by a further decrease in the demand for loans by businesses: in May 2013, the number of loans applied for by businesses (single-person businesses, partnerships and companies) showed a negative annual change of -7%[6] which is the most significant decrease since January 2012 (-9% the decrease in loan demand by single-person businesses). According to the latest quarterly Bank Lending Survey[7] with regard to the determinants of businesses' demand for loans, in the first quarter of 2013, the demand for loans again decreased significantly due to the decrease in investments, which went down by approximately -13.3% in March 2013[8]. The machinery sector decreased by -10.6%, the building sector by -15.6%. The demand for mortgage loans also decreased significantly: in May 2013, the number of mortgage loan applications decreased by -12% YOY[9].

This difficult phase in the Italian economy is heavily impacting on the performance and financial positions of businesses, with unavoidable effects on the credit quality of bank loans. According to the latest data, in April 2013, gross bad debts exceeded Euro 133 billion[1] (increasing by over Euro 24 billion year-on-year).

In April 2013, the ratio of gross bad debts to total loans[10] was 6.8%, increasing from 5.5% in the previous year (+22.3% YOY). Compared with the period before the crisis, credit quality has significantly worsened, especially with regard to small enterprises: from June 2008 to April 2013, the ratio of gross bad debts to loans in the private sector more than doubled, increasing from 3% to 8%[1]; the already high level of this ratio with regard to producer households also markedly increased: from 7% to nearly 12.5%[1].

The financial crisis caused a radical change in funding, for both Italian banks and for the Banks of other European Countries affected by the sovereign debt crisis. The increased perception of counterparty risk and the effects of regulations have contributed to the significant increase in guaranteed funding, both in the interbank market (repurchase agreements -RPs) and in the wholesale market (covered bonds), to which the use of the funds made available by the ECB is to be added. Retail funding, which benefited also from the efforts made by banks to develop more stable forms of funding, continued to increase, driven by the deposit component (+7.3% YOY in May 2013[11]). The YOY change in bonds was -9.5%, with a decrease in absolute value on a monthly basis by approximately Euro -2 billion[12].

This change was mainly due to the banking system shifting towards alternative forms of funding, such as the funds made available by the ECB.

Deleveraging policies resulted in the recomposition balance sheet assets towards Government securities, also reflecting the banks' strategies designed for the increase of ECB eligible assets and for profitability support. Indeed, the net yield on government debt securities is now higher than that on loans, for various reasons: on the on hand, the regulation on capital provides for no absorption of equity on Government securities and, on the other, compliance with liquidity requirements amounts to an incentive to hold securities that, being funded through inter-bank funding (which is now less expensive than funding form customers), also amount to profitability support.

Also in the first half-year, profit was penalized by the need to increase provisions for losses on loans on a prudential basis. After the exceptionally high levels in the fourth quarter of 2012, following the inspections carried out by the Bank of Italy, also in the first half of 2013, a substantial flow of adjustments of loans was recognized. However, the underperformance for the period was also linked to revenues, where the positive contribution of the commission component could not offset the decrease in net interest margin. With such effects, the action to control operating expenses was crucial to provide support to the profitability of the banking system.

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[6] Source: CRIF (Credit Information Provider) Barometer on loan demand by businesses.

[7] Bank Lending Survey - April 2013.

[8] Annualized percentage change.

[9] Source: data processed by CRIF.

[10] Loans to other residents and to State agencies, source: ABI Monthly Outlook, June 2013

[11] Deposits from resident customers net of transactions with central counterparties, of deposits with agreed maturity associated to sales of accounts receivable, source: ABI Monthly Outlook, June 2013

[12] Bonds (of residents and non-residents) are reported net of those repurchased from banks, source: ABI Monthly Outlook, June 2013

## Macroeconomic outlook for the second half of 2013

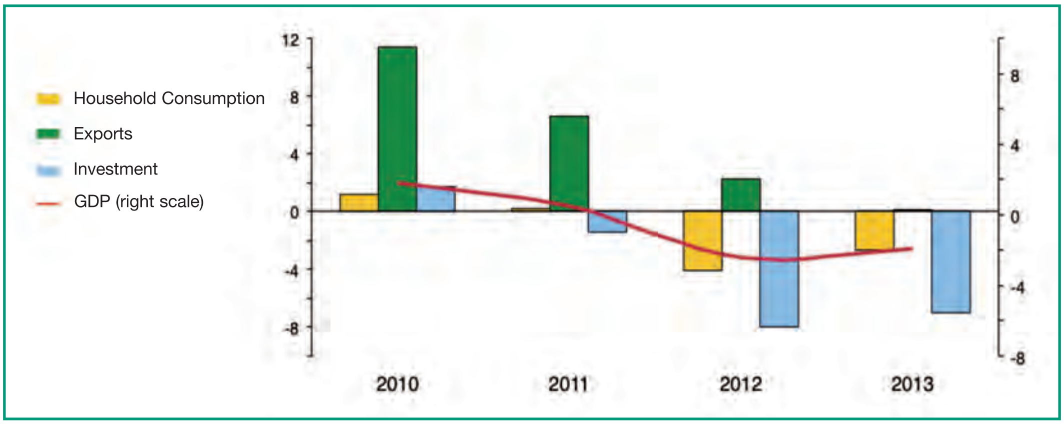
According to the IMF Estimates, the rate of growth of the world economy will remain modest in 2013 (3.3% in 2013, vs. 3.2% in 2012), despite a slight acceleration of emerging economies[13].

In developed Countries, the rate of growth will become more significant in the second half of the year, even though, overall, it is not expected to exceed the 2012 levels, coming to 1.9% in the USA, to 1.6% in Japan and to little below 1% in the UK; conversely, the Euro Area is expected to experience another year of recession, with signs of weak recovery only in the second half of 2013.

With regard to the Italian economy, also in 2013 the GDP is expected to decrease (-1.9%[14] vs. -2.4% in 2012) and to return to timid growth only in the last quarter of the year (+0.3%). The GDP rate of growth is expected to come to +0.7% in 2014, to be over 1% in 2015 and to come to +1.5% in 2016, driven especially by export.

Analysts expect that, in the third quarter of 2013, export will recover and consumption will decrease at a lower rate, starting to drive, very slowly, the Italian economy out of recession. Loosening constraints on liquidity, of both households and businesses, will be crucial, with the contribution of the Banking System, as well as with State Bodies starting to pay arrears. As regards domestic consumption, no significant change is expected, since the households' confidence is at its all-time low and retail consumption, after unprecedented decreases, is expected to be increasingly stable. The Italian economy is expected to exit from recession only in the forth quarter of the year, when investments will combine with exports returning to grow, and the quarterly GDP will recover increasing by +0.3%.

Italy: GDP components (%, YOY)




Despite the positive expectations for the end of this year, recovery will not amount to going back to the past figures. The crisis had reduced for good the Italian productive potential affecting also its ability to ensure a competitive rate of growth compared to emerging Countries: the demographic curve, the government debt, productivity per capita and innovation ability have changed Italy's competitive profile for good. This long recession phase will continue to impact households' saving ability and the labour market, generating, also in 2013, a decrease in available income and constraints to the growth of intermediation volumes.

The development in employment will continue to be set by the weak economic cycle. The slow recovery, which is expected only in the fourth quarter of 2013, will loosen the grip on the labour market but will not prevent further job losses. Even assuming that the 2012 phenomenon will not occur again - and, thus, that demand for labour remains essentially at the present levels - the unemployment rate will continue to grow and might come to 12.7% in mid-2014.

[13] Prometeia estimates that the GDP at world level will increase by +3.0%, Macroeconomic Forecast in Prometeia Economic Outlook - July 2013.
[14] Source: Macroeconomic Forecast in Prometeia Economic Outlook - July 2013

Moreover, based on the quarterly survey with businesses[15], overall for 2013, businesses expect a further decrease in expenses for the purchase of capital assets, especially in the service sector, based on investment conditions that are assessed as still unfavourable.

The worsening in credit quality is expected to continue to impact all segments and especially the business/enterprise one, generating a still high flow of adjustments of loans (€48 billion in the 2013-2015 three-year period)[16] as well as an increase in the coverage ratio on impaired positions. This will cause loans to businesses to remain limited, also due to the weak recovery expected for all sectors, especially for those that are more exposed to domestic demand.

Unmet demand for loans, not even through share capital increases with reinvestment of profits, will have to be addressed with new financing instruments, in order to foster economic growth. This is the purpose of the regulations set by the Legislator on mini-bonds and promissory notes, which, through lean and not too expensive debt instruments, could allow Italian SMEs to fund on the market with forms of private saving. Liquidity of businesses will benefit from the measures that were recently adopted by the Italian Government for payment of trade accounts payable by State bodies and for tax reimbursements in the current year and in 2014, with subsequent positive impact on both businesses and on the macroeconomic situation.

The increase in profits from the commercial banking business is expected to remain difficult due to the modest development of lending volumes and to the erosion of profit margins per unit from funding, which will limit the increase of interest margins, despite high profit margins per unit on loans.

With weak revenues and high weight of the cost of credit on profits, Banks have to implement actions for the containment and rationalization of operating expenses, as a key driver for profitability recovery.

# » SIGNIFICANT EVENTS IN THE HALF-YEAR

## Tax-related disputes

As already described in 2012 Annual Report, a dispute relating to registration taxes is presently under way with the Italian Inland Revenue Service. The latter requalified - as sale of a company - the transactions carried out in 2007 for the transfer of branches from Intesa Sanpaolo to Cariparma and FriulAdria and the subsequent transfer of the acquired shares to the institutional shareholders of the two Banks. The Group, together with the other parties involved, paid the registration tax, whose total was jointly due, for approximately €43 million, concomitantly starting a dispute with the Inland Revenue Service. A similar problem and a similar solution emerged for a transaction carried out by CALIT with the Intesa Sanpaolo Group for €2.2 million. In 2012, for these disputes, favourable 1st instance Court decisions were issued, which have been appealed against by the Italian Inland Revenue Service and, as regards the transfer of branches, in the first half of 2013, resulted in the refund by the Inland Revenue Service of the tax paid including interest. Also in the light of specific opinions from leading Legal Firms, as well as of the favourable Court decisions, no accrual has been made for the above disputes.

As already stated in past years, an Official Record of Findings was also served to Cariparma regarding a possible charge for a non-recourse factoring transaction performed in 2005, which could give rise to a payment request for taxes amounting to approximately €5.5 million, plus penalties and interest. In the light of specific opinions from important legal counsels, no accrual has been made for this dispute.

For Carispezia, a dispute has been started for registration taxes amounting to approximately €0.6 million concerning the rate to be applied to a company purchase made in 2006 by CariFirenze, which was at the time Carispezia's controlling company; the Inland Revenue Service has filed appeal against the first instance Court decision which was for the most part favourable to Carispezia.

[15] Source: Bank of Italy- Il Sole 24 Ore Quarterly Survey.
[16] Source: Prometeia, Banking Sector Forecast - May 2013.

## Realignment of tax values

In the first half of 2013, a few tax values relating to the transactions for the transfer of branches carried out in 2011 under fiscal neutrality were fully realigned.

Cariparma completed the realignment of the value of goodwill and intangible assets recognized in the consolidated financial statements subsequent to the acquisition, made some years ago, of a controlling equity investment in Banca Popolare FriulAdria; a similar realignment was made with regard to the acquisition, made in 2011, of a controlling equity investment in Carispezia.

The above realignments generated recognition of the taxes due for such realignment, which were taken to the Income Statement, with concomitant recognition of taxes that will be saved in the future, with a subsequent net benefit, at Group level, amounting to approximately €36 million.

## Issues of bonds

In the first half of 2013, 42 new bond issues were made at Group level. As reported for the previous period, there was a marked prevalence of fixed-rate instruments over floating-rate ones, confirming the Customers' preference for certain coupon flows and yields in times of long-standing uncertainty and low interest rates.

Bonds were placed to the Group's Customers for a total amount of €1,256 million, while maturing bonds amounted to €1,027 million.

# » PERFORMANCE

The performance reference perimeter for the first half of 2013 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. and the special-purpose entities Mondo Mutui Cariparma S.r.l., Cariparma OBG S.r.l. and Sliders S.r.l. that have been consolidated on a line-item basis, as well as of CA Agro-Alimentare S.p.A. that has been consolidated with the equity method.

## The Group's performance

In the first half of 2013, the Cariparma Crédit Agricole Group had a positive performance making a **net profit of Euro 85 million,** despite operating in a situation affected by recession and by continuing uncertainties in the macroeconomic scenario. The Network's good commercial performance and the actions for expense control, which were adopted in 2012, allowed an operating profit to be made and the weight of the cost of credit to be reduced.

The Group's **net operating revenues** for the first half of 2013 amounted to €814 million, decreasing by -4.2% compared with the same period in 2012.

This decrease was mainly due to the decrease in **net interest income** by Euro -51 million (down by -9.8%), which was only partially offset by the positive performance of **net commission income** which increased by €23 million (up by +8%) and by gains on trading activities which increased by €3 million (up by +14.7%).

The spread decreased due to the decrease in lending rates, which was not offset by a concomitant decrease in the cost of funding that was impacted by liquidity tensions on the market. Interest income from business with banks and from the management of government securities in the proprietary portfolio also decreased.

The increase in commission income, which came to €315 million, was driven by the positive change in revenues from the traditional banking business increasing by €24 million (up by +17%): commission income from current accounts also increased, as well as, to a more limited extent, commission income from debit and credit card services; only a minimal part of these increases was offset by the slowdown in commission income from lending, which decreased compared with the previous period also due to the decrease in loans.

Commission income for management, intermediation and advisory services slightly decreased compared with the first half of 2012 (-1.9%), despite an increase in the insurance segment. This aggregate was affected by the decrease in commission income from financial products linked to structured and buy-and-hold funds, even though total funding increased.

**Net gains (loss) on trading activities** came to €27 million, increasing by €3 million (+14.7%), due to higher income from activities on the AFS portfolio, offsetting a decrease in intermediation services to Customers on securities and derivatives. The above operations were made within the scope of the asset management strategy designed for the management of liquidity risk.

**Operating expenses** came to €502 million, decreasing by -€75 million (down by -12.9%), with the comparison including approximately €54 million of expenses for voluntary redundancy incentives (Social Fund) that were fully recognized in the first half of 2012. Net of this non-recurring item, the change shows however a positive performance (-€21 million, -4.0%).

**Staff expenses,** net of the above extraordinary component, decreased by -€9 million (-2.9%), mainly due to the decrease in the average number of resources (approximately down by -300 resources), subsequent to the activation of the Solidarity Fund and to the saving on the ordinary component associated to factors such as vacations/holidays/time bank and overtime.

**Administrative expenses** came at €149 million, decreasing by -5.6%, substantiating the actions for rationalization of expenses implemented by the Group; specifically, important benefits were achieved by renegotiating property lease fees and by containing some expenses items, such as expenses for advisory services and communication; reduction on some items allowed the higher expenses for the outsourcing of Back Office processes to be offset.

**Depreciation and amortization** came to €44 million, decreasing by -5.4%. This was due to the specific identification, starting as from September 2012, of some software types having longer useful life than software generally available within the Group.

In this situation, the **operating profit** (increasing by +14.4%), even when considered net of 2012 extraordinary items, had a positive performance coming in line with the previous year despite the changed market situation. The **cost/income** ratio came to 61.6%, decreasing compared with the previous period (67.8% in June 2012; 62.2% normalized).

**Net provisions for liabilities and contingencies** came to €9 million, decreasing compared with the same figure for last year. This decrease was mainly due to lower provisions for risks associated to disputes on financial products, which decreased by approximately €3 million.

**Impairment adjustments of loans** came to €202 million, increasing by 31%. The increase in this component was due to the continuing deterioration of the economic situation, with material impacts on the quality of the portfolio, as well as to the implementation of prudential coverage policies, in line with the measures implemented at the end of 2012.

**Net profit** came to €85 million, after tax amounting to €12 million. This profit is under the performance made in the first half of 2012, which, on the other hand, benefited from the extraordinary gains resulting from the sale of the entire equity investment held by the Parent Company in Crédit Agricole Vita S.p.A. to the majority shareholder Crédit Agricole Assurance. Net of these extraordinary gains, the YOY decrease in net profit came to -9.5%.

**Return on equity,** ROE, came to 3.9%, in line with December 2012 (3.8% net of the Social Fund).

## Balance sheet aggregates

In June 2013, the Cariparma Crédit Agricole Group improved its liquidity level, continuing to pursue a structural balance between funding and lending.

**Direct funding** amounted to €36,520 million, increasing by €300 million (up by +0.8%) vs. 2012; this was achieved thanks to the increase in the Retail segment, which proved the most stable; the positive performance of the medium-/long-term component is to be stressed, which benefited from a plan for placement to Retail Customers of products that are in line with their risk profile.

As at 30th June 2013, **loans** amounted to €34,793 million, decreasing by €335 million (down by -1%) vs. 2012, specifically on the short-term component, an aggregate that has been particularly impacted by the critical phase being experienced by the economic system. The medium/long-term component was essentially stable, coming to €21,073 million, with mortgage loans and loans granted for over €1,600 million.

Confirming its mission as proximity bank ensuring support to households in June 2013, the Cariparma Crédit Agricole Group launched a new campaign for home mortgage loans with subsidized interest rate, in partnership with a leading Italian company that will supply electrical appliances to all the Customers taking out a «Gran Mutuo Casa Semplice» home loan by the end of the year.

**Impaired loans** increased year-on-year due to the ongoing weakness of the economic cycle. The non-performing loans portfolio, net of adjustments, amounted to €2,109 million, up by +18% compared with 31 December 2012.

The weight of net problem loans on net total loans was 6%, increasing compared with the year-end figure (+1%). The ratio of net impairment adjustments of loans to net loans to Customers came, on an annual basis, to 1.16%, essentially in line with 2012 (1.15%). In this regard, the Group's continued to implement lending policies designed to limit and prevent the deterioration of the cost of credit.

The **coverage ratio** of total impaired loans came to 39,5%; the coverage ratio of bad debts was stable (56%) and increased for substandard loans (33%).

**Indirect funding,** at market value, came to €50,188 million, decreasing by -2.2% compared with 2012; this decrease was due to the decrease in assets under management. The performance of this aggregate was affected by both the decrease in share prices and by the recomposition of investment portfolios made by Customers shifting to products with lower risk profiles. Indeed, the performance of asset management was positive (+3.7%), increasing both on funds and on the insurance funding stock.

The Group's **net interbank debt position** showed total net debt of €1,068 million, decreasing by -7.2% compared with December 2012. This decrease was due to the improvement in the Group's self funding ability (self funding), to the development in direct funding and to the more selective increase in loans.

**Available-for-sale financial assets** came to €4,657 million, increasing compared with December 2012 (up by +15.6%). These consisted mainly of fixed-rate government securities held within the scope of the bank's management of liquidity risk.

As at 30th June 2013, the book value of **equity**, including the net profit for the year, came to €4,445 million, increasing by €62 million (up by +1.4%) compared with December 2012. The **Regulatory Capital** was essentially stable, coming to €3,641 million.

**Risk-weighted assets** came to €29,140 million, decreasing by -2.3% compared with December 2012. This decrease mainly concerned credit risk, especially due to the decrease in loans to Customers entailing higher capital absorption.

The Group's **capital ratios** improved compared with December 2012 thanks to the decrease in risk-weighted assets (RWA). The Core Tier One Ratio (the ratio of core equity capital to total risk-weighted assets) came to 9.3%, the Tier One Ratio (the ratio of Tier-1 Capital to total RWA) came to 9.7%, whereas the Tier Total Ratio came to 12.5% (in December 2012, these ratios were: 9.0%, 9.4% and 12.3%, respectively).

Regulatory Capital and the related capital ratios were calculated in accordance with the instructions of the Bank of Italy, adopting the standardized methods for the calculation of risk-weighted assets for credit and counterparty risks, as well as for the calculation of operational risks, as done in 2012.

## » RISKS AND UNCERTAINTIES

The Cariparma Crédit Agricole Group and its management are quite aware that sustainable development and growth can only be achieved also through a careful analysis of the risks to which the Group is exposed, of the relevant uncertainties in terms of impacts caused by such risks on its equity, income and financial structures, as well as through procedures designed to manage and reduce these risks to acceptable levels.

However, the equity and financial structures, as well as the performance of the Group Companies do not show any signs causing uncertainties on the Group's going-concern outlook.

## » DIVIDENDS DISTRIBUTED BY THE PARENT COMPANY IN THE HALF-YEAR

The net profit for 2012 pertaining to the shareholders of the Parent Company amounted to €58,861,731. In the first half of 2013, in line with the resolution approved by the Shareholders' General Meeting of 30th April 2013, the Parent Company Cariparma S.p.A. allocated this amount as follows:

| | |
|---|---|
| 5% to the legal reserve | 2,943,086 |
| to the charity fund | 1,500,000 |
| to the shareholders | 53,482,459 |
| to extraordinary reserve | 936,186 |

The dividend was paid on 2nd May 2013, at €0.061 for each of the 876,761,620 ordinary shares.

# Interim Condensed Consolidated Financial Statements

# Consolidated Financial Statements

## » CONSOLIDATED BALANCE SHEET

| Assets | | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|---|
| 10. | Cash and cash equivalents | 238,514 | 285,966 |
| 20. | Financial assets held for trading | 249,481 | 311,930 |
| 30. | Financial assets carried at fair value | - | - |
| 40. | Financial assets available for sale | 4,657,127 | 4,030,081 |
| 50. | Financial assets held to maturity | - | - |
| 60. | Loans to banks | 3,943,562 | 4,123,908 |
| 70. | Loans to Customers | 34,792,905 | 35,128,149 |
| 80. | Hedging derivatives | 913,491 | 1,151,735 |
| 90. | Value adjustment of financial assets subject to macro hedging (+/-) | 2,256 | 6,363 |
| 100. | Equity investments | 20,030 | 20,433 |
| 110. | Reinsurers' share of technical reserves | - | - |
| 120. | Property, plant and equipment | 433,087 | 442,792 |
| 130. | Intangible Assets | 1,932,428 | 1,946,124 |
| | *of which: goodwill* | *1,575,536* | *1,575,536* |
| 140. | Tax assets | 999,477 | 1,045,190 |
| | a) current | 226,865 | 313,747 |
| | b) deferred | 772,612 | 731,443 |
| | *b1) of which: Law 214/2011* | *625,194* | *564,004* |
| 150. | Non-current assets or groups of assets being divested | - | - |
| 160. | Other assets | 954,660 | 829,321 |
| **Total assets** | | **49,137,018** | **49,321,992** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

| | Liabilities and shareholders' equity | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|---|
| 10. | Due to banks | 5,011,718 | 5,275,445 |
| 20. | Due to customers | 22,938,935 | 22,264,469 |
| 30. | Securities issued | 13,581,185 | 13,955,519 |
| 40. | Financial liabilities held for trading | 250,955 | 312,148 |
| 50. | Financial liabilities carried at fair value | - | - |
| 60. | Hedging derivatives | 392,276 | 319,350 |
| 70. | Adjustment of financial liabilities hedged generically (+/-) | 429,338 | 658,142 |
| 80. | Tax liabilities | 194,163 | 327,843 |
| | a) current | 110,701 | 231,149 |
| | b) deferred | 83,462 | 96,694 |
| 90. | Liabilities in respect of assets being divested | - | - |
| 100. | Other liabilities | 1,314,175 | 1,225,659 |
| 110. | Employee severance benefits | 170,163 | 171,108 |
| 120. | Provisions for liabilities and contingencies | 216,418 | 234,271 |
| | a) retirement and similar liabilities | 23,353 | 23,375 |
| | b) other provisions | 193,065 | 210,896 |
| 130. | Technical reserves | - | - |
| 140. | Valuation reserves | -131,631 | -161,391 |
| 150. | Redeemable shares | - | - |
| 160. | Equity instruments | - | - |
| 170. | Reserves | 879,345 | 772,248 |
| 180. | Share premium reserve | 2,735,462 | 2,735,462 |
| 190. | Share capital | 876,762 | 876,762 |
| 200. | Treasury shares (-) | - | - |
| 210. | Minority interests (+/-) | 192,915 | 194,931 |
| 220. | Net profit (loss) for the period (+/-) | 84,839 | 160,026 |
| **Total liabilities and shareholders' equity** | | **49,137,018** | **49,321,992** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

# » CONSOLIDATED INCOME STATEMENT

| Items | | 30.06.2013 | 30.06.2012 |
|---|---|---|---|
| 10. | Interest income and similar revenues | 715,932 | 795,062 |
| 20. | Interest expense and similar charges | (265,098) | (286,680) |
| **30.** | **Net interest income** | **450,834** | **508,382** |
| 40. | Commission income | 296,898 | 304,868 |
| 50. | Commission expense | (12,595) | (13,505) |
| **60.** | **Net commission income** | **284,303** | **291,363** |
| 70. | Dividends and similar revenues | 1,655 | 1,892 |
| 80. | Net gain (loss) on trading activities | 6,589 | 10,740 |
| 90. | Net gain (loss) on hedging activities | (2,159) | 1,942 |
| 100. | Gain (loss) on disposal or repurchase of: | 22,466 | 9,761 |
| | a) loans | (9) | (1,009) |
| | b) financial assets available for sale | 21,531 | 7,399 |
| | c) financial assets held to maturity | - | - |
| | d) financial liabilities | 944 | 3,371 |
| 110. | Net gain (loss) on financial assets and liabilities carried at fair value | - | - |
| **120.** | **Gross income** | **763,688** | **824,080** |
| 130. | Net impairment adjustments of: | (184,294) | (142,359) |
| | a) loans | (181,176) | (135,847) |
| | b) financial assets available for sale | (1,665) | (1,857) |
| | c) financial assets held to maturity | - | - |
| | d) other financial transactions | (1,453) | (4,655) |
| **140.** | **Profit (loss) from financial operations** | **579,394** | **681,721** |
| 150. | Net premiums | - | - |
| 160. | Other net revenues (expenses) from insurance undertakings | - | - |
| **170.** | **Profit (loss) from financial operations and insurance undertakings** | **579,394** | **681,721** |
| 180. | Administrative expenses: | (546,818) | (631,586) |
| | a) staff expenses | (308,691) | (372,046) |
| | b) other administrative expenses | (238,127) | (259,540) |
| 190. | Net provisions for liabilities and contingencies | (9,155) | (13,313) |
| 200. | Net adjustments of property, plant and equipment | (14,233) | (14,488) |
| 210. | Net adjustments of intangible assets | (29,557) | (31,803) |
| 220. | Other operating revenues (expenses) | 121,373 | 114,868 |
| **230.** | **Operating expenses** | **(478,390)** | **(576,322)** |
| 240. | Gain (loss) from equity investments | (403) | 72,268 |
| 250. | Gains (losses) from property, plant and equipment and intangible assets measured at fair value | - | - |
| 260. | Value adjustments of goodwill | - | (10) |
| 270. | Gain (loss) on disposal of investments | 231 | 162 |
| **280.** | **Gain (loss) before tax on continuing operations** | **100,832** | **177,819** |
| 290. | Income tax for the period on continuing operations | (12,253) | (7,309) |
| **300.** | **Profit (loss) after tax on continuing operations** | **88,579** | **170,510** |
| 310. | Profit (loss) after tax of groups of assets/liabilities under disposal | - | - |
| **320.** | **Net profit (loss) for the period** | **88,579** | **170,510** |
| 330. | Net profit (loss) pertaining to minority interests | (3,740) | (4,431) |
| **340.** | **Profit (loss) for the period pertaining to the Parent Company** | **84,839** | **166,079** |

## » STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

| Items | | 30.06.2013 | 30.06.2012 |
|---|---|---|---|
| **10.** | **Profit (loss) for the period** | **88,579** | **170,510** |
| | **Other income after tax** | | |
| 20. | Financial assets available for sale | 29,957 | 95,424 |
| 30. | Property, plant and equipment | - | - |
| 40. | Intangible assets | - | - |
| 50. | Hedging of foreign investments | - | - |
| 60. | Cash flow hedges | - | - |
| 70. | Exchange rate differences | - | - |
| 80. | Disposal groups | - | - |
| 90. | Actuarial gains (losses) on defined-benefit plans (*) | (543) | (6,399) |
| 100. | Share of valuation reserves on equity investments accounted for using the equity method | - | 22,601 |
| **110.** | **Total other income components after tax** | **29,414** | **111,626** |
| **120.** | **Comprehensive income (Item 10+110)** | **117,993** | **282,136** |
| 130. | Consolidated comprehensive income pertaining to minority interests | 3,394 | 7,290 |
| **140.** | **Consolidated comprehensive income pertaining to the Parent Company** | **114,599** | **274,846** |

*(*) This item includes other comprehensive income, net of taxes without reversal to income statement (IAS 1 Revised)*

## » STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS AT 30th JUNE 2013

| | Share capital: ordinary shares | Share premium reserve | Reserves: income | Reserves: other | Valuation reserves | Net profit (loss) for the period | Equity |
|---|---|---|---|---|---|---|---|
| **GROUP EQUITY AT 31.12.2012 (*)** | **876,762** | **2,735,462** | **793,737** | **-21,489** | **-161,391** | **160,026** | **4,383,107** |
| **MINORITY INTERESTS AT 31.12.2012 (*)** | **53,994** | **101,905** | **38,027** | **1,864** | **-2,512** | **1,653** | **194,931** |
| **Allocation of net profit for previous period** | | | | | | | |
| Reserves | - | - | 99,918 | - | - | -99,918 | - |
| Dividends and other allocations | - | - | - | - | - | -61,761 | -61,761 |
| **Changes in the period** | | | | | | | |
| Changes in reserves | - | - | - | - | - | - | - |
| Equity transactions | - | - | - | - | - | - | - |
| Charity | - | - | 1,050 | - | - | - | 1,050 |
| Other variations | - | - | - | - | - | - | - |
| Consolidation adjustments | 4 | - | 1,942 | - | - | - | 1,946 |
| Shares and rights on shares of the Parent Company granted to employees and directors | - | - | - | 426 | - | - | 426 |
| Comprehensive income | - | - | - | - | 29,414 | 88,579 | 117,993 |
| **GROUP EQUITY AT 30.06.2013** | **876,762** | **2,735,462** | **900,430** | **-21,085** | **-131,631** | **84,839** | **4,444,777** |
| **MINORITY INTERESTS AT 30.06.2013** | **53,998** | **101,905** | **34,244** | **1,886** | **-2,858** | **3,740** | **192,915** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

## » STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AS AT 30th JUNE 2012

| | Share capital: ordinary shares | Share premium reserve | Reserves: income | Reserves: other | Valuation reserves | Net profit (loss) for the period | Equity |
|---|---|---|---|---|---|---|---|
| **GROUP EQUITY AT 31.12.2011 (*)** | **876,762** | **2,735,462** | **704,588** | **1,521** | **-423,373** | **200,243** | **4,095,203** |
| **MINORITY INTERESTS AT 31.12.2011 (*)** | **53,994** | **101,905** | **39,300** | **12** | **-11,100** | **7,793** | **191,904** |
| **Allocation of net profit for previous period** | | | | | | | |
| Reserves | - | - | 86,626 | - | - | -86,626 | - |
| Dividends and other allocations | - | - | - | - | - | -121,410 | -121,410 |
| **Changes in the period** | | | | | | | |
| Changes in reserves | - | - | - | - | - | - | - |
| Equity transactions | - | - | - | - | - | - | - |
| Charity | - | - | 1,250 | - | - | - | 1,250 |
| Other variations | - | - | - | - | - | - | - |
| Consolidation adjustments | - | - | - | -22,615 | - | - | -22,615 |
| Shares and rights on shares of the Parent Company granted to employees and directors | - | - | - | 424 | - | - | 424 |
| Comprehensive income | - | - | - | - | 111,626 | 170,510 | 282,136 |
| **GROUP EQUITY AT 30.06.2012** | **876,762** | **2,735,462** | **793,737** | **-20,693** | **-314,607** | **166,079** | **4,236,740** |
| **MINORITY INTERESTS AT 30.06.2012** | **53,994** | **101,905** | **38,027** | **35** | **-8,240** | **4,431** | **190,152** |

## » CONSOLIDATED CASH FLOW STATEMENT

| Items | 30.06.2013 | 30.06.2012 |
|---|---|---|
| **A. Operating Activities** | | |
| **1. Operations** | **445,539** | **494,220** |
| - net profit (loss) for the period (+/-) | 84,839 | 166,079 |
| - gains (losses) on financial assets held for trading and financial assets/liabilities carried at fair value (-/+) | -6,767 | -8,832 |
| - gains (losses) on hedging activities (-/+) | 3,758 | -674 |
| - net impairment adjustments (+/-) | 182,974 | 68,687 |
| - net adjustments of property, plant and equipment and intangible assets (+/-) | 43,790 | 46,291 |
| - net provisions for liabilities and contingencies and other costs/revenues (+/-) | 9,155 | 13,313 |
| - unpaid taxes and duties (+) | 12,253 | 7,309 |
| - other adjustments (+/-) | 115,537 | 202,047 |
| **2. Liquidity generated/absorbed by financial assets** | **-407,599** | **-707,613** |
| - financial assets held for trading | 69,216 | 26,216 |
| - financial assets available for sale | -712,823 | 23,506 |
| - loans to banks: on demand | 63,880 | -44,854 |
| - loans to banks: other loans | 116,466 | 712,040 |
| - loans to customers | 134,509 | -1,142,762 |
| - other assets | -78,847 | -281,759 |
| **3. Liquidity generated/absorbed by financial liabilities** | **-5,128** | **-546,770** |
| - due to banks: On demand | -223,640 | 215,244 |
| - due to banks: other payables | -40,087 | -951,646 |
| - due to customers | 674,466 | -812,244 |
| - securities issued | -295,429 | 855,331 |
| - financial liabilities held for trading | -61,193 | -8,256 |
| - other liabilities | -59,245 | 154,801 |
| **Net liquidity generated/absorbed by operating activities** | **32,812** | **-760,163** |
| **B. INVESTING ACTIVITIES** | | |
| **1. Liquidity generated by** | **2,007** | **2,248** |
| - dividends from equity investments | 1,655 | 1,892 |
| - sales of property, plant and equipment | 352 | 356 |
| **2. Liquidity absorbed by** | **-20,510** | **159,078** |
| - purchase of equity investments | - | 182,312 |
| - purchases of property, plant and equipment | -4,649 | -2,552 |
| - purchases of intangible assets | -15,861 | -20,682 |
| **Net liquidity generated/absorbed by investing activities** | **-18,503** | **161,326** |
| **C. FUNDING** | | |
| - dividend distribution and other | -61,761 | -120,160 |
| **Net liquidity generated/absorbed by funding** | **-61,761** | **-120,160** |
| **NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD** | **-47,452** | **-718,997** |

**RECONCILIATION**

| Items | 30.06.2013 | 30.06.2012 |
|---|---|---|
| Cash and cash equivalents at beginning of period | 285,966 | 930,780 |
| Total net liquidity generated/absorbed during the period | -47,452 | -718,997 |
| Cash and cash equivalents: effect of exchange rates changes | - | - |
| **Cash and cash equivalents at end of period** | **238,514** | **211,783** |

*Legenda: (+) generata (-) assorbita*

# Explanatory Notes to the Consolidated Financial Statements

## » ACCOUNTING POLICIES

### Declaration of Conformity with the International Accounting Standards

This Consolidated Half-year Financial Report was prepared in accordance with the International Accounting Standards and the International Financial Reporting Standards (IASs/IFRSs) issued by the International Accounting Standards Board (IASB), and the related interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), as provided for in Regulation (EC) no. 1606/2002.

In particular, the accounting standards used to prepare this report are the same ones used to prepare the Annual Report closed as at 31st December 2012, and described therein, except for the new standards and interpretations in force since 1st January 2013, issued by the IASB and endorsed by the European Commission.

This Report was also prepared in accordance with IAS 34 "Interim Financial Reporting", on a consolidated basis, as provided for by Article 154-ter of Legislative Decree No. 58 of 24th February 1998, "Consolidated Act on Financial Intermediation" (Italian acronym: TUF).

The Condensed Consolidated Half-year Financial Report undergoes a limited audit carried out by the Independent Auditors Reconta Ernst & Young S.p.A.

**International Accounting Standards endorsed by the European Union and in force as at 1st January 2013**

| Standards, amendments or interpretations | Endorsement date | Date of first application |
|---|---|---|
| Amendments to IAS 1 - Presentation of items of Other Comprehensive Income | 6th June 2012 (EU No 475/2012) | 1st January 2013 |
| Amendments to IAS 19 - Employee Benefits. | 6th June 2012 (EU No 475/2012) | 1st January 2013 |
| Adoption of IFRS 13 Fair Value Measurement | 29th December 2012 (EU No 1254/2012) | 1st January 2013 |
| Amendment to IFRS 7 - Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities | 29th December 2012 (EU No 1256/2012) | 1st January 2013 |
| Amendments to IFRS 1 - First-time adoption International Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters | 29th December 2012 (EU No 1255/2012) | 1st January 2013 |
| Adoption of IFRIC 20 - Stripping costs in the Production Phase of a Surface Mine | 29th December 2012 (EU No 1255/2012) | 1st January 2013 |
| Amendments to IAS 12 - Income Taxes - Deferred tax: Recovery of Underlying Assets | 29th December 2012 (EU No 1255/2012) | 1st January 2013 |
| Amendment to IAS 32 - Financial instruments: Presentation - Offsetting Financial Assets and Financial Liabilities | 29th December 2012 (EU No 1256/2012) | 1st January 2013 |
| Amendments to IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34 | 28th March 2013 (EU No 301/2013) | 1st January 2013 |

These International Accounting Standards had no significant impact on this Consolidated Half-year Financial Report.

### General Preparation Principles

This Consolidated Half-year Financial Report consists of the Condensed Consolidated Financial Statements, the Interim Report on Operations and the certification required by Article 154-bis, paragraph 5 of the "Consolidated Act on Financial Intermediation", and was prepared using the Euro as reporting currency; figures are expressed in thousands of Euro, where not otherwise specified.
This Financial Report was prepared, as the Annual Report as at 31st December 2012, on a going-concern basis.

The Condensed Consolidated Half-year Financial Report includes:
- the Balance Sheet;
- the Income Statement;
- the Statement of Comprehensive Income;
- the Statements of Changes in Equity;
- the Cash Flow Statement;
- the explanatory Notes to the Financial Statements.

The preparation of the interim financial report entails the use of estimates and assumptions to determine some expense and revenue components, as well as to measure assets and liabilities. For these, reference is also made to the 2012 Annual Report. Moreover, it is stated that, generally, some measurement processes, in particular the most complex ones, such as the assessment of asset impairment, are thoroughly carried out upon preparation of the annual report, when all the necessary information is available, with the exception of those cases where significant impairment indicators require immediate measurement of any impairment.

## Restatement of comparative figures following the final recognition of the business combination made in 2012

In the first half of 2013, the price for the business combinations made in 2012 was defined.

Since business combinations between entities under common control are not directly governed by any international accounting standard, but, only for their general aspects, by Standards No. 1 and 2 issued by the Italian Accounting Body (OPI), it was opted to recognize them, by analogy, in accordance with the provisions of IFRS 3.49, which provides for restatement of comparative figures so as to report the effects of the review of the acquisition price as if this review were applied as at the combination effective date.

Consequently, the effects of this restatement on equity as at 31st December 2012 were the following:

| Group Equity for the period (As from financial statements 31.12.2012) | 4,383,100 |
|---|---|
| **CHANGES OF ASSETS:** | **-6** |
| Attività fiscali - anticipate (Voce 140) | -21 |
| Altre Attività (Voce 160) | 15 |
| **CHANGES OF LIABILITY:** | **13** |
| Passività fiscali - correnti (Voce 80) | 13 |
| **Equity of Shareholders of the Group (at 31.12.2012 restated)** | **4,383,107** |

## Scope and Method of Consolidation

In addition to the Parent Company, Cassa di Risparmio di Parma e Piacenza S.p.A., the scope of consolidation includes its subsidiary and associate companies identified below.

Subsidiaries are companies in which Cariparma, directly or indirectly, concomitantly holds:
- power over the investee entity;
- the exposure or rights to variable returns from its involvement with the investee;
- the ability to affect those returns through its power over the investee.

In practice, 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 on which the Parent Company exercises a significant influence, holding, either directly or indirectly, at least 20% of voting rights or has the power to participate in determining its financial and operating policies, despite holding less than 20% of the voting rights, through particular legal ties such as being party to a shareholders' agreement.

The following table shows the equity investments included in the scope of consolidation, indicating:
- the method of consolidation;
- the type of control/shareholding;
- investee company;
- percentage of voting rights held by the investor.

| Company name | Registered office | Type of relationship | Equity investment | % Actual votes available |
|---|---|---|---|---|
| **A. Company** | | | | |
| **A1. Consolidated on a line-by-line basis** | | | | |
| 1. Banca Popolare FriulAdria S.p.A. | Pordenone | subsidiary | Cariparma S.p.A. | 80,17% |
| 2. Crédit Agricole Leasing Italia S.r.l. | Milano | subsidiary | Cariparma S.p.A. | 85,00% |
| 3. Cassa di Risparmio della Spezia S.p.A. | La Spezia | subsidiary | Cariparma S.p.A. | 80,00% |
| 4. Mondo Mutui Cariparma S.r.l. | Milano | other types of control | Cariparma S.p.A. | 19,00% |
| 5. Sliders S.r.l. | Milano | subsidiary | Cariparma S.p.A. | 100,00% |
| **A2. Consolidated with shareholders' equity method** | | | | |
| 1. CA Agroalimentare S.p.A. | Parma | associate | Cariparma S.p.A. | 26,32% |
| | | | FriulAdria S.p.A. | 10,53% |

The methods used for the consolidation of data of subsidiaries (consolidation on a line-item basis) and for the consolidation of associates (equity method) have remained unchanged compared to the ones used to prepare the Annual Report and Consolidated Financial Statements as at 31st December 2012.

In the first half of 2013 the company Cariparma OBG S.r.l. was included in the consolidation perimeter. This is a special-purpose entity (pursuant to Article 7-bis of Law 130/99), which was set up to allow the Group to issue Covered Bonds ("CBs") by transferring, to the same special-purpose vehicle, portfolios of mortgage loans (both home and business) granted by the Banks in the Cariparma Crédit Agricole Group and then placed as guarantees for CB investors.

## » EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

From 30th June 2013 to the date of approval of this Financial Report, no events occurred such as to significantly affect the structure of the Cariparma Crédit Agricole Group.

Consistently with its mission as Proximity Bank, also in the second half of 2013, the Group will continue to support the real economy - households and businesses - with constant focus on the requirements and specificity of both the areas where the Group has long been operating and those where operations started recently.

Despite the complex scenario where the Group will operate, sustainable growth objectives will be pursued in the medium-term by implementing the following strategic directions:
- liquidity consolidation through a balanced growth of lending and funding;
- substantiation of its equity soundness and ability to generate profits in a difficult situation, without penalizing investment supporting operating efficiency;
- stabilization of the cost of risk by redefining and industrializing the entire process for loan management;
- sustainability over time of business with Customers and of the support to the community, by optimizing geographical coverage.

Finally, it is reported that, in view of a constant increase in liquidity reserves and source diversification, in July, Cariparma finalized the issue of the first tranche of Covered Bonds for €2.7 billion, within the multi-year program amounting to a total of €8 billion, after transferring, in May, a portfolio of home mortgage loans granted by the three Group Banks and amounting to over €3.1 billion to the special-purpose entity Cariparma OBG S.r.l..

## » THE GROUP'S PERFORMANCE

In the following statements, the Income Statement figures as at 30th June 2013 are given and compared to the figures referring to the same period last year. The relevant notes are included in the "Interim Report on Operations", where the Company's performance is dealt with.

### 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, reported under «Net Interest Income», rather than «Net Impairment Adjustments of Loans», since this arises directly from applying the amortized cost method when there are no changes in expected future cash flows;
- IAS gains resulting from the disposal of leased assets were taken to «Net interest income» rather than to «Other operating revenues»;
- «Net gain (loss) on trading activities» and «Net gain (loss) on hedging activities» have been allocated to «Gains (losses) on financial activities»; it pointed out that differences on derivatives have been recognized under «Net interest income»;
- «Gains and losses on the sale or repurchase of available-for-sale financial assets and financial liabilities» have been re-allocated to «Gains or losses on financial activities»;
- the recovery of expenses, taxes and duties has been posted as a direct reduction of «Administrative expenses», rather than being reported under «Other operating revenues/expenses»;
- commissions for fast loan application processing have been taken to «Commission income» rather than being recognized under «Other operating revenues/expenses»;
- «Net impairment adjustments/writebacks of financial assets available for sale» have been reported under «Other operating revenues/ expenses»;
- «Net impairment adjustments of other financial transactions», mainly relating to guarantees issued and commitments, were recognized under «Net impairment adjustments of loans».

The figures presented below are expressed in thousands of Euros.

### Reclassified Consolidated Income Statement

| | 30.06.2013 | 30.06.2012 | Changes Total | Changes % |
|---|---|---|---|---|
| Net interest | 470,777 | 521,661 | - 50,884 | - 9.8 |
| Net commission income | 314,828 | 291,363 | 23,465 | 8.1 |
| Dividends | 1,655 | 1,892 | - 237 | - 12.5 |
| Gain (loss) on trading activities | 26,905 | 23,452 | 3,453 | 14.7 |
| Other operating revenues (expenses) | 29 | 11,187 | - 11,158 | - 99.7 |
| **Net operating revenues** | **814,194** | **849,555** | **- 35,361** | **- 4.2** |
| Staff expenses | - 308,691 | - 372,046 | - 63,355 | - 17.0 |
| Administrative expenses | - 149,264 | - 158,046 | - 8,782 | - 5.6 |
| Depreciation and amortization | - 43,790 | - 46,291 | - 2,501 | - 5.4 |
| **Operating expenses** | **- 501,745** | **- 576,383** | **- 74,638** | **- 12.9** |
| **Operating profit** | **312,449** | **273,172** | **39,277** | **14.4** |
| Net provisions for liabilities and contingencies | - 9,155 | - 13,313 | - 4,158 | - 31.2 |
| Net adjustments of loans | - 202,290 | - 154,460 | 47,830 | 31.0 |
| Gain (loss) from financial assets held to maturity and other investments | - 172 | 72,430 | - 72,602 | - |
| **Goodwill value adjustments** | **-** | **- 10** | **- 10** | **-** |
| **Profit before tax on continuing operations** | **100,832** | **177,819** | **- 76,987** | **- 43.3** |
| Income tax for the period on continuing operations | - 12,253 | - 7,309 | 4,944 | 67.6 |
| **Net profit (loss) for the period** | **88,579** | **170,510** | **- 81,931** | **- 48.1** |
| Net profit (loss) pertaining to minority interestes | - 3,740 | - 4,431 | - 691 | - 15.6 |
| **Net profit for the period pertaining to shareholders of the Group** | **84,839** | **166,079** | **- 81,240** | **- 48.9** |

## Reconciliation between the Official and Reclassified Income Statements

| | 30.06.2013 | 30.06.2012 |
|---|---|---|
| **Net interest** | **470,777** | **521,661** |
| 30. Net interest margin | 450,834 | 508,382 |
| 130. Net impairment adjustments of: a) loans, of which time value on impaired loans | 19,652 | 12,949 |
| 220. Net gains (IAS) pertaining to Calit | 291 | 330 |
| **Net commissions = item 60** | **314,828** | **291,363** |
| 60. Net commissions | 284,303 | 291,363 |
| 220. Other operating revenues/expenses: past due commission | 30,525 | - |
| **Dividends = item 70** | **1,655** | **1,892** |
| **Net gain (loss) on financial activities** | **26,905** | **23,452** |
| 80. Net gain (loss) on trading activities | 6,589 | 10,740 |
| 90. Net gain (loss) on hedging activities | -2,159 | 1,942 |
| 100. Gain (loss) on the disposal or repurchase of: b) financial assets available for sale | 21,531 | 7,399 |
| 100. Gain (loss) on the disposal or repurchase of: d) financial liabilities | 944 | 3,371 |
| **Altri proventi (oneri) di gestione** | **29** | **11,187** |
| 220. Other operating revenues (expenses) | 121,373 | 114,868 |
| less: recovery of expenses | -88,863 | -101,494 |
| less: past due commission | -30,525 | - |
| less: net gains (IAS) pertaining to Calit | -291 | -330 |
| 130. Net impairment adjustments of: b) financial assets available for sale | -1,665 | -1,857 |
| **Net operating revenues** | **814,194** | **849,555** |
| **Staff expenses = 180 a)** | **-308,691** | **-372,046** |
| **Administrative expenses** | **-149,264** | **-158,046** |
| 180. Administrative expenses: b) other administrative expenses | -238,127 | -259,540 |
| 190. Other operating revenues/expenses: recovery of expenses | 88,863 | 101,494 |
| **Depreciation and amortization** | **-43,790** | **-46,291** |
| 200. Net adjustments of property, plant and equipment | -14,233 | -14,488 |
| 210. Net adjustments of intangible assets | -29,557 | -31,803 |
| **Operating expenses** | **-501,745** | **-576,383** |
| **Net operating profit** | **312,449** | **273,172** |
| **Net provisions for liabilities and contingencies = Item 190** | **-9,155** | **-13,313** |
| **Net impairment adjustments of loans** | **-202,290** | **-154,460** |
| 100. Gain/loss on the disposal of: a) loans | -9 | -1,009 |
| 130. Net impairment adjustments of: a) loans | -181,176 | -135,847 |
| 130. Net impairment adjustments of: a) loans, of which time value on impaired loans | -19,652 | -12,949 |
| 130. Net impairment adjustments of: d) other financial transactions | -1,453 | -4,655 |
| **Goodwill value adjustments = Item 230** | **-** | **-10** |
| **Gain (loss) from financial assets held to maturity and other investments** | **-172** | **72,430** |
| 240. Gain (loss) from equity investments | -403 | 72,268 |
| 270. Gain (loss) on disposal of investments | 231 | 162 |
| **Profit before tax on continuing operations** | **100,832** | **177,819** |
| Income tax on continuing operations | -12,253 | -7,309 |
| **Profit (loss) for the period** | **88,579** | **170,510** |
| Net profit (loss) pertaining to minority interests | -3,740 | -4,431 |
| **Net profit for the period pertaining to shareholders of the Group** | **84,839** | **166,079** |

## Net interest income

| Items | 30.06.2013 | 30.06.2012 | Changes | |
|---|---|---|---|---|
| | | | Total | % |
| Business with customers | 472,236 | 564,283 | -92,047 | -16.3 |
| Business with banks | 445 | 1,678 | -1,233 | -73.5 |
| Securities issued | -184,445 | -180,542 | 3,903 | 2.2 |
| Differences on hedging derivatives | 104,463 | 63,272 | 41,191 | 65.1 |
| Financial assets held for trading | 24 | 183 | -159 | -86.9 |
| Financial assets available for sale | 78,080 | 72,618 | 5,462 | 7.5 |
| Other net interest | -26 | 169 | -195 | - |
| **Net interest** | **470,777** | **521,661** | **-50,884** | **-9.8** |

## Net commission income

| Items | 30.06.2013 | 30.06.2012 | Changes | |
|---|---|---|---|---|
| | | | Total | % |
| - guarantees issued | 5,772 | 5,698 | 74 | 1.3 |
| - collection and payment services | 20,632 | 22,607 | -1,975 | -8.7 |
| - current accounts | 122,410 | 97,744 | 24,666 | 25.2 |
| - debit and credit card services | 17,997 | 16,818 | 1,179 | 7.0 |
| **Commercial banking business** | **166,811** | **142,867** | **23,944** | **16.8** |
| - securities intermediation and placement | 61,590 | 63,931 | -2,341 | -3.7 |
| - foreign exchange | 1,676 | 2,728 | -1,052 | -38.6 |
| - asset management | 3,436 | 3,607 | -171 | -4.7 |
| - distribution of insurance products | 62,981 | 61,607 | 1,374 | 2.2 |
| - other intermediation/management commissions | 1,035 | 1,338 | -304 | -22.7 |
| **Management, intermediation and advisory services** | **130,718** | **133,211** | **-2,494** | **-1.9** |
| **Other net commissions** | **17,299** | **15,285** | **2,014** | **13.2** |
| **Total net commissions** | **314,828** | **291,363** | **23,464** | **8.1** |

## Net gain (loss) on trading activities

| Items | 30.06.2013 | 30.06.2012 | Changes | |
|---|---|---|---|---|
| | | | Total | % |
| Interest rates | 6,599 | 12,297 | -5,698 | -46.3 |
| Equities | 13 | 75 | -62 | -82.7 |
| Foreign exchange | 916 | 1,734 | -818 | -47.2 |
| Commodities | 5 | 6 | -1 | -16.7 |
| **Total net gain (loss) on financial assets held for trading** | **7,533** | **14,112** | **-6,579** | **-46.6** |
| **Total gain (loss) on hedging activities** | **-2,159** | **1,942** | **-4,101** | **-** |
| **Gain (loss) on disposal of financial assets available for sale** | **21,531** | **7,398** | **14,133** | **-** |
| **Net gain (loss) on financial activities** | **26,905** | **23,452** | **3,453** | **14.7** |

## Operating expenses

| Items | 30.06.2013 | 30.06.2012 | Changes Total | % |
|---|---|---|---|---|
| - wages and salaries | -221,361 | -224,658 | -3,297 | -1.5 |
| - social security contributions | -59,208 | -60,245 | -1,037 | -1.7 |
| - other staff expenses | -28,122 | -87,143 | -59,021 | -67.7 |
| **Spese del personale** | **-308,691** | **-372,046** | **-63,355** | **-17.0** |
| - general operating expenses | -38,700 | -48,268 | -9,568 | -19.8 |
| - IT services | -32,064 | -23,896 | 8,168 | 34.2 |
| - direct and indirect taxes | -42,734 | -42,005 | 729 | 1.7 |
| - facilities management | -30,477 | -33,892 | -3,415 | -10.1 |
| - legal and other professional services | -8,403 | -10,309 | -1,906 | -18.5 |
| - advertising and promotion costs | -5,069 | -6,405 | -1,336 | -20.9 |
| - indirect staff expenses | -4,193 | -5,665 | -1,472 | -26.0 |
| - other expenses | -76,487 | -89,100 | -12,613 | -14.2 |
| - recovery of expenses and charges | 88,863 | 101,494 | -12,631 | -12.4 |
| **Administrative expenses** | **-149,264** | **-158,046** | **-8,782** | **-5.6** |
| - intangible assets | -29,557 | -31,803 | -2,246 | -7.1 |
| - property, plant and equipment | -14,233 | -14,488 | -255 | -1.8 |
| **Amortization** | **-43,790** | **-46,291** | **-2,501** | **-5.4** |
| **Operating expenses** | **-501,745** | **-576,383** | **-74,638** | **-12.9** |

## Net impairment adjustments of loans

| Items | 30.06.2013 | 30.06.2012 | Changes Total | % |
|---|---|---|---|---|
| - bad debts | -66,711 | -55,225 | 11,486 | 20.8 |
| - substandard loans | -113,414 | -81,567 | 31,847 | 39.0 |
| - restructured positions | -14,366 | -16,808 | -2,442 | -14.5 |
| - past due positions | -3,996 | -5,504 | -1,508 | -27.4 |
| - performing loans | -2,350 | 9,299 | -11,649 | - |
| **Net impairment adjustments of loans** | **-200,837** | **-149,805** | **51,032** | **34.1** |
| **Net adjustments of guarantees and commitments** | **-1,453** | **-4,655** | **-3,202** | **-68.8** |
| **Net adjustments of loans** | **-202,290** | **-154,460** | **47,830** | **31.0** |

## Comprehensive Income

| | Gross amount | Income tax | Net amount |
|---|---|---|---|
| **Net profit (loss)for the period** | **x** | **x** | **88.579** |
| **Other income components after tax** | | | |
| Financial assets available for sale: | 45.638 | -15.681 | 29.957 |
| a) changes in fair value | 57.238 | -20.066 | 37.172 |
| b) reversal to income statement | -11.600 | 4.385 | -7.215 |
| c) other changes | - | - | - |
| Property, plant and equipment | - | - | - |
| Intangible assets | - | - | - |
| Hedgind of foreign investments | - | - | - |
| Cash flow hedges | - | - | - |
| Exchange rate differences | - | - | - |
| Discontinuing operations | - | - | - |
| Actuatial gains (losses) on defines-benefit plans (without reversal to income statement) | -748 | 205 | -543 |
| Share of valuation reserve on equity investments accounted for by equity method | - | - | - |
| **Other income components after tax** | **44.890** | **-15.476** | **29.414** |
| **Comprensive Income** | **x** | **x** | **117.993** |
| Consolidated comprehensive income pertaining to minority interests | x | x | 3.394 |
| **Consolidated comprehensive income pertaining to the Parent Company** | **x** | **x** | **114.599** |

# » BALANCE SHEET AGGREGATES

Balance sheet figures at 30th June 2013 are reported below in comparison with the previous year figures. The relevant notes are included in the "Interim Report on Operations", where the Company's performance is dealt with.

## Reclassification of the Balance Sheet

In order to provide a more effective representation of the Company's financial situation, a summary balance sheet was prepared by suitably aggregating balance-sheet items.
The changes concerned:
- presentation of «Financial Assets/Liabilities held for trading» on a net basis;
- presentation of «Loans to banks and amounts due to banks» on a net basis;
- inclusion of the net value of «Hedging Derivatives» and «Adjustment of macro-hedged financial assets and liabilities (subject to generic hedging)» in the «Other» items in Assets and «Other» items in Liabilities;
- grouping of «Property, plant and equipment and intangible assets» 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 "Securities issued" items;
- grouping of specific-purpose provisions («Employee severance benefits» and «Provisions for liabilities and contingencies») into a single aggregate.

## Reclassified Consolidated Balance Sheet

| | | | Changes | |
|---|---|---|---|---|
| **Assets** | **30.06.2013** | **31.12.2012 (*)** | **Total** | **%** |
| Net financial assets/liabilities held for trading | -1,474 | -218 | 1,256 | - |
| Financial assets available for sale | 4,657,127 | 4,030,081 | 627,046 | 15.6 |
| Loans to customers | 34,792,905 | 35,128,149 | -335,244 | -1.0 |
| Equity investments | 20,030 | 20,433 | -403 | -2.0 |
| Property, plant and equipment and intangible assets | 2,365,515 | 2,388,916 | -23,401 | -1.0 |
| Tax assets | 999,477 | 1,045,190 | -45,713 | -4.4 |
| Other assets | 2,108,921 | 2,273,385 | -164,464 | -7.2 |
| **Total assets** | **44,942,501** | **44,885,936** | **56,565** | **0.1** |

| | | | Changes | |
|---|---|---|---|---|
| **Liabilities and equity** | **30.06.2013** | **31.12.2012 (*)** | **Total** | **%** |
| Net due to banks | 1,068,156 | 1,151,537 | -83,381 | -7.2 |
| Funding from customers | 36,520,120 | 36,219,988 | 300,132 | 0.8 |
| Tax liabilities | 194,163 | 327,843 | -133,680 | -40.8 |
| Other liabilities | 2,135,789 | 2,203,151 | -67,362 | -3.1 |
| Specific-purpose provisions | 386,581 | 405,379 | -18,798 | -4.6 |
| Share capital | 876,762 | 876,762 | - | - |
| Reserves (net of treasury shares) | 3,614,807 | 3,507,710 | 107,097 | 3.1 |
| Valuation reserves | -131,631 | -161,391 | 29,760 | -18.4 |
| Minority interests | 192,915 | 194,931 | -2,016 | -1.0 |
| Net profit (loss) for the period | 84,839 | 160,026 | -75,187 | -47.0 |
| **Total liabilities and equity** | **44,942,501** | **44,885,936** | **56,565** | **0.1** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

## Reconciliation of the official and reclassified balance sheets

| Assets | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|
| **Net financial assets/liabilities held for trading** | **-1,474** | **-218** |
| 20. Financial assets held for trading | 249,481 | 311,930 |
| 40. Financial liabilities held for trading | -250,955 | -312,148 |
| **Financial assets available for sale** | **4,657,127** | **4,030,081** |
| 40. Financial assets available for sale | 4,657,127 | 4,030,081 |
| **Loans to customers** | **34,792,905** | **35,128,149** |
| 70. Loans to customers | 34,792,905 | 35,128,149 |
| **Equity investments** | **20,030** | **20,433** |
| 100. Equity investments | 20,030 | 20,433 |
| **Property, plant and equipment and intangible assets** | **2,365,515** | **2,388,916** |
| 120. Property, plant and equipment | 433,087 | 442,792 |
| 130. Intangible assets | 1,932,428 | 1,946,124 |
| **Tax assets** | **999,477** | **1,045,190** |
| 140. Tax assets | 999,477 | 1,045,190 |
| **Other assets** | **2,108,921** | **2,273,385** |
| 10. Cash and cash equivalents | 238,514 | 285,966 |
| 80. Hedging derivatives | 913,491 | 1,151,735 |
| 90. Value adjustment of financial assets subject to macro hedging (+/-) | 2,256 | 6,363 |
| 160. Other Assets | 954,660 | 829,321 |
| **Total assets** | **44,942,501** | **44,885,936** |

| Liabilities and equity | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|
| **Net interbank funding** | **1,068,156** | **1,151,537** |
| 60. Loans to banks | -3,943,562 | -4,123,908 |
| 10. Due to banks | 5,011,718 | 5,275,445 |
| **Funding from customers** | **36,520,120** | **36,219,988** |
| 20. Due to customers | 22,938,935 | 22,264,469 |
| 30. Securities issued | 13,581,185 | 13,955,519 |
| **Tax liabilities** | **194,163** | **327,843** |
| 80. Tax liabilities | 194,163 | 327,843 |
| **Other liabilities** | **2,135,789** | **2,203,151** |
| 60. Hedging derivatives | 392,276 | 319,350 |
| 70. Adjustment of financial liabilities hedged generically (+/-) | 429,338 | 658,142 |
| 100. Other liabilities | 1,314,175 | 1,225,659 |
| **Specific-purpose provisions** | **386,581** | **405,379** |
| 110. Employee severance benefits | 170,163 | 171,108 |
| 120. Provisions for liabilities and contingencies | 216,418 | 234,271 |
| **Share capital** | **876,762** | **876,762** |
| 190. Share capital | 876,762 | 876,762 |
| **Reserves (net of treasury shares)** | **3,614,807** | **3,507,710** |
| 170. Reserves | 879,345 | 772,248 |
| 180. Share premium reserve | 2,735,462 | 2,735,462 |
| **Valuation reserves** | **-131,631** | **-161,391** |
| 140. Valuation reserves | -131,631 | -161,391 |
| **Assets pertaining to minority interests** | **192,915** | **194,931** |
| 210. Assets pertaining to minority interests | 192,915 | 194,931 |
| **Net profit (loss) for the period** | **84,839** | **160,026** |
| 220. Net profit (loss) for the period | 84,839 | 160,026 |
| **Total liabilities and equity** | **44,942,501** | **44,885,936** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

## Loans to Customers

| Items | 30.06.2013 | 31.12.2012 | Changes Total | Changes % |
|---|---|---|---|---|
| - Current accounts | 4,027,242 | 4,317,175 | -289,933 | -6.7 |
| - Mortgage loans | 21,072,667 | 21,217,718 | -145,051 | -0.7 |
| - Advances and other loans | 7,578,025 | 7,800,106 | -222,081 | -2.8 |
| - Impaired loans | 2,109,438 | 1,788,111 | 321,327 | 18.0 |
| **Loans** | **34,787,372** | **35,123,110** | **-335,738** | **-1.0** |
| **Loans represented by securities** | **5,533** | **5,039** | **494** | **9.8** |
| **Loans to customers** | **34,792,905** | **35,128,149** | **-335,244** | **-1.0** |

## Loans to customers: credit quality

| Items | 30.06.2013 Gross exposure | 30.06.2013 Total writedowns | 30.06.2013 Net exposure | 31.12.2012 Gross exposure | 31.12.2012 Total writedowns | 31.12.2012 Net exposure |
|---|---|---|---|---|---|---|
| - Bad debts (*) | 1,770,513 | 996,254 | 774,259 | 1,591,372 | 898,079 | 693,293 |
| - Substandard loans (*) | 1,021,481 | 333,987 | 687,494 | 902,333 | 280,948 | 621,385 |
| - Restructured loans | 296,357 | 35,703 | 260,654 | 166,636 | 20,698 | 145,938 |
| - Past-due / overlimit loans (*) | 396,162 | 9,131 | 387,031 | 335,824 | 8,329 | 327,495 |
| **Impaired loans** | **3,484,513** | **1,375,075** | **2,109,438** | **2,996,165** | **1,208,054** | **1,788,111** |
| **Performing loans** | **32,818,543** | **135,076** | **32,683,467** | **33,475,162** | **135,124** | **33,340,038** |
| **Total** | **36,303,056** | **1,510,151** | **34,792,905** | **36,471,327** | **1,343,178** | **35,128,149** |

*(*) After notifications of insolvency received in July, the credit quality has been subject to changes for reclassifications of substandard loans to bad debts for a total of approximately €11 million.*

## Funding from Customers

| Items | 30.06.2013 | 31.12.2012 | Changes Total | Changes % |
|---|---|---|---|---|
| - Deposits | 3,527,734 | 3,233,713 | 294,021 | 9.1 |
| - Current and other accounts | 19,153,707 | 18,664,625 | 489,082 | 2.6 |
| - Other items | 119,659 | 120,439 | -780 | -0.6 |
| - Repurchase agreements | 137,835 | 245,692 | -107,857 | -43.9 |
| **Due to customers** | **22,938,935** | **22,264,469** | **674,466** | **3.0** |
| Securities issued | 13,581,185 | 13,955,519 | -374,334 | -2.7 |
| **Total direct funding** | **36,520,120** | **36,219,988** | **300,132** | **0.8** |
| **Indirect funding** | **50,188,359** | **51,292,493** | **-1,104,134** | **-2.2** |
| **Total funding** | **86,708,479** | **87,512,481** | **-804,002** | **-0.9** |

## Indirect funding

| Items | 30.06.2013 | 31.12.2012 | Changes Total | Changes % |
|---|---|---|---|---|
| - Asset management products | 7,849,935 | 7,634,954 | 214,981 | 2.8 |
| - Insurance products | 10,175,511 | 9,749,639 | 425,872 | 4.4 |
| **Total assets under management** | **18,025,446** | **17,384,593** | **640,853** | **3.7** |
| **Assets under administration** | **32,162,913** | **33,907,900** | **-1,744,987** | **-5.1** |
| **Indirect funding** | **50,188,359** | **51,292,493** | **-1,104,134** | **-2.2** |

## Financial assets available for sale

| Items | 30.06.2013 | 31.12.2012 | Changes | |
|---|---|---|---|---|
| | | | Total | % |
| - Bonds and other debt securities | 4,532,814 | 3,899,658 | 633,156 | 16.2 |
| - Equity securities and units of collective investment undertakings | 2,757 | 3,095 | (338) | -10.9 |
| **Securities available for sale** | **4,535,571** | **3,902,753** | **632,818** | **16.2** |
| - Equity investments | 121,556 | 127,328 | (5,772) | -4.5 |
| **Shareholdings available for sale** | **121,556** | **127,328** | **(5,772)** | **-4.5** |
| **Financial assets available for sale** | **4,657,127** | **4,030,081** | **627,046** | **15.6** |

The increase in the item “Bonds and other debt securities” in the first half of 2013 was due to the purchase of approximately €887 million worth of inflation-indexed Italian Government securities.

## Government securities

| | 30.06.2013 | | |
|---|---|---|---|
| | Nominal Value | Book Value | Valution reserves |
| **FVTPL** | | | |
| Italian govenment bond | 5 | 5 | X |
| Argentina government bond | 21 | 6 | X |
| **AFS** | | | |
| Italian govenment bond | 3,873,154 | 4,126,254 | -118,145 |
| Argentina government bond | 24 | 18 | -2 |
| French government bond | 296,500 | 357,295 | 7,505 |
| **Total** | **4,169,704** | **4,483,578** | **-110,642** |

## Fair value hierarchy - classification of financial instruments

### Securities in assets

**Level 1**

All securities measured using prices (without adjustments) listed on active markets.

**Level 2**

All securities measured using prices listed on non-active markets or on active markets for similar (but not identical) instruments, as well as securities measured using Cariparma Crédit Agricole Group standard internal pricing models whose parameters can be observed directly on the market.

**Level 3**

All securities measured on non-observable market bases.

In this case, securities are measured based on estimates and assumptions by the assessor, derived from data collected over time or based on trend assumptions, or using the measurement communicated by qualified market operators.

### Securities in liabilities

**Level 1**

All securities measured using prices (without adjustments) listed on active markets.

**Level 2**

All securities measured using Cariparma Crédit Agricole Group standard internal pricing models whose parameters can be observed directly on the market.

**Level 3**

All securities measured on non-observable market bases.

### Listed derivatives

**Level 1**

All derivatives measured using prices (without adjustments) on active markets.

### OTC derivatives

**Level 2**

All derivatives measured using Cariparma Crédit Agricole Group standard internal pricing models, whose parameters can be observed directly on the market.

**Level 3**

All derivatives for which an active market does not exist and whose measurement is not based on observable market data, or using the measurement communicated by qualified market operators.

## Accounting portfolios: breakdown by fair value level

| | 30.06.2013 | | | 31.12.2012 | | |
|---|---|---|---|---|---|---|
| **Financial assets/liabilities carried at fair value** | **Level 1** | **Level 2** | **Level 3** | **Level 1** | **Level 2** | **Level 3** |
| 1. Financial assets held for trading | 30 | 200,927 | 48,524 | 143 | 249,476 | 62,311 |
| 2. Financial assets carried at fair value | - | - | - | - | - | - |
| 3. Financial assets available for sale | 4,484,533 | - | 172,594 | 3,851,787 | - | 178,294 |
| 4. Hedging derivatives | - | 913,491 | - | - | 1,151,735 | - |
| **Total** | **4,484,563** | **1,114,418** | **221,118** | **3,851,930** | **1,401,211** | **240,605** |
| 1. Financial liabilities held for trading | 9 | 204,102 | 46,844 | 12 | 251,149 | 60,987 |
| 2. Financial Liabilities carried at fair value | - | - | - | - | - | - |
| 3.Hedging derivatives | - | 261,320 | 130,956 | - | 319,350 | - |
| **Total** | **9** | **465,422** | **177,800** | **12** | **570,499** | **60,987** |

## Annual changes in financial assets measured at fair value level 3

| | Financial assets | | | |
|---|---|---|---|---|
| | Held for trading | Carried at fair value | Available for sale | Held for trading |
| **1. Opening balance** | **62,311** | **-** | **178,294** | **-** |
| **2. Increases** | **3,261** | **-** | **291** | **-** |
| 2.1 Purchases | 3,087 | - | 40 | - |
| 2.2 Profits recognized in: | - | - | - | - |
| 2.2.1 Income Statement | 99 | - | - | - |
| - of which: Capital gains | 84 | - | - | - |
| 2.2.2 Shareholders' equity | X | X | 251 | - |
| 2.3 Transfers from other categories | 68 | - | - | - |
| 2.4 Other increases | 7 | - | - | - |
| **3. Decreases** | **17,048** | **-** | **5,991** | **-** |
| 3.1 Sales | 3,120 | - | 2,400 | - |
| 3.2 Redemptions | 8,845 | - | - | - |
| 3.3 Losses recognized in: | - | - | - | - |
| 3.3.1 Income Statement | 5,077 | - | 1,023 | - |
| - of which Capital losses | 5,074 | - | - | - |
| 3.3.2 Shareholders' equity | X | X | 2,568 | - |
| 3.4 Transfers to other categories | - | - | - | - |
| 3.5 Other decreases | 6 | - | - | - |
| **4. Final inventories** | **48,524** | **-** | **172,594** | **-** |

## Annual changes in financial liabilities measured at fair value level 3

| | Financial liabilities | | |
|---|---|---|---|
| | Held for trading | Carried at fair value | Hedging |
| **1. Opening balance** | **60,987** | **-** | **-** |
| **2. Increases** | **-** | **-** | **130,956** |
| 2.1 Issues | - | - | 130,956 |
| 2.2 Losses recognized in: | | | |
| 2.2.1 Income Statement | - | - | - |
| - of which Capital losses | - | - | - |
| 2.2.2 Shareholders' equity | X | X | - |
| 2.3 Transfers from other categories | - | - | - |
| 2.4 Other increases | - | - | - |
| **3. Decreases** | **14,143** | **-** | **-** |
| 3.1 Redemptions | 8,867 | - | - |
| 3.2 Repurchases | - | - | - |
| 3.3 Profits recognized in: | | | |
| 3.3.1 Income Statement | 5,276 | - | - |
| - of which capital gains | 5,275 | - | - |
| 3.3.2 Shareholders' equity | X | X | - |
| 3.4 Transfers to other categories | - | - | - |
| 3.5 Other decreases | - | - | - |
| **4. Final inventories** | **46,844** | **-** | **130,956** |

Level 3 includes derivative contracts entered into with counterparties in the Crédit Agricole Group for hedging the mentioned inflation-indexed Italian Government securities.

## Regulatory Capital

| Supervisory capital and capital ratios | 30.06.2013 | 31.12.2012 |
|---|---|---|
| Tier 1 Capital | 2,817,885 | 2,811,752 |
| Tier 2 Capital | 822,926 | 857,333 |
| Deductible elements | | |
| **Supervisory capital** | **3,640,811** | **3,669,085** |
| Credit Risk | 2,114,453 | 2,166,171 |
| Market risk | 1,688 | 3,457 |
| Operational risk | 215,021 | 215,021 |
| **Capital requirements** | **2,331,162** | **2,384,649** |
| **Excess capital with respect to minimum requirements** | **1,309,649** | **1,284,436** |
| **Risk-weighted assets** | **29,139,521** | **29,808,112** |
| **Capital ratios %** | | |
| Core Tier 1 / Risk-weighted assets | 9.3% | 9.0% |
| Tier 1 Capital / Total risk-weighted assets | 9.7% | 9.4% |
| Total capital / Total risk-weighted assets | 12.5% | 12.3% |

# » OPERATIONS AND INCOME BY BUSINESS SEGMENT

Figures relating to operations and income by business segment are reported in compliance with IFRS 8 Operating Segments using the “management reporting approach”.

Segment reporting as at 30th June 2013 was prepared using the multiple internal transfer rate (ITR) implemented in the half year, integrating the cost of liquidity in compliance with the Bank of Italy’s provisions. In compliance with IFRS 8.27, the comparative profit or loss by segment as at 30th June 2012 was restated applying the same model.

The Cariparma Group’s operates through an organisation structure that includes: Retail and Private Banking channels designed for individuals and households, as well as businesses falling within the small business segment; Enterprise and Corporate channels designed for larger-size companies. Reporting includes data relating to operations and income of Crédit Agricole Leasing. Therefore, given the features of the Cariparma Group, the “Other” channel is of a residual nature and specifically includes the operations of Mondo Mutui, Sliders and anything that cannot be included in the other channels, such as activities pertaining to central departments, for instance the management of proprietary securities portfolio, capital market and governance.

Income from the Retail and Private Banking channels came to €718.8 million, with a -6.3% decrease over the previous year, due to both net interest income and commission income. The contribution to total revenues of the Corporate and Enterprise Channels came to €103.7 million, decreasing by -9.8% versus the first half of 2012. Specifically, interest income decreased subsequent to the downsizing of loans to Customers.

As regards expenses, the Retail and Private Banking channels had a -4.8% decrease, where lower operating expenses largely offset the limited increase in the cost of risk. On the other hand, the Corporate and Enterprise channels increased by +35.4%, totally due to the significant increase in impairment adjustments of loans. The performance of the “Other” channel was impacted by the recognition, made in the first half of 2012, of the accrual to the Solidarity Fund amounting to €54.4 million.

It is also reported that the capital gains relating to the sale of the equity investment in Crédit Agricole Vita to Crédit Agricole Assurance were recognized in the item “Profit/Loss from equity investments”, whose impact was included in the “Other” channel.

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 30th June 2013, assets of the Retail and Private Banking channels amounted to €24.0 billion and were essentially in line with 31st December 2012. Assets of the Corporate and Enterprise channels amounted to €9.7 billion and were also essentially in line with the figures as at 31st December 2012. This aggregate also includes Crédit Agricole Leasing assets that account for €1.9 billion of the Bank’s assets, slightly decreasing compared with the opening of the year.

Liabilities by segment consisted of direct funding from Customers that can be directly allocated to the operating segments. Within this aggregate, funding from the Retail and Private Banking channels amounted to €30.3 billion, increasing by +1.0% compared with 31st December 2012; while funding from the Corporate and Enterprise channels came to €3.3 billion and was essentially in line with 31st December 2012.

In accordance with IFRS 8, it is reported that the Group's business operations are essentially carried out in the Italian national territory, they are not subject to periodic performance reporting to the management distinguishing 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.

## Operation and Profit or Loss by segment as at 30th June 2013

| | Retail and Private | Corporate and Companies | Calit | Other | Total |
|---|---|---|---|---|---|
| **External operating revenues** | | | | | |
| Net interest income | 383,823 | 56,881 | 12,364 | -2,234 | 450,834 |
| Net commission income | 241,086 | 44,261 | -963 | -81 | 284,303 |
| Gain (loss) on trading activities | 4,788 | 2,058 | 13 | -270 | 6,589 |
| Dividends | - | - | - | 1,655 | 1,655 |
| Other net operating revenues | 89,082 | 542 | 655 | 51,401 | 141,680 |
| **Total operating revenues** | **718,779** | **103,742** | **12,069** | **50,471** | **885,061** |
| Impairment adjustments of loans | -75,417 | -97,329 | -8,554 | 124 | -181,176 |
| Impairment adjustments of AFS financial assets and other financial transactions | - | - | - | -3,118 | -3,118 |
| Staff expenses, administrative expenses and depraction/amortization | -462,947 | -30,526 | -4,088 | -93,047 | -590,608 |
| Provisions for risks | -4,928 | -2,845 | - | -1,382 | -9,155 |
| **Total expenses** | **-543,292** | **-130,700** | **-12,642** | **-97,423** | **-784,057** |
| Gain (loss) from equity investments | - | - | - | -403 | -403 |
| Goodwill value adjustments | - | - | - | - | - |
| Gain (loss) on disposal of investments | - | - | - | 231 | 231 |
| **Result by segment** | **175,487** | **-26,958** | **-573** | **-47,124** | **100,832** |
| **Profit before tax** | **175,487** | **-26,958** | **-573** | **-47,124** | **100,832** |
| Taxes | -82,504 | 13,195 | -343 | 57,399 | -12,253 |
| **Profit for the period** | **92,983** | **-13,763** | **-916** | **10,275** | **88,579** |
| | | | | | |
| **Assets and liabilities** | | | | | |
| Assets by segment | 24,040,177 | 9,725,561 | 1,918,423 | 2,233,806 | 37,917,967 |
| Equity investments in associates | - | - | - | 20,030 | 20,030 |
| Unallocated assets | - | - | 26,312 | 11,172,709 | 11,199,021 |
| **Total Assets** | **24,040,177** | **9,725,561** | **1,944,735** | **11,426,545** | **49,137,018** |
| Liabilities by segment | 30,294,131 | 3,253,857 | 8,935 | 2,963,198 | 36,520,121 |
| Unallocated liabilities | - | - | 1,873,916 | 6,298,204 | 8,172,120 |
| **Total Liabilities** | **30,294,131** | **3,253,857** | **1,882,851** | **9,261,402** | **44,692,241** |

## Operation and Profit or Loss by segment as at 30th June 2012

| | Retail and Private | Corporate and Companies | Calit | Other | Total |
|---|---|---|---|---|---|
| **External operating revenues** | | | | | |
| Net interest income | 407,061 | 72,878 | 10,728 | 17,715 | 508,382 |
| Net commission income | 266,092 | 37,821 | -1,328 | -11,222 | 291,363 |
| Gain (loss) on trading activities | 6,250 | 4,103 | 1 | 386 | 10,740 |
| Dividends | - | - | - | 1,892 | 1,892 |
| Other net operating revenues | 87,697 | 192 | 472 | 38,211 | 126,572 |
| **Total operating revenues** | **767,100** | **114,994** | **9,873** | **46,982** | **938,949** |
| Impairment adjustments of loans | 71,914 | -56,632 | -7,073 | -228 | -135,847 |
| Impairment adjustments of AFS financial assets and other financial transactions | - | - | - | -6,513 | -6,513 |
| Staff expenses, administrative expenses and depraction/amortization | -492,966 | -33,629 | -5,662 | -145,620 | -677,877 |
| Provisions for risks | -5,894 | -6,296 | - | -1,122 | -13,312 |
| **Total expenses** | **-570,774** | **-96,557** | **-12,735** | **-153,483** | **-833,549** |
| Gain (loss) from equity investments | - | - | - | 72,268 | 72,268 |
| Goodwill value adjustments | - | - | - | -10 | -10 |
| Gain (loss) on disposal of investments | - | - | - | 162 | 162 |
| **Result by segment** | **196,326** | **18,437** | **-2,862** | **-34,081** | **177,820** |
| **Profit before tax** | **196,326** | **18,437** | **-2,862** | **-34,081** | **177,820** |
| Taxes | -89,853 | -8,337 | 69 | 90,812 | -7,309 |
| **Profit for the period** | **106,473** | **10,100** | **-2,793** | **56,731** | **170,511** |
| **Items to the 31.12.2012** | | | | | |
| **Assets and liabilities** | | | | | |
| Assets by segment | 24,325,237 | 9,782,000 | 1,930,718 | 2,308,429 | 38,346,384 |
| Equity investments in associates | - | - | - | 20,433 | 20,433 |
| Unallocated assets | - | - | 57,959 | 10,897,238 | 10,955,197 |
| **Total Assets** | **24,235,237** | **9,782,000** | **1,988,677** | **13,226,100** | **49,322,014** |
| Liabilities by segment | 29,980,556 | 3,259,041 | 5,245 | 2,975,146 | 36,219,988 |
| Unallocated liabilities | - | - | 1,922,541 | 6,796,385 | 8,718,926 |
| **Total Liabilities** | **29,980,556** | **3,259,041** | **1,927,786** | **9,771,531** | **44,938,914** |

# » RISKS AND RISK MANAGEMENT

This section is meant to provide an update of the information on risks and risk management policies, as at 30th June 2013, to complete the reporting given in Part E of the Annual Report as at 31st December 2012.

## Internal Capital Adequacy Assessment Process (ICAAP) Report

At the end of April 2013, the Cariparma Crédit Agricole Group sent the consolidated report relating to its capital adequacy (Report) as at 31st December 2012 to the Bank of Italy.

The Report contains the strategic guidelines and the forecasting horizon considered; the description of the corporate governance, the organisational structure and the ICAAP-related control systems; risk exposure, risk measurement and aggregation methods, as well as stress testing; components, estimates and allocation methods of internal capital; reconciliation between internal capital, statutory requirements and supervisory capital and, finally, ICAAP self-assessment for highlighting areas where the methodological model needs to be developed further.

The Internal Capital Adequacy Assessment Process (ICAAP) is the first phase in the prudential control process envisaged by the Second Pillar of the New Capital Accord, «Basel II». The second phase consists of the Supervisory Review and Evaluation Process - SREP - and it shall fall within the Supervisory Authority's competence, which shall review the ICAAP and issue an overall opinion on the Group.

## Internal Control System

The internal control system is the set of organizational, procedural and regulatory mechanisms aimed at controlling all types of activities and risks to ensure proper execution and security of operations.

The scope of the Cariparma Crédit Agricole Group's internal control system includes all its structures, both central and of the commercial network, Information Technology departments, the main providers of outsourced essential services

Specifically, the "Controls" project has been designed to improve the effectiveness of risk management (mapping, finalization and optimization of the control plans of the Group Banks).

In compliance with the standards of the controlling company, Crédit Agricole S.A., the internal control is carried out with two different modalities: permanent control and periodic control.

In the Cariparma Crédit Agricole Group the Risks and Permanent Controls Department and the Compliance Department are in charge of permanent control activities (for the subsidiary CALIT, permanent control is ensured by the Risks, Permanent Controls and Compliance Department), while the Audit Department is in charge of periodic control activities.

The regulations in force envisage that the control functions provide the management bodies having strategic responsibilities with periodic information on the single risks, both through specific reporting and taking part in specific Committees, set up at Group level: Internal Control Committee, Compliance Committee, Operational Risk Committee, Financial Risks and ALM Committee, Credit Risk Committee, New Assets and Products Committee.

## Credit Risk

The Cariparma Crédit Agricole Group attaches significant importance to the management and control of credit risk, which is a required precondition to ensure sustainable development over time, especially in the present complex economic situation.

The Cariparma Crédit Agricole Group's lending operations are carried out setting, in compliance with the corporate strategies and objectives, lending policy directions and guidelines on lending and credit risk management, in order to selectively support the development of loans to the most worthy customers, as well as to limit and upgrade exposures to the riskiest Customers.

In the current negative economic situation, the Cariparma Crédit Agricole Group has enhanced control on the quality of the Loans-to-Customers portfolio, stepping up and bringing forward the systematic monitoring of positions with irregular performances, in order to promptly detect any signs of impairment of the same positions and take effective action to control credit risk; concomitantly, the Group's strong commitment to support the real economy and the productive System has been substantiated with suitable loans that have been designed to develop business with the most worthy Customers.

The first half 2013 was characterized by marked deterioration of the economic situation, which increasingly concerned the Enterprise segment, with impacts also on the Households Segment, subsequent to the strong increase in the unemployment rate and in Agreements - both ordinary and extraordinary - to use the Wages Guarantee Fund and for redundancy.

The following are some of the most significant measures designed to enhance loans management and monitoring, which the Cariparma Crédit Agricole Group implemented in the first half of 2013:
- the enhancement of monitoring on the positions showing irregular performances, through a more extensive and prompt management and action process, activated by early-warning indicators that steer the management of problem and non-performing loans;
- the new Special Loan Department, which is responsible for identifying and defining the most effective management actions that are designed for loan support and for upgrading risk, with regard to businesses operating in the real estate and/or building sector, as well as to businesses subject to debt restructuring agreements, with specific reference to the remedies provided for by Articles 67, 182, 161 and 160 of the Italian Bankruptcy Act;

- enhancement of the processes for the recovery of non-performing and impaired loans, for all types of Customers, which is implemented with specific organizational and management actions and subject to dedicated monitoring, exactly with the objective to improve the management of the cost of credit;
- definition of lending policies for Retail Customers, setting directions for granting and managing loans applied for by natural persons for purposes other than business and/or professional activities;
- start-up of a structural review of lending processes, impacting loan granting, management, monitoring and recovery;
- preparation of an extensive training plan designed for all staff involved in lending processes, focusing on loan granting and management, as well as on credit risk monitoring.

## Credit quality

| | Gross Exposure - Percentage of total | | | | Changes | |
|---|---|---|---|---|---|---|
| **Items** | **June 2013** | | **December 2012** | | **Total** | **%** |
| - Bad debts | 1,770,513 | 4.9% | 1,591,372 | 4.4% | 179,141 | 11.3% |
| - Substandard loans | 1,021,481 | 2.8% | 902,333 | 2.5% | 119,148 | 13.2% |
| - Restructured loans | 296,357 | 0.8% | 166,636 | 0.5% | 129,721 | 77.8% |
| - Past-due / overlimit loans | 396,162 | 1.1% | 335,824 | 0.9% | 60,338 | 18.0% |
| **Impaired loans** | **3,484,513** | **9.6%** | **2,996,165** | **8.2%** | **488,348** | **16.3%** |
| **Performing loans** | **32,818,543** | **90.4%** | **33,475,162** | **91.8%** | **-656,619** | **-2.0%** |
| **Total** | **36,303,056** | **100.0%** | **36,471,327** | **100.0%** | **-168,271** | **-0.5%** |

| | Net Exposure - Percentage of total | | | | Changes | |
|---|---|---|---|---|---|---|
| **Items** | **June 2013** | | **December 2012** | | **Total** | **%** |
| - Bad debts | 774,259 | 56.3% | 693,293 | 56.4% | 80,966 | 11.7% |
| - Substandard loans | 687,494 | 32.7% | 621,385 | 31.1% | 66,109 | 10.6% |
| - Restructured loans | 260,654 | 12.0% | 145,938 | 12.4% | 114,716 | 78.6% |
| - Past-due / overlimit loans | 387,031 | 2.3% | 327,495 | 2.5% | 59,536 | 18.2% |
| **Impaired loans** | **2,109,438** | **39.5%** | **1,788,111** | **40.3%** | **321,327** | **18.0%** |
| **Performing loans** | **32,683,467** | **0.4%** | **33,340,038** | **0.4%** | **-656,571** | **-2.0%** |
| **Total** | **34,792,905** | **4.2%** | **35,128,149** | **3.7%** | **-335,244** | **-1.0%** |

*(*) After notifications of insolvency received in July, the credit quality has been subject to changes for reclassifications of substandard loans to bad debts for a total of approximately €11 million*

The tables show that, in the first six months of 2013, impaired loans, net of adjustments, increased by €321 million (+18.0%) compared with 31st December 2012. This situation, combined with the decrease in performing loans (-2.0%), led to a higher weight of impaired assets on total loans to Customers, which increased from 8.2% to 9.6%.

Restructured loans showed the highest increase (+78.6%), since the provisions that were recently included in bankruptcy law regulations (Article 67, 182 and 160 of the Bankruptcy Act) caused businesses to use more debt restructuring agreements.

Net of adjustments, bad debts and substandard loans increased by +11.7% and by +10.6%, respectively, with a coverage ratio that was essentially stable for bad debts (56.3%) and increased by 1.6 p.p. for substandard loans (32.7%), thus substantiating the prudential approach of the risk management policy in such a difficult macroeconomic situation as the present one.

The cumulative total of writedowns of performing loans came to approximately €135 million and accounted for 0.4% of the nominal value of performing all positions. Loan writedowns were measured collectively, using a measurement approach based on in-house estimates of Probability of Default (PD) and Loss Given Default (LGD).

# Market risk

## Trading Book

Consistently with its strategic plan and operation history, the Group does not engage in proprietary trading in financial and capital markets. Nevertheless, there are residual positions resulting from its placement and trading activities carried to meet Customers' requests.

## Banking book

Asset Liability Management deals with Banking Book positions, with special focus on fixed-rate positions. The effects that interest rate fluctuations may have on the Bank's profits and economic value are taken into account.

The Cariparma Crédit Agricole Group manages, controls and monitors the interest rate risk on all assets and liabilities recognized in the Financial Statements, defining, through the adoption of internal models, the cumulative gap for each time bucket generated by the difference between the existing fixed-rate assets and liabilities. The Financial Risks and ALM Committee proposes the relevant limits to the Group Risk Management Committee of the Controlling Company Crédit Agricole S.A. by periodically submitting a Risk Strategy document, and the proposed limits are subsequently submitted for approval to the Boards of Directors of the Banks. In line with the instructions issued by Crédit Agricole S.A., a set of limits (in absolute value) on the gap was added to the global limit, defined in terms of Current Net Value (CNV) and representing the maximum risk level acceptable for the Group.

Global limits on banking book price risks 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. Within the book, sub-limits of concentration by issuer are also set. In accordance with the methods used by the Group, a stress-testing procedure has also been adopted. In the half-year, the limit of concentration was changed through timely application in order to allow the purchase of the securities required to set up liquidity reserves as provided for by supervisory regulations (LCR).

## Fair value hedging

The purpose of hedging interest rate risk is to immunize the banking book from changes in the interest rate curve or to lower the volatility of cash flows relating to a given asset/liability.

In particular, fixed-rate bonds were micro-hedged (specific hedges) and the fixed-rate gaps shown in the internal model were macro-hedged (generic hedges). The hedges were established with the purchase of Interest Rate Swaps.

# Liquidity risk

The Group manages liquidity risk using a system that includes methodologies for measuring and aggregating risks and for stress testing, in line with the mechanism adopted by the Controlling Company Crédit Agricole S.A., at the same time ensuring compliance with Italian legislative provisions.

The limit system is based on stress scenarios, with the purpose of ensuring a liquidity surplus on different time horizons and in increasingly serious scenarios. The stress assumptions used cover idiosyncratic crises, systemic crises and global crises. Moreover, the limit structure is completed by a set of management and early warning indicators provided for in the Contingency Funding Plan.

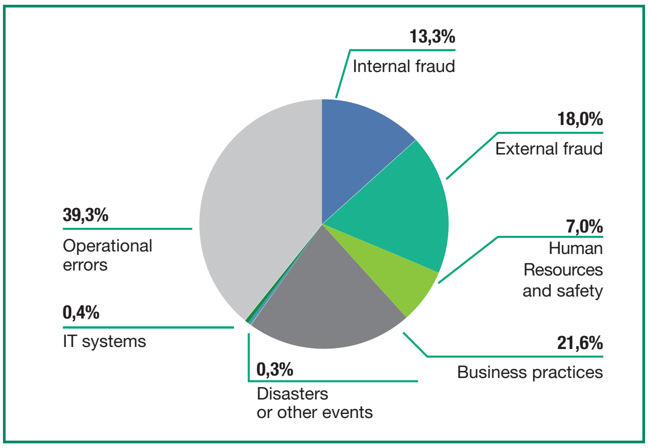
In addition to the above, and again consistently with the procedures adopted by the Controlling Company Credit Agricole S.A., standards and methods have been implemented, which are designed to calculate and monitor the Liquidity Coverage Ratio (LCR) provided for by Basel 3, ahead of the timeframes set by the EU regulations, but in line with the "adjustment path" set by the Regulator.

## Operational risks

### Breakdown of the Group's losses

In the first half of 2013, losses caused by operational risks and impacting the Income Statement amounted to approximately €7.9 million.

As regards the sources of operational risk, the breakdown of losses as at the end of May by type of event (LET, "Loss Event Type") is given below.




### Main measures

In addition to observing the loss trend, with regard to risk management, in the first half of 2013, the Bank of Italy carried out an inspection and indicated the measures required to obtain the authorization to adopt advanced methods for the calculation of the capital requirement for operational risks, relevant for the Cariparma and FriulAdria perimeter.

# » BUSINESS COMBINATIONS

## Transactions made in the period

The Cariparma Crédit Agricole Group did not carry out any business combinations in the first half of 2013.

# » TRANSACTIONS WITH RELATED PARTIES

The specific regulation issued on 12th December 2011 by the Bank of Italy concerning risk assets and conflicts of interest with related parties is part of the legislation framework on related parties (Article 2391-bis of the Italian Civil Code, Article 53 of the Consolidated Law on Banking and CONSOB Regulation No. 17221/10) and is designed "to protect against the risk that close relations that certain parties have with the bank's decision-makers might compromise the objectivity and impartiality of lending decisions and other transactions involving the same parties, leading to possible distortions in resource allocation, the bank's exposure to inadequately measured or managed risks and potential harm for depositors and shareholders".

This regulation came into force on 31st December 2012 and, consequently, the first supervisory reporting was made on 31st 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 11th 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 related 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.

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 related 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 related parties.

In addition to the above described legislation part, this project also included the development of he IT component.

Specifically, related parties are considered the following:
- Controlling Company;
- any other shareholders that, directly or indirectly, including through shareholders' agreements, exercise significant influence on the Bank;
- direct and indirect subsidiaries;
- associates and joint-ventures;
- Directors and Senior Managers with strategic responsibilities (Directors, Auditors, General Managers);
- other related parties:
  - members of the immediate families of Directors, Auditors and General Managers, as well as companies controlled by or associated with the above Directors, Auditors and General Managers or their immediate family;
  - members of the immediate families of other Managers with strategic responsibilities, as well as companies controlled by or associated with such managers or their immediate family members;
- Pension Plan[17].

[17] Pension Plan of the Cariparma Crédit Agricole Group - external individual capitalization defined-benefit pension plan, set up on 2nd October 2007 consistently with the Pension Reform of 1995 (so-called «Dini Law»), based on agreements made by and between the Parent Company and the Trade Unions, as reference pension forms for the Banking Group's employees.

## Disclosure on transactions with relates parties

Transactions with related parties consist in the transfer of resources, services or bonds between a Group company (or companies directly and/or indirectly controlled by it) and one or more related parties, independently of the 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 first half of 2013, no atypical or unusual transactions were carried out whose size or features might have compromised the protection of corporate equity and assets, as well as the interests of minority shareholders.

| | Financial assets held for trading | Financial assets available for sale | Loans to customers | Loans to banks | Due to customers | Due to banks | Guarantees issued |
|---|---|---|---|---|---|---|---|
| Holding company | - | - | - | 3,003,700 | - | 3,342,531 | 7,281 |
| Entity exercising significant influence on company | - | - | - | - | 957 | - | - |
| Associates | - | - | 687 | - | 26,405 | - | 209 |
| Directors and key management personnel | - | - | 1,756 | - | 3,910 | - | - |
| Other related parties | 25,421 | 48,898 | 1,098,304 | 21,244 | 638,920 | 927,341 | 20,252 |
| **Total** | **25,421** | **48,898** | **1,100,747** | **3,024,944** | **670,192** | **4,269,872** | **27,742** |

# Certification of the Interim Condensed Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/1998

CARIPARMA
CRÉDIT AGRICOLE

1. The undersigned Giampiero Maioli, Chief Executive Officer, and Pierre Debourdeaux, Manager responsible for preparing of the Company's financial reports of Cariparma S.p.A., taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, do hereby certify:
   - the adeguacy in relation to the Company's features an
   - the actual application of the administrative and accounting procedures employed for drawing up the condensed consolidated half-yearly financial statements, in the first half of 2013.

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

3. The undersigned also certify that:
   3.1 The condensed consolidated half-yearly financial statements:

   a)have been prepared in compliance with applicable international accounting standards recognised by the European Community pursuant to European Parliament and the Council Regulation 1606/2002 of 19 July 2002;

   b) correspond to the results of the books and accounts;

   c) give a true and correct representation of the capital, economic and financial situation of the Issuer and of the companies included in the consolidation.

   3.2 The half-yearly report on operations contains indications of the most significant events in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties faced in the remaining six months of the year as well as information on significant related party transactions.

Parma, 30 July 2013

| | |
|---|---|
| Giampiero Maioli<br>Chief Executive Officer | Pierre Débourdeaux<br>Manager responsible for preparing<br>the Company's financial reports |

Cassa di Risparmio di Parma e Piacenza S.p.A. - Sede Legale Via Università 1 - 43121 Parma - Tel. 0521/912111 - Capitale Sociale € 876.761.620 i.v. - Iscritta al Registro Imprese di Parma, Codice Fiscale e Partita Iva n. 02113530345 - Aderente al Fondo Interbancario di Tutela dei Depositi - Iscritta all'Albo delle banche al n. 5435 - Capogruppo del Gruppo Bancario Cariparma Crédit Agricole iscritto all'Albo dei Gruppi Bancari - Soggetta all'attività di Direzione e Coordinamento di Crédit Agricole S.A..

# Independent Auditors' Report

ERNST & YOUNG

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20123 Milano

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**Auditors' review report on the interim condensed consolidated financial statements**
**(Translation from the original Italian text)**

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

1. We have reviewed the interim condensed consolidated financial statements, comprising the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and cash flows statement and the related explanatory notes, of Cassa di Risparmio di Parma e Piacenza S.p.A. and its subsidiaries (the "Cariparma Crédit Agricole Group") as of June 30, 2013. Management of Cassa di Risparmio di Parma e Piacenza S.p.A. is responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue this review report based on our review.

2. We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of July 31, 1997. Our review consisted mainly of obtaining information on the accounts included in the interim condensed consolidated financial statements and the consistency of the accounting principles applied, through discussions with management, and of applying analytical procedures to the financial data presented in these consolidated financial statements. Our review did not include the application of audit procedures such as tests of compliance and substantive procedures on assets and liabilities and was substantially less in scope than an audit conducted in accordance with generally accepted auditing standards. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements as we expressed on the annual consolidated financial statements.

   With respect to the consolidated financial statements of the prior year and the interim condensed consolidated financial statements of the corresponding period of the prior year, presented for comparative purposes, reference should be made to our reports issued on March 29, 2013 and on July 26, 2012, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Cariparma Crédit Agricole Group as of June 30, 2013 are not prepared, in all material respects, in conformity with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, August 2, 2013

Reconta Ernst & Young S.p.A.
Signed by: Guido Celona, Partner

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

# Annexes

# Financial Statements of the Parent Company

## » BALANCE SHEET

| Assets | | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|---|
| 10. | Cash and cash equivalents | 155,093,709 | 194,827,573 |
| 20. | Financial assets held for trading | 263,912,054 | 284,226,442 |
| 30. | Financial assets carried at fair value | - | - |
| 40. | Financial assets available for sale | 3,685,596,176 | 3,103,909,472 |
| 50. | Financial assets held to maturity | - | - |
| 60. | Loans to banks | 4,249,838,545 | 4,737,740,340 |
| 70. | Loans to customers | 26,274,769,923 | 26,494,165,632 |
| 80. | Hedging derivatives | 758,361,896 | 938,120,435 |
| 90. | Value adjustment of financial assets subject to macro hedging (+/-) | 441,147 | 3,092,430 |
| 100. | Equity investments | 1,272,619,280 | 1,272,613,280 |
| 110. | Property, plant and equipment | 275,643,157 | 282,229,172 |
| 120. | Intangible assets | 1,175,776,462 | 1,184,265,804 |
| | *of which: goodwill* | *922,339,723* | *922,339,723* |
| 130. | Tax assets | 828,182,028 | 842,487,272 |
| | (a) current | 171,582,452 | 233,099,408 |
| | (b) deferred | 656,599,576 | 609,387,864 |
| | *b1) of which: Law 214/2011* | *546,086,605* | *481,935,195* |
| 140. | Non-current assets or groups of assets being divested | - | - |
| 150. | Other Assets | 759,547,217 | 671,231,911 |
| **Total assets** | | **39,699,781,594** | **40,008,909,763** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

| Liabilities and Equity | | 30.06.2013 | 31.12.2012 (*) |
|---|---|---|---|
| 10. | Due to banks | 4,738,261,870 | 5,167,909,480 |
| 20. | Due to customers | 17,357,628,814 | 16,915,912,571 |
| 30. | Securities issued | 10,902,817,598 | 11,200,868,468 |
| 40. | Financial liabilities held for trading | 267,080,039 | 287,965,101 |
| 50. | Financial liabilities carried at fair value | - | - |
| 60. | Hedging derivatives | 289,637,785 | 241,114,258 |
| 70. | Adjustment of financial liabilities hedged generically (+/-) | 337,522,163 | 504,274,915 |
| 80. | Tax liabilities | 110,324,519 | 215,005,816 |
| | (a) current | 75,966,546 | 173,367,583 |
| | b) deferred | 34,357,973 | 41,638,233 |
| 90. | Liabilities associated to assets being divested | - | - |
| 100. | Other liabilities | 1,031,319,088 | 865,963,746 |
| 110. | Employee severance benefits | 130,513,285 | 132,000,751 |
| 120. | Provisions for liabilities and contingencies | 159,328,046 | 171,244,102 |
| | (a) retirement and similar liabilities | 20,166,342 | 20,304,118 |
| | (b) other provisions | 139,161,704 | 150,939,984 |
| 130. | Valuation reserves | -108,954,217 | -140,075,454 |
| 140. | Redeemable shares | - | - |
| 150. | Equity instruments | - | - |
| 160. | Reserves | 779,291,221 | 775,098,975 |
| 170. | Share premium reserve | 2,736,003,683 | 2,736,003,683 |
| 180. | Share capital | 876,761,620 | 876,761,620 |
| 190. | Treasury shares (-) | - | - |
| 200. | Net profit (Loss) for the period (+/-) | 92,246,080 | 58,861,731 |
| **Total liabilities and equity** | | **39,699,781,594** | **40,008,909,763** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

## » INCOME STATEMENT

| Item | | 30.06.2013 | 30.06.2012 |
|---|---|---|---|
| 10. | Interest income and similar revenues | 547,093,220 | 611,029,033 |
| 20. | Interest expense and similar charges | (216,257,148) | (234,435,879) |
| **30.** | **Net interest income** | **330,836,072** | **376,593,154** |
| 40. | Commission income | 221,175,283 | 231,054,199 |
| 50. | Commission expense | (10,362,763) | (11,024,958) |
| **60.** | **Net commission income** | **210,812,520** | **220,029,241** |
| 70. | Dividends and similar revenues | 24,547,002 | 37,951,561 |
| 80. | Net gain (loss) on trading activities | 4,862,077 | 7,640,310 |
| 90. | Net gain (loss) on hedging activities | (1,985,193) | 740,234 |
| 100. | Gain (loss) on disposal or repurchase of: | 11,495,581 | 2,843,599 |
| | a) loans | (9,386) | (1,054,595) |
| | b) financial assets available for sale | 10,751,107 | 864,130 |
| | c) financial assets held to maturity | - | - |
| | d) financial liabilities | 753,860 | 3,034,064 |
| 110. | Net gain (loss) on financial assets and liabilities carried at fair value | - | - |
| **120.** | **Gross income** | **580,568,059** | **645,798,099** |
| 130. | Net impairment adjustments of: | (143,406,609) | (114,330,840) |
| | a) loans | (141,070,643) | (108,262,524) |
| | b) financial assets available for sale | (1,349,549) | (1,403,528) |
| | c) financial assets held to maturity | - | - |
| | d) other financial transactions | (986,417) | (4,664,788) |
| **140.** | **Profit (loss) from financial operations** | **437,161,450** | **531,467,259** |
| 150. | Administrative expenses: | (411,168,266) | (477,168,532) |
| | a) staff expenses | (231,681,882) | (278,856,441) |
| | b) other administrative expenses | (179,486,384) | (198,312,091) |
| 160. | Net provisions for liabilities and contingencies | (9,942,367) | (11,804,281) |
| 170. | Net adjustments/writebacks of property, plant and equipment | (10,025,480) | (10,054,696) |
| 180. | Net adjustments/writebacks of intangible assets | (24,150,961) | (26,401,388) |
| 190. | Other operating revenues (expenses) | 107,507,108 | 105,173,957 |
| **200.** | **Operating expenses** | **(347,779,966)** | **(420,254,940)** |
| 210. | Gain (loss) on equity investments | - | 4,824,214 |
| 220. | Gains (losses) from property, plant and equipment and intangible assets measured at fair value | - | - |
| 230. | Value adjustments of goodwill | - | - |
| 240. | Gain (loss) on disposal of investments | 216,665 | 161,955 |
| **250.** | **Gain (loss) before tax on continuing operations** | **89,598,149** | **116,198,488** |
| 260. | Income tax for the period on continuing operations | 2,647,931 | 516,209 |
| **270.** | **Profit (loss) after tax on continuing operations** | **92,246,080** | **116,714,697** |
| **280.** | **Profit (loss) after tax of groups of assets/liabilities under disposal** | **-** | **-** |
| **290.** | **Net profit (loss) for the period** | **92,246,080** | **116,714,697** |

## » STATEMENT OF COMPREHENSIVE INCOME

| Item | | 30.06.2013 | 30.06.2012 |
|---|---|---|---|
| **10.** | **Net profit (loss) for the period** | **92,246,080** | **20,020,904** |
| | **Other income after tax** | | |
| 20. | Financial assets available for sale | 30,996,883 | 24,345,701 |
| 30. | Property, plant and equipment | - | - |
| 40. | Intangible assets | - | - |
| 50. | Hedging of foreign investments | - | - |
| 60. | Cash flow hedges | - | - |
| 70. | Exchange rate differences | - | - |
| 80. | Disposal groups | - | - |
| 90. | Actuarial gains (losses) on defined-benefit plans (*) | 124,354 | (1,207,072) |
| 100. | Share of valuation reserve on equity investments accounted for by equity method | - | - |
| **110.** | **Total other income components after tax** | **31,121,237** | **23,138,629** |
| **120.** | **Comprehensive income (10+110)** | **123,367,317** | **43,159,533** |

*(*) This item includes other comprehensive income, net of taxes without reversal to income statement (IAS 1 Revised)*

## » STATEMENT OF CHANGES IN EQUITY AS AT 30th JUNE 2013

| | Share capital: ordinary shares | Share premium reserve | Reserves: income | Reserves: other | Valuation reserves | Net profit (loss) for the period | Equity |
|---|---|---|---|---|---|---|---|
| **EQUITY AT 31.12.2012 (*)** | **876,761,620** | **2,736,003,683** | **773,246,541** | **1,852,434** | **-140,075,454** | **58,861,731** | **4,306,650,555** |
| **Allocation of net profit for previous period** | | | | | | | |
| Reserves | - | - | 3,879,272 | - | - | -3,879,272 | - |
| Dividends and other allocations | - | - | - | - | - | -54,982,459 | -54,982,459 |
| **Changes in the period** | | | | | | | |
| Changes in reserves | - | - | - | - | - | - | - |
| Equity transactions | | | | | | | |
| New issues | - | - | - | - | - | - | - |
| Purchase of treasury shares | - | - | - | - | - | - | - |
| Extraordinary distribution of dividends | - | - | - | - | - | - | - |
| Changes in equity instruments | - | - | - | - | - | - | - |
| Treasury share derivatives | - | - | - | - | - | - | - |
| Shares and rights on shares of the Parent Company granted to Employees and Directors | - | - | - | 312,974 | - | - | 312,974 |
| Comprehensive Income | - | - | - | - | 31,121,237 | 92,246,080 | 123,367,317 |
| **EQUITY AT 30.06.2013** | **876,761,620** | **2,736,003,683** | **777,125,813** | **2,165,408** | **-108,954,217** | **92,246,080** | **4,375,348,387** |

*(*) Restated following the final recognition of the intra-group business combination made in 2012.*

## » STATEMENT OF CHANGES IN EQUITY AS AT 30th JUNE 2012

| | Share capital: ordinary shares | Share premium reserve | Reserves: income | Reserves: other | Valuation reserves | Net profit (loss) for the period | Equity |
|---|---|---|---|---|---|---|---|
| **EQUITY AT 31.12.2011** | **876,761,620** | **2,736,003,683** | **679,902,777** | **1,225,521** | **-344,661,772** | **204,621,158** | **4,153,852,987** |
| **Allocation of net profit for previous period** | | | | | | | |
| Reserves | - | - | 93,525,956 | - | - | -93,525,956 | - |
| Dividends and other allocations | - | - | - | - | - | -111,095,202 | -111,095,202 |
| **Changes in the period** | | | | | | | |
| Changes in reserves | - | - | - | - | - | - | - |
| Equity transactions | | | | | | | |
| New issues | - | - | - | - | - | - | - |
| Purchase of treasury shares | - | - | - | - | - | - | - |
| Extraordinary distribution of dividends | - | - | - | - | - | - | - |
| Changes in equity instruments | - | - | - | - | - | - | - |
| Treasury share derivatives | - | - | - | - | - | - | - |
| Shares and rights on shares of the Parent Company granted to Employees and Directors | - | - | - | 310,280 | - | - | 310,280 |
| Comprehensive Income | - | - | - | - | 74,566,870 | 116,714,697 | 191,281,567 |
| **EQUITY AT 30.06.2012** | **876,761,620** | **2,736,003,683** | **773,428,733** | **1,535,801** | **-270,094,902** | **116,714,697** | **4,234,349,632** |

## » CASH FLOW STATEMENT

| Items | 30.06.2013 | 30.06.2012 |
|---|---|---|
| **A. OPERATING ACTIVITIES** | | |
| **1. Operations** | **324,994,739** | **413,003,965** |
| - net profit (loss) for the period (+/-) | 92,246,080 | 116,714,697 |
| - gains (losses) on financial assets held for trading and on financial assets/liabilities carried at fair value (-/+) | -6,309,857 | -6,339,059 |
| - gains (losses) on hedging activities (-/+) | 3,239,762 | -7,534 |
| - net impairment adjustments (+/-) | 141,994,046 | 108,339,399 |
| - net adjustments of property, plant and equipment and intangible assets (+/-) | 34,176,441 | 36,456,084 |
| - net provisions for liabilities and contingencies and other costs/revenues (+/-) | 9,942,367 | 11,804,281 |
| - unpaid taxes and duties (+) | -2,647,931 | -516,209 |
| - other adjustments (+/-) | 52,353,831 | 146,552,306 |
| **2. Liquidity generated/absorbed by financial assets** | **-118,059,619** | **-579,440,508** |
| - financial assets held for trading | 26,624,245 | 13,813,795 |
| - financial assets available for sale | -640,985,376 | -41,724,364 |
| - loans to banks: on demand | 51,990,258 | 99,253,586 |
| - loans to banks: other loans | 435,911,537 | 618,795,848 |
| - loans to customers | 62,866,932 | -996,075,138 |
| - other assets | -54,467,215 | -273,504,235 |
| **3. Liquidity generated/absorbed by financial liabilities** | **-197,284,954** | **-631,764,209** |
| - due to banks: on demand | -492,691,039 | 5,210,278 |
| - due to banks: other payables | 63,043,429 | -679,320,199 |
| - due to customers | 441,716,243 | -549,837,361 |
| - securities issued | -233,126,807 | 457,211,080 |
| - financial liabilities held for trading | -20,885,062 | 1,357,276 |
| - other liabilities | 44,658,282 | 133,614,717 |
| **Net liquidity generated/absorbed by operating activities** | **9,650,166** | **-798,200,752** |
| **B. INVESTMENT ACTIVITIES** | | |
| **1. Liquidity generated by** | **24,883,142** | **38,308,247** |
| - dividends from equity investments | 24,547,002 | 37,951,561 |
| - sales of property, plant and equipment | 336,140 | 356,686 |
| **2. Liquidity absorbed by** | **-19,284,713** | **161,724,267** |
| - purchase of equity investments | -6,000 | 184,642,276 |
| - purchases of property, plant and equipment | -3,615,665 | -2,205,971 |
| - purchases of intangible assets | -15,663,048 | -20,712,038 |
| **Net liquidity generated/absorbed by investing activities** | **5,598,429** | **200,032,514** |
| **C. FUNDING** | | |
| - dividend distribution and other | -54,982,459 | -111,095,202 |
| **Net liquidity generated/absorbed by funding** | **-54,982,459** | **-111,095,202** |
| **NET LIQUIDITY GENERATED/ABSORBED DURING THE PERIOD** | **-39,733,864** | **-709,263,440** |

**RECONCILIATION**

| Financial Statement items | 30.06.2013 | 30.06.2012 |
|---|---|---|
| Cash and cash equivalents at beginning of period | 194,827,573 | 847,475,686 |
| Total net liquidity generated/absorbed during the period | -39,733,864 | -709,263,440 |
| **Cash and cash equivalents at end of period** | **155,093,709** | **138,212,246** |

*LEGENDA: (+) generata (–) assorbita*

## » RECONCILIATION OF PARENT COMPANY EQUITY AND NET PROFIT AND CONSOLIDATED EQUITY AND NET PROFIT

| | 30.06.2013 | |
|---|---|---|
| | Equity | of which: Net Profit |
| **Balance in Parent Company accounts** | **4,375,348** | **92,246** |
| Effect of consolidation of subsidiaries | 69,832 | 16,065 |
| Effect of equity method accounting of significant equity investments | -403 | -403 |
| Dividends received in the period | - | -23,069 |
| Other changes | - | - |
| **Balances in consolidates accounts** | **4,444,777** | **84,839** |

CARIPARMA
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Aderente al Fondo Interbancario di Tutela dei Depositi e al Fondo Nazionale di Garanzia
Iscritta all'Albo delle Banche al n. 5435
Capogruppo del Gruppo bancario Cariparma Crédit Agricole iscritto all'Albo dei Gruppi bancari
Soggetta all'attività di direzione e coordinamento di Crédit Agricole S.A.