Financial Statements 2015

132th fiscal year

Financial Statements as at 31 December 2015

Approved by the Ordinary Shareholders' Meetingheld 14 May 2016

BANCA
DI CREDITO COOPERATIVO
DI CAMBIANO

The oldest cooperative credit bank in Italy
www.bancacambiano.it

BANCA DI CREDITO COOPERATIVO DI CAMBIANO (CASTELFIORENTINO – FIRENZE) SOCIETÀ COOPERATIVA PER AZIONI

Registered Office and General Administration: 50051 Castelfiorentino (Florence) – Piazza Giovanni XXIII, 6
Italian Banking Association Bank Code 08425 - Tel. +39 05716891 - Fax +39 0571022002

Registered with the Company Register of Florence at n. 00657440483
Fiscal code and VAT n. 00657440483
Administrative Economic Index (R.E.A.) n. 196037
Registered with the Register of Banks maintained by the Bank of Italy at n. 3556
Registered with the Register of Traditional Cooperatives (“*a mutualitàprevalente*”) at n. A161000

Bank adhering to the Guarantee Fund for Depositors of Cooperative Credit, to the National Guarantee Fund, the Finance Banking Conciliation and Finance Banking Arbitration Services

Shareholders’ equity as at 31 December 2015: 260,146,582 euro

Territorial network: 38 branches distributed throughout the provinces of Florence, Pisa, Siena, Pistoia and Arezzo

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Administrative, control and general management bodies

Board of Directors

Chairman	*Paolo Regini*
Vice Chairman	*EnzoAnselmi*
Director	*Mauro Bagni*
Director	*EnzoBini*
Director	*Mario Gozzi*
Director	*Renzo Maltinti*
Director	*Paolo Profeti*

Board of Statutory Auditors

Chairman	*Stefano Sanna*
Acting auditor	*EdoardoCatelani*
Acting auditor	*Rita Ripamonti*
Alternate auditor	*Elena Gori*
Alternate auditor	*Angela Orlandi*

Board of Internal Arbitrators

Chairman	*Luciano Giomi*
Acting member	*FaustoFalorni*
Acting member	*GiulianoLastraioli*
Alternate member	*Paolo Papini*
Alternate member	*Lisa Vasconi*

General Managers

Managing Director	*Francesco Bosio*
Deputy Managing Directors	*GiulianoSimoncini*

Independent Auditor

Baker Tilly RevisaS.p.A.

Notice of the Shareholders' Meeting

(Official Gazette of the Republic of Italy–Second Section - n. 39issued 31 March 2016)

BANCA DI CREDITO COOPERATIVO DI CAMBIANO (CASTELFIORENTINO - FIRENZE)
SOCIETÀ COOPERATIVA PER AZIONI

Registered with the Register of Mutual Aid Cooperatives at n. A161000 – Registered with the Register of Banks at n. 3556 –Bank adhering to theGuarantee Fund for Depositors of Cooperative Credit, the National Guarantee Fund, the Finance Banking Conciliationand Finance Banking Arbitration Services
Registered offices: Piazza Giovanni XXIII n. 6, 50051 Castelfiorentino (FI) -Italy
Share capital: Equity as at 31 December 2015: 260,146,582 euro
Register of Companies: Florence 00657440483 –Administrative Economic Index (R.E.A.): Florence 196037
Fiscal code: 00657440483 –VAT number: 00657440483

Notice of Shareholders' Meeting

The shareholders are hereby given notice of a Shareholders' Meeting to be held at first calling on 29 April 2016 at 1:00 pm at the corporate offices and, if necessary, at second calling on 14 May 2016, at 4:30 pm at the Auditorium of the State Institute for Higher Education «F. Enriques» located in Castelfiorentino, via Duca d'Aosta n. 65, to discuss and vote on the following agenda:

1) Presentation of the fiscal year Financial Statements as at 31 December 2015; Director's Report on Operations; Report of the Board of Statutory Auditors and the Report of the Independent Auditor; Proposal for the distribution of fiscal year profits. Resolutions pertaining thereto and resulting therefrom;
2) Determination of the share premium to be paid by new shareholders in accordance with Article 21 of the articles of association;
3) Information on remuneration policies in accordance with Article 29(2) of the articles of association;
4) Determination of the maximum credit to be granted to the same borrower;
5) Nomination of the Board of Directors for the 2016-2018 three year period, pursuant to determination of the election procedure, the number of members of the board and the respective compensation. Resolutions pertaining thereto and resulting therefrom;
6) Nominationof the Board of Statutory Auditors and the Chairman of the Board for the 2016-2018 three year period, pursuant to determination of the election procedure, the number of members of the board and the respective compensation. Resolutions pertaining thereto and resulting therefrom;
7) Nomination of the Board of Internal Arbitrators for the 2016-2018 three year period;
8) Information on Law decree n. 18/2016 and resolutions resulting there from.

In accordance with Article 24 of the articles of association, shareholders are entitled to participate in and vote at the Shareholders' Meeting provided they have been recorded in the shareholders' register for at least ninety days.

Castelfiorentino, 25 March 2016

Signed for the Board of Directors,
The Chairman
Paolo Regini

Schedules to the financial statements

Statement of assets and liabilities

Assets

	Asset line items	2015	2014
10	Cash and cash balances	10,689,825	9,077,212
20	Financial assets held for trading	694,970	740,130
30	Financial assets measured at fair value	-	-
40	Financial assets available for sale	1,304,537,115	869,715,032
50	Financial assets held through maturity	-	-
60	Receivables from banks	216,561,308	164,065,824
70	Receivables from customers	2,009,908,372	1,922,144,029
80	Hedges	1,376,992	3,729,710
90	Adjustment of value of generic hedges for financial assets (+/-)	-	-
100	Equity investments	19,621,818	18,166,464
110	Property, plant and equipment	65,186,100	62,252,156
120	Intangible assets	2,267,099	2,330,859
	of which:		
	- goodwill	*2,100,000*	*2,100,000*
130	Tax receivables	30,785,219	23,999,907
	a) current	*9,349,208*	*5,679,068*
	b) pre-paid	*21,436,010*	*18,320,839*
	b1) of which to the law 214/2011	*20,755,974*	*17,662,605*
140	Non-current assets and groups of assets held for sale	-	-
150	Other assets	43,422,208	44,520,413
	Total assets	**3,705,051,026**	**3,120,741,736**

Liabilities and shareholders' equity

	Liability line items and Shareholders' Equity	2015	2014
10	Payables to banks	484,257,938	478,615,377
20	Payables to customers	2,267,390,500	1,524,911,967
30	Outstanding securities	532,751,581	736,174,232
40	Financial liabilities from trading	-	-
50	Financial liabilities measured at fair value	-	-
60	Hedges	499,523	500,391
70	Adjustment of value of generic hedges for financial liabilities (+/-)	-	-
80	Tax liabilities	3,583,364	12,762,654
	a) current	-	*2,756,450*
	b) deferred	*3,583,364*	*10,006,203*
90	Liabilities associated with assets in the course of divestment	-	-
100	Other liabilities	140,987,855	84,792,852
110	Employee severance pay	3,625,427	3,893,843
120	Risk and expense funds	911,141	1,022,367
	a) pensions and similar commitments	-	-
	b) other funds	*911,141*	*1,022,367*
130	Valuation reserves	13,684,553	30,435,931
140	Redeemable shares	-	-
150	Equity instruments	-	-
160	Reserves	247,700,771	239,485,218
170	Premiums on issue of new shares	582,455	255,143
180	Share capital	4,075,920	2,991,762
190	Treasury shares (-)	-	-
200	Fiscal year profit (loss) (+/-)	5,000,000	4,900,000
	Total Liabilities and Shareholders' Equity	**3,705,051,026**	**3,120,741,736**

Income Statement

	Income statement	2015	2014
10	Earned interest and similar income	72,831,558	81,251,828
20	Interest payable and similar expenses	(34,362,684)	(42,311,120)
30	**Interest income**	**38,468,874**	**38,940,708**
40	Commission income	22,611,457	21,522,509
50	Commission expenses	(1,533,263)	(1,628,345)
60	**Net commissions**	**21,078,195**	**19,894,165**
70	Dividends and similar income	619	-
80	Net trading result	1,641,384	1,077,251
90	Net hedging result	2,890	44,531
100	Gains (losses) from the disposal or repurchase of:	31,034,124	21,222,755
	a) receivables	-	-
	b) financial assets available for sale	*30,964,236*	*21,279,472*
	c) financial assets held through maturity	-	-
	d) financial liabilities	*69,888*	*(56,717)*
110	Net income of financial assets and liabilities measured at fair value	-	-
120	**Operating income**	**92,226,086**	**81,179,410**
130	Net adjustments/write-backs of value due to impairment of:	(36,719,122)	(33,893,165)
	a) receivables	*(35,259,929)*	*(33,041,300)*
	b) financial assets available for sale	-	-
	c) financial assets held through maturity	-	-
	d) other financial operations	*(1,459,194)*	*(851,864)*
140	**Net income from financial assets**	**55,506,964**	**47,286,245**
150	Administrative costs:	(50,084,552)	(43,601,630)
	a) personnel costs;	*(23,029,377)*	*(21,091,534)*
	b) other administrative costs	*(27,055,175)*	*(22,510,096)*
160	Net allocations to risk and expense funds	-	15,904
170	Net adjustments/write-backs of value to property, plant and equipment	(3,060,669)	(2,567,241)
180	Net adjustments/write-backs of value to intangible assets	(84,217)	(75,007)
190	Other operating costs/income	2,738,603	4,490,014
200	**Operating costs**	**50,490,835**	**41,737,960**
210	Profit (loss) from equity investments	645,017	850,138
220	Net result of the fair value measurement of property, plant and equipment and intangible assets		-
230	Adjustments to value of goodwill		-
240	Gains (losses) from the disposal of investments	8,210	5,881
250	**Gains (losses) from current operations before tax**	**5,669,355**	**6,404,304**
260	Fiscal year income taxes on current operations	(669,355)	(1,504,304)
270	**Profit (loss) from current operations after tax**	**5,000,000**	**4,900,000**
280	Gains (losses) from groups of assets in the course of divestment after tax		-
290	**Fiscal year profit (loss)**	**5,000,000**	**4,900,000**

Report on Management

libertà va cercando, ch'è sì cara,
come sa chi per lei vita rifiuta
(Pur. I, 71-72)

Dear Shareholders,

the year 2015 has come to a close, yet another year, the ninth, of unprecedented crisis that is putting the Italian production and financial fabric to the test. A year during which further and even stricter European regulations have been introduced, impacting many sectors, among which the banking sector. By now inured to the barrage of regulations that banks have been subjected to over the last years, 2015 was witness to two extraordinary events: the default of four Italian banks and the introduction of the *Single Resolution Mechanism* (SRM), better known for the *bail-in* component. Two aspects that have profoundly influenced the general public's perception of the National Banking System and the fundamental trust-based relationship with customers, with a tendency to generalizations, also on the wave of actions on the part of the media often aimed at creating only scandal. In this particularly difficult year, your Bank was able to confirm positive results, drawing strength from its credibility and social legitimacy, acknowledged by its customers thanks to the Bank's long-established business seriousness, transparency and absolute uprightness. The economic results are 5 million euro, in spite ofthe absorption of unforeseeable charges equal to 4,874,644.69 euro,as the Bank's participation to face the crises of the by now renownBanca Etruria, Banca Marche, CassaRisparmio Ferrara and CassaRisparmio Chieti, as well as some Cooperative Credit Banks, for example, just to name the most significant ones, the BCC Alta Padovana andthe BCC Romagna Cooperativa.The results qualify as even more positive in that, in addition to having bourn the aforementioned charges, they were achieved in an extremely difficult economic and financial context, in which businesses carry on amongst thousands of difficulties and aggravated risk that are in turn reflected within the financial statements of the banks that are an integral part of the system and share the resulting credit risk, and this cannot be read in an idiosyncratic manner, or at least not wholly so, in respect of honest and upright management methods, far from the *mala gestio*.If we wish to search for positive aspects, the recessive stage seems to be slowing down. While noting that the 0.8% growth in GNP at the end of 2015 represents a small positive sign after many years of heavy negative signs, which do not permit imagining a strong recovery, it is nonetheless a significant datum to monitor and sustain. The growth would have to be of much greater entity in order to have significantly concrete effects on the daily life of families and businesses. In the meantime, Italy is living a season of significant reforms which, along with favorable external factors, such as the drop in oil prices and the extraordinary expansive monetary policy, may build a solid foundation to support a new launch of economic development. Failing to seize this opportunity would prove to be a fault with no further possibility of appeal.

Within the sphere of the banking system, the important reform regarding *BanchePopolari*(People's Banks) and the reform regarding cooperative credit banks that is completing the process for conversion into law, are worthy of note. In both cases, the reforms mark a quantum shift. The main characteristics of the reforms will be dealt with in the section "Significant events after the end of the fiscal year" in this report.

1. Summary of results

If there is one factor that differentiates and characterizes the profile of banks – aside from their size, the specificity of management policies, or the vastness of the territories served – that factor is most certainly to be found in the approach towards and in the style of relations with customers: that is to say, their "manner of banking, of being a bank", acting according to behavioral models that are at the basis of company culture and reflect the true nature of the bank, that is felt by customers in a direct manner. The model that we identify with – that is first and foremost a mindset – is that of "bank in the territory": an attachment to work and savings ethics; the awareness and responsibility of being an integral part of local communities; the desire to contribute to their economic and social development, by fulfilling our duties to the best of our capacities and as efficiently as possible. Keeping respect for the local area and experiencing the territory as an ensemble entity with respect to viewing it as a mere geographical space, these are the values that are at the very basis of our entire business. There are strong values capable of turning themselves into a wealth of knowledge with respect to the disconnection from the local territory resulting from globalization and laid as the basis of the business activities of many banks, in spite of the attractive advertising communications that soon prove themselves to be nothing but images without real content,which contribute to increasing social disfavor towards the banking system on the part of a large part of the market.

Albeit with the strict limits imposed by risk profiles and a credit demand in net downturn, company management was centred on credit intermediation. Favored by adequate share equity, families and small/medium businesses remained the main target, aiming at maximum splitting by borrowers and sector economic diversification.The salient features of the management method, which is substantially savings collection and loans, underscore how the entire structure is committed to the mission that typifies our Bank: that of earning the trust of our depositors and favoring credit to those who deserve to be trusted. In addition to the traditional deposit and lending activities, the same commitment was exercised in developing the entire services area, an increasingly significant component also in terms of forming the intermediation margin, nonetheless confirming an extreme aversion to establishing relationships based on the short-term. Hence, through an accurate selection among specialized counter-parties, and in compliance with the Strategic Plan, important agreements have been perfected for the distribution of third party products, with particular focus on the insurance sector and the investment services sector.

SUMMARY OF RESULTS				
(in thousands of euro)	**2015**	**2014**	**Absolute Var.**	**Var. %**
Capital data				
Receivables from customers	2,009,908	1,922,144	87,764	4.57%
Receivables from banks	216,561	164,066	52,495	32.00%
Financial assets	1,305,232	870,455	434,777	49.95%
Equity investments	19,622	18,166	1,455	8.01%
Total assets	3,705,051	3,120,742	584,309	18.72%
Direct deposits from customers	2,800,142	2,261,086	539,056	23.84%
Indirect funding from customers	159,286	140,131	19,155	13.67%
Shareholders' equity (excluding fiscal year profits)	266,044	273,168	-7,124	-2.61%
Economic data				
Interest income	38,469	38,941	-472	-1.21%
Operating income	92,226	81,179	11,047	13.61%
Net income from financial assets	55,507	47,286	8,221	17.39%
Result of operating management	5,669	6,404	-735	-11.48%
Net value adjustments for impairment of loans	35,260	33,041	2,219	6.72%
Fiscal year profit	5,000	4,900	100	2.04%
Other information				
Number of branches	38	32	6	18.75%

2. Local economic situation

In 2015 the **world economic** trend continued the limited growth rate already underscored.On the one hand, the main driver over the last years, the growth of **emerging countries**, has further suffered from the slowdown of the Chinese economy, the effects of which have in no way been mitigated, not even by the reduction in oil prices registered starting in 2014 (the price of a barrel of Brent has dropped from over 100 to about 30 dollars) and the trend reversal in the American monetary policy (prevalently in terms of operator expectations: the hike in official rates by the Federal Reserve was operated only in December 2015). On the other hand, that which seemed to emerge as a new driving factor, that is to say the recovery of the United States economy, registered a significant slowdown at the end of 2015, which also marginally impacted the impetus of the United Kingdom, Japan and, in a decidedly lesser manner, the Euro Zone. Specifically, in the last quarter of the year, the purchasing managers' index for global all-industry output dropped from 53.6 to 52.9 points, in line with some of the macro-dynamics previously mentioned (deceleration of emerging economies, in particular India, Russia and Brazil, and growth, albeit contained, of advanced economies, especially United Kingdom and Japan). This value is lower than the historical average for the long-term and may be traced back to both the manufacturing sector and the services sector. World commerce has maintained a positive trend, thanks to acceleration in interchange in the second semester of the year, despite somewhat slow rhythms. Inflation remained low, due to the negative contribution of energy prices. Within the OECD area, the index of consumer prices was 0.7 percent on a yearly basis (1.8 percent, if considering the so-called “*core*” datum, net of food and energy products).

In the **United States** the GDP’S yearly rise slowed down during the third and fourth quarters of 2015 (respectively, +2.0 percent and +0.7 percent,from +3.9 percentin the second quarter), after having increased by 3.2 percent in 2014 and 3.1 percent in 2013. The last data on economic activity marked a significant drop in industrial production over the last months of 2015 (-1.3 percent yearly in November and -1.8 percent yearly in December) and even some economic indicators, such as the leading indicator and the Institute for Supply Management(ISM) manufacturing index have advances uncertain forecasts for the first months of 2016.

At the close of the year, consumer price inflation dropped by 0.1 percentage points, as compared to 2014, reaching 0.7 percent. The rate mostly reflected the drop in energy prices, while the dynamics of food product prices and other “*core*” components remained more stable, as the relative rate which, net of food products and energy products, rose to 2.1 percent, higher than the rate at the end of 2014 (1.6 percent).

As regards the labor market, the creation of new jobs remained strong until December, with almost 300 thousand new jobs in non-agricultural sectors. The unemployment rate dropped to 5.0 percent, closet o pre-crisis level.

In the**Euro zone,** gross domestic product rose in the second and third quarters of 2015, as compared to the first quarter, going from 1.3 percent to 1.6 percent (it was down to 0.9 percent in 2014). Private consumption continued to be decisive to drive the recovery, trusting in an increase in disposable income due to the price drops and the rise, albeit contained, in employment rates. Industrial production intensified. The year’s average monthly growth rose from 0.8 percent in 2014 to 1.6 percent in 2015. The purchasing mangers’ composite index dropped slightly on a monthly basis in December, as referred to both the manufacturing sector (down to 53.6 from 55.3) and the services sector (down to 53.6 from 54.2); however, in both cases, during the year it remained structurally higher than the threshold compatible with the expansion of economic activity (50 points).

Inflation in the Euro zone, measured as the annual rate of change of the consumer price index, was 0.2 percent at the close of the year, marking a slight improvement, as confirmed by the continued increase of the same value in January 2016.

In **Italy**, the prolonged annual drop in GDP, which started in December 2011, came to a stop in the first quarter of 2015. The last datum referring to the third quarter of 2015 was slightly lower than forecasted, but still on an up-trend (0.8 percent, as compared to the 0.6 percentregistered in the second quarter). During the same year, there were signs of a moderate intensification of economic activity, with an average 1.0 percent growth in industrial production.

I principali dati macroeconomici

	Pil (var. % annue)			Produzione industriale (var. % annue)		
	2013	2014	2015	2013	2014	2015
Usa	1,5	2,4	2,4	1,9	3,7	1,3
Giappone	1,4	-0,1	0,5	-0,6	2,1	-0,9
Area Euro	-0,3	0,9	1,5	-0,7	0,8	1,3
- Italia	-1,7	-0,3	0,8	-3,1	-0,5	0,8
- Germania	0,4	1,6	1,4	0,1	1,5	0,5
- Francia	0,7	0,2	1,1	-0,5	-1,1	1,3
- Spagna	-1,7	1,4	3,2	-1,6	1,2	3,2
	Inflazione (CPI) * (var. % annue)			**Tasso di disoccupazione** (val. %)		
	2013	2014	2015	2013	2014	2015
Usa	1,5	1,6	0,1	7,4	6,2	5,3
Giappone	0,1	2,3	0,7	4,0	3,6	3,4
Area Euro	1,3	0,4	0,0	12,0	11,6	10,9
- Italia	1,3	0,2	0,1	12,1	12,7	11,9
- Germania	1,6	0,8	0,1	5,2	5,0	4,6
- Francia	1,0	0,6	0,1	10,3	10,3	10,4
- Spagna	1,5	-0,2	-0,6	26,1	24,5	22,1

* Per i paesi dell'Area Euro si è preso in considerazione l'indice armonizzato dei prezzi al consumo

Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Thomson Datastream

Despite the improved climate of confidence among businesses and consumers (during 2015, both positioned above the expansion threshold of 100 points), the economic recovery continues to be burdened with the fragility of the labor market and the low productivity index, which has continued to penalize our production system for decades. The unemployment rate, which hinders the growth of disposable income, started to decrease in December 2014, after having touched a peak value of 13.1 percent, but remained nonetheless high in a historical perspective: 11.3 percent in November 2015.

Inflation, measured as the annual rate of change of the consumer price index, gradually decreased to 0.1 percent in December, due to the drop in energy prices, while those associated to less volatile components remained nonetheless contained (0.6 percent).

The monetary policy in the Euro zone continued to be substantially expansionary in 2015: during 2015, the Central European Bank left the interest rate at 0.05% (a historic low, since the birth of the Euro), and the marginal lending rate at 0.3%, while at year's end, it lowered the rate on overnight deposits of banks with the ECB from -0.20% to -0.30% starting from 9 December last.In continued efforts to bring inflation rates to the 2% target and support economic recovery, the Central European Bank launched a broad unconventional program (*quantitative easing - QE*) at the beginning of 2015, and then recently decided to prolong the program to purchase financial activities to march 2017 "or later, if necessary"and to extend the program to securities issued by local bodies. ECBPresidentDraghialso reiterated the Bank's firm intention to be ready to use any instruments within his mandate to reach price stability.It remains, however, indisputable that monetary policy cannot be a substitute for economic policy decisions, especially in the medium to long term.

ECB monetary policy and European banking industry trends

The ECB Board of Directors has repeatedly implemented extraordinary expansive measures. As already mentioned, it reduced official rates in December 2015 down to -0-30 (Deposits), to 0.05 (principal refinancing operations) and to 0.30 percent (marginal refinancing operations) and has reconfirmed the QE securities purchasing program for 60 billion Euro a month. Operators expect a possible further easing of monetary policy between the end of the first quarter and the second quarter of 2016, which could take the form of another interest rate cut or an expansion of the QE program. As a result, Euribor rates have been pushed to negative levels during 2015 (the three-month rate, which at the end of 2014 was 0.78 percent, reached a point value of 0.13 percent at the end of 2015).

The Federal Open Market Committee (FOMC) of the Federal Reserve modified interest rates for the first time since December 2008, raising them for the first time since June 2006 by 25 base points. The Federal Funds target range was brought to between 0.25 and 0.50 percent.

The European banking industry is gradually recovering from the crisis and credit institutions have begun implementing measures aimed at strengthening their financial statements, despite the fact that they are operating in a cyclical and financial scenario characterized by various factors of uncertainty. Banks that execute primarily financial transactions have registered good results in a short time, while real banks, those that operate on a commercial level, have different timing and more gradual growth rates. On the other hand, all the sector regulations impact for the most part traditional banking activities, with greater risks, with respect to financial activities, perhaps full of derivative products.

As regards lending, the decline in the volume of loans to non-financial corporations continued, with a reduction that involved almost all the countries in the Euro zone. After having dropped to 1.4 percent in 2014, lending to non-financial corporations decreased, on an annual basis, by a further 0.6 percent in the first quarter of 2015 and by an additional 0.2 percent in the subsequent quarter, and then rose marginally by 0.1 percent in the third quarter, stopping at 4.307.8 billion Euro, as per the last available data (November 2015). The reduction involved mainly lending with a duration inferior to one year (a -2.7 percent decline on an annual basis in the third quarter of 2015), compared to a growth of 3.6 percent for loans with a duration of 1 to 5 years and the 0.2 percent for loans with a duration longer than 5 years. Nevertheless, the decline seems to have stopped and the most recent data show a timid trend reversal. In October, in fact, credit to non-financial corporations showed a growth, over the 12 month period, of 0.5 percent, followed by 0.9 percent in the following month.

After the modest reduction registered in 2014 (-0.3 percent), during 2015 lending to families registered a trend reversal. Following a stationary first quarter, in fact, the growth of this component (on an annual basis) was 1.2 percent in the second quarter and 1.6 percent in the following three months, thanks to the recovery of components associated to consumer credit and home mortgage loans, which grew respectively by 2.6 and 1.8 percent during the same period. In November 2015, the total loans to families was equal to 5,308 billion Euro

(5,637 billion, considering adjustments for loan transfers and securitizations), of which 3,943 billion for mortgage loans and 596 billion destined to consumer credit (compared to 563 billion at the end of 2014).

As regards deposits, after having registered a substantial decline in 2011, European banking institute deposits began to gain momentum again and confirmed the positive trend in 2014. Non financial company deposits grew on an annual basis by 4.3% in the second quarter and 5.1 percent in the third quarter of 2015, after the 4 percent point increase registered in 2014, thanks to sight deposits (+10.8 percent as compared to the third quarter of 2014), despite the substantial decline registered by deposits with agreed maturity inferiorto 2 years (-12.3 percent in the third quarter of 2015) and by repurchase agreements (-32.5 percent, on an annual basis). In parallel, family deposits rose 3 percent in both the second and third quarters of 2015 (in 2014 they grew by 2.6 percent points), reaching, as per last available data regarding November 2015, approximately 5,729 billion euro. In this case as well, the increase was driven by the growth in sight deposits (+10.8 percent on an annual basis in the second quarter of 2015 and +11.1 percent in the following quarter).

The principal interest rates have registered an overall drop, despite recent signs of stabilization. In November 2015, the composite indicator of the cost of funding to non-financial corporations dropped to 2.12 percent (in December 2014, the index was 2.44 percent). The same indicator, referred to the cost of home purchase loans to families decreased, as per the most recent data, to 2.27 percent (from 2.48 percent at the end of 2014).

Trend of the Italian banking industry

Based on the most recent statistical surveys, it is possible to have final balance data for 2015 regarding deposits, loans and securities portfolio in Italy.

Depositi e obbligazioni da clientela delle banche in Italia

	Raccolta (depositi e obbligazioni)		Depositi clientela residente[1]		Obbligazioni[2]	
	mln €	a/a	mln €	a/a	mln €	a/a
dicembre-14	1.707.648	-1,22	1.263.965	4,02	443.683	-13,61
gennaio-15	1.708.973	-0,55	1.267.100	5,08	441.873	-13,80
febbraio-15	1.695.939	-1,25	1.263.940	4,39	431.999	-14,73
marzo-15	1.696.609	-1,56	1.267.290	3,53	429.319	-14,02
aprile-15	1.694.211	-1,61	1.270.937	3,70	423.274	-14,72
maggio-15	1.698.168	-1,69	1.283.792	3,88	414.376	-15,68
giugno-15	1.687.480	-1,31	1.277.530	3,91	409.950	-14,67
luglio-15	1.674.441	-1,55	1.274.603	3,65	399.838	-15,13
agosto-15	1.674.917	-1,96	1.276.284	2,74	398.633	-14,48
settembre-15	1.678.866	-1,48	1.285.259	3,25	393.607	-14,31
ottobre-15	1.692.925	0,18	1.304.808	5,24	388.117	-13,77
novembre-15	1.677.525	-1,71	1.289.250	2,39	388.275	-13,25
dicembre-15	1.698.289	-0,55	1.312.164	3,81	386.125	-12,97

Note: ultimo mese stime SI-ABI.
1 Depositi della clientela ordinaria residente privata, sono esclusi i depositi delle IFM e delle Amminstrazioni centrali. Sono inclusi conti correnti, depositi con durata prestabilita, depositi rimborsabili con preavviso e pronti contro termine. I dati sono nettati dalle operazioni con controparti centrali, dai depositi con durata prestabilita connessi con operazioni di cessioni di crediti.
2 Registrate al valor nominale ed espresse in euro includono le passività subordinate e non includono le obbligazioni acquistate da banche. Si riferiscono a clientela residente e non residente.
Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Banca d'Italia e SI-ABI.

In 2015, the dynamics of **funding activity** in Italy showed signs of a slight recovery, albeit values remained negative, but near zero. In detail, at the end of 2015 deposits in Euro by customers of the total of Italian banks, represented by deposits by existing customers (current account deposits, deposits with agreed maturity net of those connected to credit transfer operations, deposits redeemable at notice and repurchase agreements; deposits are net of operations with central counterparties) and securities (net of those repurchased by banks) was equal to 1,698.3 billion euro, with an annual variation of -0.6%, (-1.2% in December 2014) and a fall in collected funds of about 9.5 billion euro.

A study of the various components shows that deposits by existing customers (net of operations with central counterparties, of deposits with agreed maturity connected to credit transfer operations) registered a trend of variation equal to +3.8% (+4% in December 2014; +48,2 billion euro at the end of 2014). The annual variation for securities was equal to -13% (-13.6% in December 2014; -57.6 billion).

At the end of 2007, the date conventionally considered the beginning of the crisis period, although in the absence of macroscopic elements, either ignored or underestimated by financial market supervisory authorities, which had long since begun to give signs of crisis, bank funding amounted to approximately 1,513 billion euro (+185.6 billion from the end of 2007 to date); thus composed: 1,000.5 billion in customer deposits (+311.7 billion from the end of 2007 to date) and 512.2 billion in securities (-126.1 billion since 2007).

During 2015, the slight improvement in the economic situation translated into a rise – albeit contained – of credit demand on the part of businesses and families.In the meantime, credit risk was compounded.

Bank loans to customers (private sector plus public administration bodies, net of repurchase agreements with central counterparties) were equal to 1,824.7 billion euro at the end of 2015, with an annual variation of -0.2% (-1.3% at the end of 2014). At the end of 2007 – before the beginning of the crisis – the same aggregate amounted to 1,673 billion; from then to now, a growth of approximately 151.5 billion euro in absolute value has been registered.

The annual variation of loans to Italian residents in the private sector was also slightly negative (-0.3% at the end of 2015, from -2.1% at the end of 2014). At the end of 2014, loans to residents amounted to 1,557.6 billion euro (1,450 billion at the end of 2007, approximately +103 billion from then to the end of 2015).

Loans to families and non-financial corporations amounted to approximately 1,413.5 billion euro at the end of 2015, with an annual variation of -0.05% (-1.9% at the end of 2013). Atthe end of 2007, these loans amounted to 1,279 billion, with an increase for the period in review of almost 135 billion, absolute value.

Impieghi delle banche in Italia (escluso interbancario) [1]

	totale impieghi settore privato e PA		settore privato		di cui: a famiglie e società non finanziarie *					
							fino a 1 anno		oltre 1 anno	
	mln €	a/a	mln €	a/a	mln €	a/a *	mln €	a/a *	mln €	a/a *
dic-14	1.828.423	-1,33	1.557.931	-2,05	1.404.196	-1,86	359.615	-2,64	1.044.581	-1,60
gen-15	1.823.610	-1,59	1.554.489	-2,13	1.408.948	-1,53	359.951	-2,34	1.048.997	-1,26
feb-15	1.815.700	-1,71	1.546.587	-2,28	1.403.481	-1,54	353.729	-2,50	1.049.752	-1,22
mar-15	1.827.831	-1,26	1.556.913	-1,65	1.408.715	-0,96	357.385	-1,44	1.051.330	-0,80
apr-15	1.819.723	-1,13	1.548.580	-1,63	1.405.804	-0,92	353.148	-1,99	1.052.656	-0,56
mag-15	1.818.952	-0,83	1.545.618	-1,37	1.402.122	-0,64	346.443	-1,98	1.055.679	-0,19
giu-15	1.838.082	-0,27	1.562.006	-0,84	1.419.004	-0,22	355.735	-2,26	1.063.269	0,48
lug-15	1.830.834	0,02	1.559.495	-0,34	1.419.903	-0,42	353.297	-2,39	1.066.606	0,25
ago-15	1.817.742	0,21	1.547.058	-0,21	1.408.869	-0,22	345.333	-2,46	1.063.536	0,52
set-15	1.820.558	0,02	1.551.695	-0,32	1.412.130	-0,34	345.275	-5,45	1.066.855	1,42
ott-15	1.812.893	0,07	1.546.067	-0,32	1.412.889	-0,31	336.822	-6,53	1.076.067	1,80
nov-15	1.830.735	0,79	1.562.922	0,79	1.424.688	0,71	345.564	-2,43	1.079.124	1,76
dic-15	1.824.681	-0,20	1.553.080	-0,31	1.413.430	-0,05	337.764	-6,08	1.075.666	2,02

Note: ultimo mese stime SI-ABI.

[1] Includono le sofferenze lorde e i pronti contro termine attivi. Settore privato: società non finanziarie, famiglie consumatrici e produttrici, istituzioni senza fini di lucro, altre istituzioni finanziarie, assicurazioni e fondi pensione. I dati sono nettati dalle operazioni con controparti centrali. * Da gennaio 2014 le variazioni annue dei prestiti a famiglie e società non finanziarie sono state rettificate per tenere conto degli effetti della riorganizzazione di primari gruppi bancari che hanno comportato una riclassificazione statistica delle poste di bilancio con controparte dal settore "altre istituzioni finananziarie" al settore "società non finanziarie". Da Dicembre 2014 le variazioni annue tengono conto anche dell'entrata in vigore dei Regolamenti BCE/2013/33-34-39 e 2014/30. Le principali novità hanno riguardato: il recepimento del Sistema Europeo dei Conti (SEC2010), che ha comportato una riclassificazione statistica delle poste di bilancio con controparte "società di partecipazione (holding)" dal settore "società non finanziarie" al settore "altre istituzioni finanziarie" quantificabile in circa 9 miliardi (cfr. Appendice metodologica Supplemento Bollettino Statistico della Banca d'Italia "Moneta e banche" febbraio 2015).
Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Banca d'Italia e SI-ABI.

As at December 2015, non-performing loans, net of write-downs amounted to approximately 89 billion euro, up from 84.5 billion in December 2014, marking an increase of approximately 4.5 billion (+5.3% annual increase, a slowdown as compared to the +5.6% registered a year before). The net non-performing loans/total lending ratio was 4.94% (4.64% in December 2014).

Sofferenze del sistema bancario italiano

	Sofferenze nette[1]	Sofferenze nette su impieghi[2]	Sofferenze nette su capitale e riserve
	mln €	valori %	valori %
dic-14	84.489	4,64	19,92
gen-15	81.260	4,50	18,62
feb-15	79.313	4,39	18,10
mar-15	80.910	4,43	18,47
apr-15	82.283	4,56	19,39
mag-15	83.422	4,62	19,56
giu-15	84.239	4,62	19,07
lug-15	84.789	4,68	19,14
ago-15	85.944	4,79	19,40
set-15	87.105	4,84	19,53
ott-15	87.240	4,85	19,52
nov-15	88.835	4,89	19,75
dic-15	88.994	4,94	21,96

[1] L'entrata in vigore delle nuove segnalazioni statistiche di vigilanza, a partire da dicembre 2008, ha comportato una discontinuità nella serie storica delle sofferenze nette (espresse al valore di realizzo) a causa di nuovi criteri nelle segnalazioni delle svalutazioni.

[2] Il valore degli impieghi comprende gli impieghi vivi e le sofferenze nette.

[3] Al lordo delle svalutazioni.

Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Banca d'Italia.

During 2015, the Italian market registered a drop in the entire structure of interest rates on the monetary and financial market. In particular, on the secondary market of government bonds, the "*Rendistato*", that is, the datum relative to the sample of securities with a residual period to maturity greater than a year, traded on the Italian Stock Exchange (M.O.T.) was 1.02% in December 2015, 54 basis points lower than the December 2014 value. In the month of 2015, the gross secondary market yield of Treasury credit certificates (*CCT*) was 0.32% (0.87% in December 2014). As regards Treasury bonds (*BTP*), the average for the month of December 2015 the average yield was 1.51% (2.04% in December 2014). Finally, the average gross annualized yield of ordinary Treasury bills (*BOT*)went from 0.28% to 0.06% during the period between December 2014 andDecember 2015.

Italia: tassi d'interesse per gli investitori

(medie mensili - valori %)

	Tassi d'interesse bancari: famiglie e società non finanziarie (statistiche armonizzate del SEBC)					Rendimenti lordi dei titoli di Stato sul mercato secondario				Rend. all'emissione della raccolta postale		
	Depositi in euro (consistenze)	Depositi in c/c in euro (consistenze)	Pronti contro termine (consistenze)	Obbligazioni (consistenze)	Raccolta (depositi, pct e obbligazioni) (consistenze)[1]	BOT	CCT	CTZ	BTP	Libretti serie ord.	Rend. medio annuo al 5° anno	Rend. medio annuo al 20° anno
dic-04	0,73	0,30	1,14	3,16	1,50	0,28	0,87	0,49	2,04	0,25	1,25	3,25
gen-15	0,67	0,25	1,40	3,12	1,44	0,14	0,74	0,32	1,82	0,25	1,00	3,25
feb-15	0,66	0,23	1,45	3,10	1,40	0,12	0,56	0,23	1,58	0,20	0,75	3,00
mar-15	0,65	0,23	1,37	3,06	1,37	0,07	0,43	0,14	1,25	0,15	0,30	2,50
apr-15	0,62	0,21	1,22	3,07	1,35	0,01	0,44	0,08	1,31	0,15	0,30	2,50
mag-15	0,67	0,20	1,14	3,06	1,37	0,00	0,44	0,07	1,75	0,15	0,30	2,50
giu-15	0,61	0,20	1,11	3,06	1,32	0,05	0,55	0,18	2,10	0,15	0,30	2,50
lug-15	0,56	0,19	1,14	3,04	1,27	0,01	0,54	0,14	1,97	0,15	0,30	2,50
ago-15	0,56	0,19	0,92	3,03	1,26	-0,02	0,40	0,06	1,78	0,15	0,30	2,50
set-15	0,56	0,19	0,89	3,03	1,25	0,00	0,42	0,09	1,80	0,15	0,30	2,50
ott-15	0,54	0,17	0,88	3,00	1,22	-0,02	0,41	0,04	1,59	0,15	0,30	2,50
nov-15	0,54	0,17	1,13	2,97	1,22	-0,08	0,35	-0,01	1,51	0,15	0,30	2,50
dic-15	0,52	0,16	1,20	2,94	1,19	-0,06	0,32	0,01	1,51	0,15	0,30	2,50

[1] Tasso medio ponderato, elaborazione Ufficio Analisi Economiche ABI.
Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Banca d'Italia e SI-ABI

As regards bank rates, in 2015 there was a slight drop of rates on deposits in euro applied to families and non-financial corporations: in fact, this rate went from 0.73% at the end of 2014 to 0.52% at the end of 2015. The average rate on bank deposits from customers (which includes yield from deposits, bonds and repurchase agreements in euro applied to the families and non-financial corporations sector), was 1.19% in December 2015 (1.50% in December 2014). Over the last year, the rate on repurchase agreement operations also dropped, from 1.14% in December 2014 to 1.20% in December 2015, and the yield on bank bonds also decreased (from 3.16% to 2.94%).

During 2015, the weighted average rate on the total of loans to families and non-financial corporations elaborated by the Italian Bank Association further decreased, going from 3.65% to 3.25% at year's end. Over the last year, the rate on current accounts and revolving loans in euro to families and non-financial corporations also decreased (from 4.95% in December 2014 to 4.36% in December 2015).

Rates on new operations were on a down trend and particularly low: in December 2015 the rate on loans in euro to non-financial corporations was 1.74% (2.56% in December 2014), while home purchase loans to families in euro – which synthesizes fixed and variable rate trends and is also influenced by the variation in composition between loans based on the type of mortgage – amounted to 2.49% (2.84% in December 2014). In the last month of 2015, the flow of fixed rate loans was to 66% (it was 30.9% in December 2014).

Italia: tassi d'interesse bancari sugli impieghi e rendimenti guida

(medie mensili - valori %)

	Tassi d'interesse bancari sui prestiti in euro a famiglie e società non finanziarie in Italia				Tasso di riferim. BCE[2]	Tassi interbancari dell'Area euro		Tassi interbancari a 3 mesi			Rendimento all'emissione delle obblig.ni bancarie italiane (durata iniz.del tasso superiore ad 1 anno)
	totale[1] (consistenze)	di cui: c/c attivi e prestiti rotativi (consistenze)	di cui: alle società non finanziarie (nuove operazioni)	di cui: alle famiglie per acquisto di abitazioni (nuove operazioni)		Euribor a 3 mesi	IRS a 10 anni	Usa	Giappo-ne	Uk	
dic-14	3,65	4,95	2,56	2,84	0,05	0,08	0,90	0,25	0,18	0,56	3,55
gen-15	3,61	5,01	2,52	2,82	0,05	0,06	0,74	0,25	0,18	0,56	3,13
feb-15	3,58	4,96	2,41	2,75	0,05	0,05	0,70	0,26	0,17	0,56	2,50
mar-15	3,53	4,88	2,27	2,68	0,05	0,03	0,62	0,27	0,17	0,56	2,81
apr-15	3,49	4,82	2,27	2,63	0,05	0,01	0,53	0,28	0,17	0,57	2,65
mag-15	3,43	4,72	2,17	2,65	0,05	-0,01	0,90	0,28	0,17	0,57	2,68
giu-15	3,43	4,64	2,13	2,77	0,05	-0,01	1,17	0,28	0,17	0,57	2,66
lug-15	3,38	4,59	2,06	2,75	0,05	-0,02	1,11	0,29	0,17	0,58	2,48
ago-15	3,37	4,56	1,95	2,82	0,05	-0,03	1,01	0,32	0,17	0,59	2,53
set-15	3,34	4,54	1,82	2,67	0,05	-0,04	1,02	0,33	0,17	0,59	2,44
ott-15	3,33	4,53	1,92	2,60	0,05	-0,05	0,93	0,32	0,17	0,58	2,16
nov-15	3,31	4,47	1,67	2,57	0,05	-0,09	0,90	0,37	0,17	0,57	2,44
dic-15	3,25	4,36	1,74	2,49	0,05	-0,13	0,94	0,54	0,15	0,58	1,39

[1] Tasso medio ponderato, elaborazione Ufficio Analisi Economiche ABI.
[2] Dato di fine periodo
Fonte: Elaborazione Ufficio Analisi Economiche ABI su dati Banca d'Italia e SI-ABI

The impact of the European Banking Union

The Banking Union is one of the few concrete realities of the European Union, which has the start of a new era for all European banks. The plan to complete the Economic and Monetary Union was defined and, following the events of 2007-2008, implemented with particular urgency, in order to favor the capacity of Euro zone to face the global crisis, with interventions aimed at ensuring increasing quality of corporate governance, defining common and higher prudential requirements in terms of capital and liquidity and by setting criteria to prevent and manage crisis situations with costs burdening intermediaries, without charges for contributors.

The first pillar for the Banking Union, a single supervisory mechanism based on the single rule book (CRD IV and CRR), was started in November 2014.

Starting 1 January 2016, national supervisory authorities have complied with the EBA guidelines regarding proceduresand methodologies for the Prudential supervisory and evaluation process, the SREP, with the aim of mitigating distortions due to diverse supervisory approaches and of favoring the adoption of the best supervisory procedures.

The second pillar of the Union, which is the singles European resolution mechanism for bank crises, also became fully operative as of 1 January 2016. This mechanism stems from the BRRD (Banks Recovery and Resolution Directive), a directive that was a sort of "Copernican revolution" and that can be summarized in a single concept: from *bail-out*to *bail-in*. In other words, the crisis of a bank must be resolved using primarily financial resources internal to Banks, without burdening member State budgets. An eloquent example was the resolution of the 4 banks (three joint-stock banks and one cooperative bank) approved 22 November last, in which – data given the impossibility of intervening through the Interbank Fund for the Protection of Deposits due to the rigid interpretation of the European Commission Directorate General for Competition in matters of "state aid" provisions – the so-called "burden sharing" principle was applied, imposing participation in bearing the losses suffered first and foremost by shareholders and subordinate bondholders.

The authorities deemed resolution the only possible option in terms of "to best protect depositors and investors in order to avoid negative effects on financial and economic stability", as specified in the preface to the provision, after at least two other hypothetical solutions proved unfeasible or were not authorized by the European Commission or were not rendered possible by the voluntary and timely adhesion of all 208 banks adhering to the Interbank Fund for the Protection of Deposits. The result of the failed success of these hypotheses was particularly onerous also for cooperative credit banks, which found themselves in a position of not being able to avoid to escape mandatory call-in of funds (225 million euro is the amount of contributions requested), in spite of the uncertainty of being able to benefit from the same type of intervention in case of need, in that, as is known, the aid would be subordinate to the criterion of "in the public interest". It would not be wrong for our regulatory bodies to bear in mind, however, a simple but fundamental rule, which is that in an extremely crowded room, in case of panic, the emergency exits are never sufficient.

Directive 2014/49EU, regarding deposit guarantee schemes (DGS) was transposed definitively into Italian law on 10 February last by the Council of Ministers. The text of the Decree sets forth:a reduction of contributions to deposit guarantee schemes for those participating in institutional protection systems; the possibility of taking into account any debt positions that depositors may have towards the bank in calculating the reimbursement amount, thereby generating a sort of compensation between the two items; the provision that deposits on an account jointly held by two or more subjects as participants in a body without legal status be treated as if they were made by a single depositor for the purposes of calculating the 100,000 euro threshold provided for by the directive; the limit of the period of time within which reimbursement of deposits may be claimed.

In addition to substantially confirming the structure of Interbank Funds for the Protection of Deposits (FITD and FGDCC) already established in Italy with the 1996 Decree, the new regulations introduce some significant anticipations mainly as regards:

- Ex ante funding of the Funds equal to 0.80 percent of protected deposits, to be constituted within 2024,
- Contribution also based on the risk of member banks according to the guidelines of the European Banking Authority,
- the possibility of requesting the intervention of a DGS within the scope of a resolution procedure,
- reimbursement of depositors within seven working days in the eventof atomistic winding-up of a member bank, with the possibility of requesting further funding, up to a maximum of 0.50 percentof protected deposits,
- elimination of the Bank of Italy authorization to carry out interventions,
- the possibility of creating mechanisms for additional voluntary contributions within the DGS that are exempt from regulations regarding State aid.

However, the issue of the subjection compulsory Fund intervention to an evaluation based on regulations regarding State aid remains unaffected, pending a final clarification of the conditions of such subjection, also in view of the constitution of the single deposit insurance system (EDIS-European Deposit Insurance Scheme) that completes the so-called "third pillar" of the European Banking Union. Nevertheless, at this time, it must be noted that within the new European regulatory framework, the juridical uncertainty deriving from a possible controversy with the European Commission regarding the intervention of the FITD (Italian interbank deposit protection fund) in favor of the solution of the Tercas Bank has, for all intents and purposes, hindered resolving the crises of three cooperative credit banks placed under external administration (BancaAlta Padovana, BancaIrpinaand BancaBrutia) through the tried and tested preventive intervention model of the deposit guaranty fund (FGD), employing new instruments thanks to the Institutional Guaranty Fund.One is reminded of an old saying that says that to be respected, a law must be respectable. The good old days!

In the current state of affairs, it must be underlined that the option of voluntary intervention to resolve crises seems to be the only one capable of ensuring timely solutions.

The Banking Union is bringing about deep structural changes in the strategies of intermediaries, the scope of which is pervasive not only for those institutions in difficulty but also for *in bonis* institutions and, in particular, for Italian banking entities guilty of not having been capable of making the European regulatory authorities understand the specificity of our Italy's production system with respect to those of other countries.A business framework characterized by the prevalence of small and micro-businesses, all standing on the bank-based function of our system, a “local” capitalism, where businesses are a life-project, where the country becomes a district that in turn becomes a production platform. These are all unique aspects that are difficult to reconcile with visions of an industrial system based on a Rhineland or Hanseatic model of capitalism. In the 1950s, Italy was a prevalently agricultural country in the course of just a few years and a few generations transformed into and industrial economy, becoming however an industrialized country lacking however almost any industrial culture.

In terms of profound changes, the Cooperative Credit system has underscored that this regulatory process has three “original sins” (which correspond to as many systemic risks):

1. The first is the risk of penalizing, in terms of minimum capital requirements, especially that model of intermediation dedicated to funding the real economy. The leverage ratio, which considers the volume of the entire balance sheet of the bank, required by Basel 3, must be signaled and evaluated in the ICAAP, but it will come into effect as a requirement only in 2018.The heavy effect of this approach in also image-associated. Paradoxically, the intermediaries who end up shining in terms of their high capital ratios, and therefore for a perceived solidity – that is also emphasized in advertising – are those whose mission is not to grant credit to the real economy, channeling the resources collected towards financial investment products for savings, or to do so in a very limited way and often only when supported by collateral;
2. The second “original sin” regards the failure to apply an adequate proportionality that recognizes the significant differences, in terms of risk, between systemically important banks and local intermediaries;
3. and there is also a third “resulting sin”: the erosion, “on the drawing board”, of bank capital as a result (current or prospective)of methods of calculation that are the fruit of untested theoretical models, the application of greater weightings, or risks of losing rebalancing measures (SMEs supporting factor). The most serious aspect is that this capital erosion takes place without funding to real economy having increased even by one euro.

Moreover, there are glaringly asymmetrical situations; simply consider the obligation all banks have to contribute to the Single Resolution Fund, alongside the fact that the same fund may be used only by banks that are of “public interest”.

Forecasts for 2016

The year 2016 begins amid the slowdown of the Chinese economy, the depreciation of the exchange rate for Chinese currency, the widespread downward trend on stock exchanges and the further drop in oil prices. Even the growth prospects of emerging economies are being downsized. Commodities producer countries suffer the heaviest consequences. Market tensions are in part also ascribable to concerns regarding the start of the normalization stage of American monetary policy. The reaction of global stock exchanges, the strengthening of the dollar, the drop in international demand, all lead to the belief that the Federal Reserve will begin a gradual retreat from the expansionary approach.

Naturally, the Euro zone feels the change in the International scenario. The ECB will reinforcequantitative easing to contrast market tensions. Growth of exports may be less marked, while the economy is expected to receive a boost from household spending, also due to the price mitigation stage currently underway. In Italy, 2016 promises to be in line with the trends of the previous year. The cycle remains tied to consumer spending, but the slowdown of international demand and the market turbulence at the beginning of the year are hindering the recovery. Growth in 2016 will remain around 1 percent and inflation will be only marginally positive.

The description of current trends shows various factors of fragility in the International economic scenario that influences the prospects for the year that has just begun. As already mentioned, the global economy will suffer the difficulties being experiences by emerging economies and the deceleration of these countries may continue, also in the light of the financial tensions that have characterized the Chinese stock exchange. Producers of raw materials will be especially penalized. The scale of the slowdown of emerging economies will also reflect on the evolution of the financial scenario of these countries.

The impact of the crisis of emerging economies on advanced economies will therefore depend not only on the deceleration of international demand, but also on the value of the variations in exchange rates.

Recent trends urge a downwards revaluation as regards possible prices of raw materials, which would entail that inflation will remain very low this year, as well.

The International scenario thus described will provide the growth of advanced economies with two types of impulses, with opposite effects on growth rates. The loss of competitiveness and the slowdown of the growth of emerging economies certainly lead to the hypothesis of a somewhat unfavorable context in terms of increased exports. On the other hand, the effects of the drop in the price of raw materials will help consolidate domestic demand. The net effects of the two types of impulses may not prove to be particularly penalizing, assuming that tensions in the financial markets remain limited. Vice versa, a more marked reassessment of international stock markets would also slow down recovery of domestic demand and the entire international economic scenario could further decelerate. Burdensome effects that derive from the exasperated financializing that has been the market protagonist for years.

In fact, 2016 will continue along the lines of 2015, with a cycle in advanced economies drawn by household spending, but not yet sufficient to bring about acceleration in investments in the majority of economies, on an international level.

On the other hand, during the year, emerging countries should be able to gain market shares in advanced countries, reaping some benefit from the growth of the latter.

Given the scenario described, we believe that the cycle of American interest rates will be very gradual. This year, we may witness two more rises in rates, and we will have to wait for 2017 to be able to evaluate whether or not the strength of the recovery is sufficient to require that the Federal Reserve continue raising rates.

PIL E COMMERCIO MONDIALE

Variazioni % medie annue		**Previsioni**		
	2014	**2015**	**2016**	**2017**
Stati Uniti	2.4	2.5	2.2	2.4
Giappone	-0.1	0.7	0.7	0.9
Regno Unito	2.9	2.2	2.0	2.2
Area euro	0.9	1.5	1.3	1.6
Germania	1.6	1.4	1.4	1.7
Francia	0.2	1.1	1.0	1.5
Italia	-0.4	0.8	1.0	1.3
Spagna	1.5	3.5	2.8	2.7
Paesi industrializzati	1.5	1.8	1.6	1.8
Economie emergenti	4.6	3.0	3.1	3.5
Econ emerg asiatiche	6.8	4.5	4.0	4.5
Pil mondiale	**3.4**	**2.5**	**2.5**	**2.8**
Commercio mondiale	**3.0**	**1.7**	**3.2**	**3.2**

Focus on Tuscany

Observing it now, after seven years of insidious crisis, the always beautiful Tuscany displays a territory with fewer companies and more services and an accentuated economic gap between the internal area and the coast area. In our Region, the 2008-2014 crisis period has produced an increase of the burden on GNP for services (up from 69% to 72.5%, which includes the 4.5% from tourism) and a drop for industry (from 20.3% to 17.8%) and construction (from 5.5% to 4.4%); agriculture remains stable (from 2.2 to 2.3%).

But Tuscany is also a "workshop" of feverish activity that strives to surpass – often with difficulty and in an ungainly manner – old and new obstacles that brake development, and to erect solid pillars on which to build recovery. In 2015, economic drivers started up again and the GDP began to grow once more (+0.8% was the Bank of Italyforecast, in line with national data, +1% the Irpet estimate), drawn primarily by exports (+2.4%), more than by internal consumption. Employment also improved, facilitated by tax relief and the Job Act. The unemployment rate dropped to 8.5%. Loans to businesses registered a slight increase, with +0.7% in the third quarter of 2015, despite the serious crisis investing some banking institutions of not secondary importance, both on a national and local level.

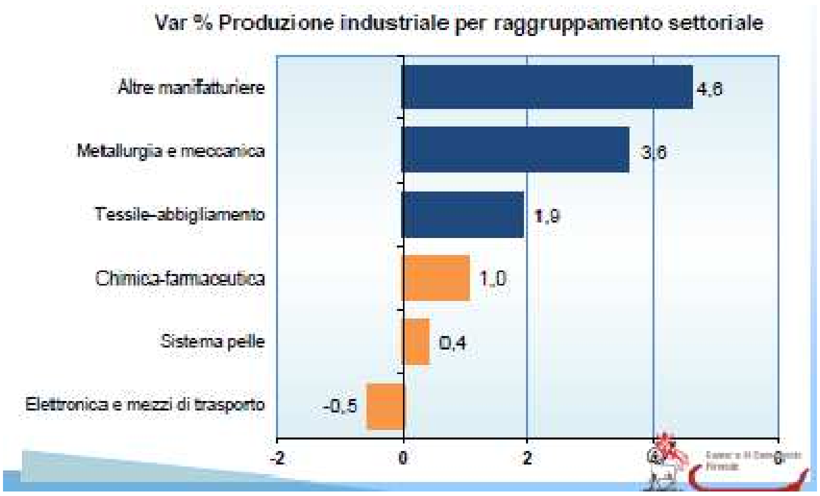
Based on Prometeia estimates, this year should witness stronger growth (+1.4% for GDP, +1.7% for consumption, +2.6% for investments), although many uncertain factors remain – both internal and external to Italy – and the vulnerability of estimates is high.

Pushed to do so by the crisis, the Tuscan "workshop" intensified its labor efforts. Some pieces of the puzzle have already fallen into place, such as the merger of the companies managing the airports of Florence and Pisa, giving birth to Toscana Aeroportiand opening the way to the construction of the new runway in the Florence airport (a 300 million euro investment that also includes the new terminal, currently being assessed for environmental impact). Or, such as the program agreements undersigned by the Region and the Government to re-launch the steel industry in Piombino (142.2 million) and in the Leghorn area (542 million), which implement public resources in order to attract private investments.In terms of investment strategy, considering the limited availability of funds, the policy adopted by the Region is to use the funds for projects that have the potential to also attract private investors.

The European funds for 2014-2020 will be used, for the first time, also by large companies, and even multi-national corporations that in the past were excluded from public contributions. The objective behind this choice is, obviously, to keep groups that are strategic in terms of employment and innovation anchored to the local territory.

The trends for traditional Tuscan sectors have maintained a low profile, with the real estate sector, especially industrial, appearing particularly burdened. Although there have been signs of a recovery of sorts due to the realignment of prices and particularly low rates on mortgage loans for homes. The agri-food and tourism sectors are, instead, on a positive trend, despite the negative note that, to date, no system policy has been established to enhance the value of the potential of regional territories around world renowned art cities. The graph below shows the production trend, by sectors, in the Province of Florence.

Provinceof Florence – Source: Chamber of Commerce data



Province of Florence – Source: Chamber of Commerce data

3. Criteria followed in corporate management – Information pursuant to articles 2528 and 2545 of the Italian Civil Code

As regards the annual report on the mutuality nature of the cooperative, before illustrating the most significant results for the year in review, in compliance with article 2528 of the Italian Civil Code, information regarding the management criteria adopted to reach statutory aims, in conformity with the prevalently mutualistic and cooperative nature of the Company is provided below. During 2015, the Board of Directors continued its efforts to consolidate the "local" character of our Bank, reinforcing relations with local communities and proximity to Shareholders and customers, elements that qualify our specific corporate mission and that are considered determining strategic factors for an appropriate market monitoring. The requirements of prevalent mutuality for cooperative credit banks subject to vigilance and biannual review with a specific cooperative Vigilance activity with particular focus with respect to compliance to the Statute with mutualistic requirements, to compliance with the principles and effectiveness of mutualistic exchange, to the correct management of the Shareholders' Register, to participation of Shareholders in the social life and mutualistic attitude, as well as compliance with legal requirements as regards the destination of the year's profit. The provisions of article 11 of Law 59/1992 regarding the destination to the national Fund for the development of cooperation of a share equal to 3.00% of the year's profits were complied with; the amount of dividends was established within the limits provided for by current laws.

Now we will illustrate the motivations behind resolutions made regarding the admission of new shareholders, in compliance with article 2528 of the Italian Civil Code and of the Articles of Association. The Board of Directors has favored broadening the number of shareholders; in particular, the admission of trusted customers and young people was promoted. The search for and admission of new Shareholders, always aimed at an informed adhesion to a cooperative structure and sharing of its governing principles, was activated specifically in the most recent areas of competence, also with the aim of respecting the criteria of residence and operations in the territory of competence, in order to reinforce the local nature of our Cooperative.

Specifically, please note that: on 31 December 2015 the body of shareholders was composed by 3,213 shareholders, with a total share capital of 4,075,920 euro. During the course of the year, 106 requests for admission to shareholding were accepted.

The criterion of prevalent operations in favor of shareholders, in accordance with the provisions of article 35 of Legislative Decree 385/1993, abided by, focusing specifically and adequately on providing credit to favor both business and family initiatives promoted by Shareholders. The Board of Directors verifies the conformity of the corporate situation with respect to the prevalence criterion, ensuring that the weighting of risk activities comply with current Vigilance provisions.At 31 December 2015, the percent that defines prevalence is 69.49%. Contributions by shareholders are significant also as regards collection of savings, essential to support granting loans, within the context of balanced management. Operations outside the area of competence, admitted within the Vigilance parameter of 5%, are limited to 3.59%.

ACTIVITIES WITH SHAREHOLDERS AND ACTIVITIES OUTSIDE THE BANK'S TERRITORIAL AREA					
	Regulatory limit	**2015**	**2014**	**2013**	**2012**
% of activities with shareholders and/or having a weighted risk equal to zero	> 50.00%	**69.461%**	55.497%	52.905%	50.244%
% of activities outside the territorial area	< 5.00%	**3.590%**	4.647%	3.711%	3.374%

Our Bank's fundamental objective is to organize and implement all those activities that permit Shareholder participation and, for this purpose, numerous institutional and informal initiatives have been promoted, involving the majority of our shareholders.

Appropriate communication methods were also implemented, in order to provide correct information for in informed participation in the Bank's activities.

Various important charitable, socially useful and culturally useful initiatives were also carried out in the Bank's territory of competence, from funds assigned by the Shareholders' Meeting to charitable and mutual aid initiatives.

The Bank provided significant sponsorship and promotional support for activities aimed at enhancing the value of the territory of reference, including various sport, cultural and recreational events, supporting a variety of projects for youths, particularly in favor of associations in the territory of reference involved in sports activities for children and youths, in favor of schools to help purchase equipment and implement scholastic projects, of associations aiding the elderly, providing healthcare services, and social-oriented associations in general. The Bank also supported interventions promoted by the principal local Associations and Bodies, including many of the most important events organized locally. The over expense bourn by the Bank for sponsorship, publicity and charity in 2015 amounts to 1,436,553.22 euro.

A line of management has been implemented regarding the type of interventions in question, aimed at rationalizing concessions, also in light of the significant reduction of disposable funds on the part of many banking foundations previously active in this sector, necessarily concentrating resources on initiatives with a high social value (new poverty, social emergencies), in compliance with ethical and transparency values, while attempting to keep marginal activities nonetheless active.The above underscores that all the social activity has been essentially aimed a benefitting the local community and their base components.

4. Management trend and dynamics of the principal aggregates

Direct deposits, indirect funding, overall deposits

During the year, deeps changes took place in the composition of investment portfolios by saving holders, especially as regards direct deposits, due to the dropping rates on the market. The cash flow towards managed savings products was consistent, thus favoring risk diversification, although not always aware of having prolonged the investment horizon, which is often accompanied also by increased risk. The aggregate level for our Bank was oriented based on minor need for direct deposits and by offer policies increasingly aimed towards financial and insurance instruments. Despite the climate of uncertainty that the recent difficulties suffered by some banks has created, also due to savage and exploitive media reports, we have benefitted, for our part, of the acknowledgement and appreciation for the correct relations we have managed to keep with our customers, which have always characterized our business; an ethic that has market our history and that will remain the main point of reference for our actions in the future.

Direct deposits registered an excellent trend, although marked by a variation in composition. The increase of current accounts compensated the stasis or decrease of the other components. Term to maturity of investments registered a marked trend towards the short-term.

The Bank’s direct deposits are entered into the financial statements at line items 20 (Payable to customers) and 30 – (Outstanding securities) and amount to 2,800.00million, increasing by 539 million (+23.84%). In compliance with regulatory provisions, the value for the aforementioned line items also includes components and operations with counterparties that cannot be qualified as ordinary customers, such as the Clearinghouse Guaranty Fund and the Deposits and Loans Fund. Net of these components, the trend of total deposits registered an increase for ordinary customers of approximately 35million euro in terms of absolute value, equal to 1.63% as compared with the previous fiscal year. At a national level, the banking system registered a 0.55% drop (source: Italian Bankers’ Association), while the cooperative Credit section registered a 0.3% growth in deposits from customers.

The table shows company data in detail.

TOTAL LENDING - 2015/2014 DATA COMPARISON				
Type of transactions/values	**2015**	**2014**	**2015/2014 variation**	**2015/2014 % variation**
1. Bank accountsanddemand deposits	1,471,454,866	1,156,084,311	313,370,555	27.28%
2. Deposits	59,227,401	55,109,048	4,118,353	7.47%
3. Time Deposits / Bills	181,282,552	260,988,243	-79,705,691	-30.54%
4. Repurchase agreements	2,221,352	2,605,508	-384,157	-14.74%
5. Deposit certificates	4,642,735	9,844,140	-5,201,405	-52.84%
6. Securities	528,108,846	726,330,092	-198,221,247	-27.29%
Total lending	**2,246,937,751**	**2,210,961,342**	**35,976,409**	**1.63%**
7. Repo with Clearinghouse and Guaranty Fund	501,628,247	0	501,628,247	nd
8. Funding from Deposit and Loans Fund	51,576,082	50,124,857	1,451,225	2.90%
Total other lending	**553,204,329**	**50,124,857**	**503,079,472**	**1.003.65%**
Total (balance sheet value)	**2,800,142,081**	**2,261,086,199**	**539,055,882**	**23.84%**

During 2015, to strengthen managed deposits, new products per offered, through the partnership with Invest Banca: “Cambiano GP Plus” asset management in ETF. Asset management products registered an increase of 159.83%.

Type of operations/values	2015	2014	2015/2014 Variations	2015/2014 Variation %
1. Administered deposits	164,328,736	155,361,999	8,966,737	5.77%
2. Managed deposits	27,608,197	10,625,582	16,982,615	159.83%
3. Insurance sector	86,641,872	0	86,641,872	nd
Totals	**278,578,805**	**165,987,581**	**112,591,224**	**67.83%**

As mentioned, during 2015, insurance sector also registered a particular development, with policies placed for approximately 86 million euro.

Overall deposits (direct, administered, managed and insurance) registered a value of 3,078,720,886 euro, as compared to 2,432,958,843euro in 2014.

During this period of widespread difficulties and uncertainties, our financial counseling activity aimed at providing customers, particularly the elderly, with greater security and less doubts, with not only technical information but also cognitive and relational information, has also covered a markedly social function.

Lending to customers

Uncertainty regarding economic prospects is forcing businesses and families in a “standby” position,the fall in credit applications for new initiatives confirms this position, but the Bank continues to maintain credit concession activities aimed at supporting and protecting the stability of local the production system. A management decision pursued by means of adequate products, services and conditions and with organizational and decision-making processes correlated to market requirements and to controlling the risk levels connected to credit activities.

At the end of December, receivables from customers net of doubtful loans amounted to 2,010 million, a 4.57% increase, equal to 87.7 million as compared to 2014 values. This increase was greater than both that of the overall banking system (-0.20%; source, International Bankers’ Association) and that of the whole of Cooperative Credit Institutions (1.1%). The effective increase filtered of the component constituted by the Deposits and Loans Fund, the Clearinghouse and Guaranty Fund and the special purpose vehicle society for the securitization transaction, counterparties that cannot be considered businesses or families, was equal to 76 million euro, 4.03% in terms of percentages.

Details are specified in the table below.

EFFECTIVE ECONOMIC LENDING - 2015/2014 DATA COMPARISON				
Type of operations/values	**2015**	**2014**	**2015/2014 Variation**	**2015/2014 % Variation**
1. Bank accounts	479,161,439	518,654,806	-39,493,367	-7.61%
2. Mortgage loans and financing	1,218,594,868	1,096,047,392	122,547,476	11.18%
3. Portfolio	1,808,527	2,311,420	-502,894	-21.76%
4. Securitized mortgage loans	0	340,785	-340,785	-100%
5. Self-securitized mortgage loans	131,017,828	151,096,344	-20,078,516	-13.29%
6. Other financing	70,749,076	66,153,752	4,595,324	6.95%
7. Gross non-performing loans	221,718,465	172,069,680	49,648,785	28.85%
8. Write-downs on non-performing loans	-100,492,386	-65,798,209	-34,694,178	52.73%
9. Overall write-downs	-35,907,637	-31,145,558	-4,762,080	15.29%
Total net effective economic lending	**1,986,650,179**	**1,909,730,412**	**76,919,767**	**4.03%**
10. Receivables from Pontormo RMBS	11,807,022	10,917,526	889,496	8.15%
11. Receivables from Poste Italiane	121,021	210,614	-89,593	-42.54%
12. Receivables from Clearinghouse and Guaranty Fund	11,330,151	1,285,477	10,044,674	781.40%

EFFECTIVE ECONOMIC LENDING - 2015/2014 DATA COMPARISON				
Type of operations/values	**2015**	**2014**	**2015/2014 Variation**	**2015/2014 % Variation**
13. Receivables from Deposits and Loans Fund	0	0	0	nd
Total other net economic lending	**23,258,194**	**12,413,617**	**10,844,577**	**87.36%**
Total (balance sheet value)	**2,009,908,372**	**1,922,144,029**	**87,764,344**	**4.57%**

The impact of net effective economic lending on effective direct deposits by customers is 88.42%, as compared to 86.38% for the previous fiscal year.

As was the case in previous years as well, the medium-term mortgage loans component registered the greatest increase. The component referred to short-term mortgage loans credit unfreezing is greatly influenced by the stagnant stage of the economy.

In the light of the current and protracted economic and financial crisis, the Bank has continued its policy, considered of significant strategic value and fully aware of all implications, of ensuring loans to businesses and families in its territory of reference, in order to both contribute to supporting development and to keep the savings generated in the area. The Bank has continued credit allocation activities, reinforcing agreements with the main Credit Consortia in the Region, and within this scope has further developed its collaboration with local Associations. The agreement stipulated with the E.I.F (European Investment Fund) is particularly important in terms of the Fund’s guaranty coverage for loans destined to innovation initiatives. The E.I.F.’s choice of counterparties for this sort of agreement represents a further value for our Bank.

Data regarding lending classification by sector of economic activity (gross par amount), as compared to the previous fiscal year, are shown in the table below.

Economic sector (ATECO code)	**2015 Amount (*gross par*)**	**% share on lending for 2015**	**2015 Absolute variation**	**2015 % variation**	**2014 Amount (*gross par*)**	**% share on lending for 2014**
A agriculture, forestry and fishing	56,019,744	2.52%	6,880,581	14.00%	49,139,163	2.37%
B mining and quarrying products	12,948,290	0.58%	2,712,223	26.50%	10,236,067	0.49%
C manufacturing products	316,187,057	14.20%	32,227,251	11.35%	283,959,806	13.69%
10 food industry	39,052,335	1.75%	3,981,993	11.35%	35,070,342	1.69%
11 beverages industry	1,590,162	0.07%	83,752	5.56%	1,506,410	0.07%
12 tobacco industry	0	0.00%	-64,631	-100.00%	64,631	0.00%
13 textile industry	17,874,114	0.80%	6,245,747	53.71%	11,628,367	0.56%
14 wearing apparel including leather and fur	19,960,996	0.90%	2,895,397	16.97%	17,065,599	0.82%
15 leather and related items	50,546,282	2.27%	842,534	1.70%	49,703,748	2.40%
16 wood, and wood and cork products (excluding furniture); articles made of straw and plaiting materials	13,376,503	0.60%	-482,982	-3.48%	13,859,485	0.67%
17 paper and paper products	26,614,194	1.20%	-3,514,260	-11.66%	30,128,454	1.45%
18 printing and re production of recorded media	5,294,827	0.24%	1,280,998	31.91%	4,013,829	0.19%
19 coke and refined petroleum products	43,220	0.00%	5,096	13.37%	38,124	0.00%
20 chemical products	10,820,974	0.49%	2,059,797	23.51%	8,761,177	0.42%
21 basic pharmaceutical products and pharmaceutical preparations	2,484,412	0.11%	811,410	48.50%	1,673,002	0.08%
22 rubber and plastic products	19,523,383	0.88%	5,449,461	38.72%	14,073,922	0.68%
23 other non-metallic products	10,233,603	0.46%	-2,561,118	-20.02%	12,794,721	0.62%
24 metal products	3,565,968	0.16%	-379,163	-9.61%	3,945,131	0.19%
25 metal products (excluding machinery and equipment)	29,515,222	1.33%	646,199	2.24%	28,869,023	1.39%

Economic sector (ATECO code)	2015 Amount (*gross par*)	% share on lending for 2015	2015 Absolute variation	2015 % variation	2014 Amount (*gross par*)	% share on lending for 2014
26 computer, electronic and optical products; electro-medical and measuring equipment, watches and clocks	2,259,998	0.10%	854,509	60.80%	1,405,489	0.07%
27 electrical equipment and non-electric domestic appliances	7,191,502	0.32%	-385,257	-5.08%	7,576,759	0.37%
28 machinery and equipment n.e.c.	27,904,359	1.25%	8,817,652	46.20%	19,086,707	0.92%
29 motor vehicles, trailers, semi-trailers	733,011	0.03%	135,102	22.60%	597,909	0.03%
30 other transport vehicles	302,697	0.01%	79,381	35.55%	223,316	0.01%
31 furniture	13,368,864	0.60%	2,751,365	25.91%	10,617,499	0.51%
32 other manufacturing industry products	9,528,604	0.43%	2,225,443	30.47%	7,303,161	0.35%
33 repair, maintenance and installation of machinery and equipment	4,401,827	0.20%	448,827	11.35%	3,953,000	0.19%
D Electricity, gas, steam and air-conditioning supply	11,755,824	0.53%	400,062	3.52%	11,355,762	0.55%
E Water supply; sewage systems, waste management and remediation products	9,684,629	0.44%	-7,610,321	-44.00%	17,294,950	0.83%
F Building industry	141,076,943	6.34%	-2,436,066	-1.70%	143,513,009	6.92%
41 construction	110,598,807	4.97%	-2,926,739	-2.58%	113,525,546	5.47%
42 civil engineering	1,741,801	0.08%	-326,102	-15.77%	2,067,903	0.10%
43 specialized construction work	28,736,335	1.29%	816,775	2.93%	27,919,560	1.35%
G Wholesale and retail sales, vehicle and motorcycle repairs	207,381,957	9.32%	-7,562,496	-3.52%	214,944,453	10.36%
45 wholesale and retail sales and motor vehicle and motorcycle repairs	34,968,457	1.57%	3,628,921	11.58%	31,339,536	1.51%
46 wholesale sales (excluding motor vehicles and motorcycles)	110,185,013	4.95%	-10,386,759	-8.61%	120,571,772	5.81%
47 retail sales (excluding motor vehicles and motorcycles)	62,228,486	2.80%	-804,659	-1.28%	63,033,145	3.04%
H Transport and storage	17,885,709	0.80%	1,215,345	7.29%	16,670,364	0.80%
I Accommodation and restaurant services	62,007,522	2.79%	-3,705,375	-5.64%	65,712,897	3.17%
J Information and communication services	9,327,759	0.42%	667,410	7.71%	8,660,349	0.42%
K Financial and insurance activities	0	0.00%	-2,617,221	-100.00%	2,617,221	0.13%
L Real estate activities	205,208,393	9.22%	22,921,668	12.57%	182,286,725	8.79%
M Professional, scientific and technical activities	29,164,251	1.31%	590,776	2.07%	28,573,475	1.38%
69 legal and accounting services	8,760,091	0.39%	3,088,943	54.47%	5,671,148	0.27%
70 company management services and management consulting services	9,254,432	0.42%	-3,530,490	-27.61%	12,784,922	0.62%
71 architect and engineering offices, testing and technical analyses	4,082,937	0.18%	-292,898	-6.69%	4,375,835	0.21%
72 scientific research and development	59,322	0.00%	24,643	71.06%	34,679	0.00%
73 advertising and market research	2,725,055	0.12%	1,136,222	71.51%	1,588,833	0.08%

Economic sector (ATECO code)	2015 Amount (*gross par*)	% share on lending for 2015	2015 Absolute variation	2015 % variation	2014 Amount (*gross par*)	% share on lending for 2014
74 other professional, scientific and technical activities	3,975,299	0.18%	159,261	4.17%	3,816,038	0.18%
75 veterinary services	307,116	0.01%	5,096	1.69%	302,020	0.01%
N Rental services, travel agencies, business support services	18,598,426	0.84%	-734,751	-3.80%	19,333,177	0.93%
O Public administration and defense, obligatory social insurance	0	0.00%	0		0	0.00%
P Schooling	3,044,477	0.14%	469,389	18.23%	2,575,088	0.12%
Q Healthcare and social services	13,673,848	0.61%	9,830,773	255.80%	3,843,075	0.19%
R Arts, sports, entertainment and recreation	11,131,014	0.50%	1,675,475	17.72%	9,455,539	0.46%
S Other services	12,318,414	0.55%	772,074	6.69%	11,546,340	0.56%
T Family and household activities such as employers of domestic help; production of undiversified goods and services for personal use on behalf of families and households	0	0.00%	0		0	0.00%
U Organizations and organisms outside the territory	0	0.00%	0		0	0.00%
TOTAL COMPANY and HOUSEHOLD PRODUCERS	**1,137,414,256**	**51.09%**	**55,696,797**	**5.15%**	**1,081,717,459**	**52.14%**
Public administrations	2,642,228	0.12%	-495,000	-15.78%	3,137,228	0.15%
Financial companies	53,241,790	2.39%	9,208,312	20.91%	44,033,478	2.12%
Banking system (sub-group245) and Bank of Italy (sub-group 300)	254,836,378	11.45%	95,549,757	59.99%	159,286,621	7.68%
Consumer households (sub-group 600)	741,736,847	33.32%	1,970,075	0.27%	739,766,772	35.66%
Non-profit organizations, rest of the world and unclassifiable groups	36,404,225	1.64%	-10,352,932	-22.14%	46,757,157	2.25%
TOTAL	**2,226,275,724**	**100.00%**	**151,577,009**	**7.31%**	**2,074,698,715**	**100.00%**

Credit quality

In the difficult current context, the Bank has further reinforced risk control both during credit granting and during management and control. In line with the intervention program already under way, credit selection and management policies were reviewed, perfected and codified in a specific company policy.To this end, additional procedural and organizational measures were adopted, to increase the efficacy of monitoring activities and controls aimed at protecting the volume of impaired loans.Nevertheless, the continuing crisis has further weakened the traditional solidity of small and medium businesses across our territory of competence, with an inevitable impact on bank credit quality.

Against an incidence of 18.36% of impaired assets on total gross receivables from customers (16.04% in 2014), the Bank maintained its policy of adequate write-downs, also in consideration of the guarantees supporting the positions, constantly verified in terms of the adequacy of both market values and quick ratio values. Credit quality suffers the effect of the persisting weakness of the economic cycle. At the end of 2015, impaired receivables from customers, net of write-downs, registered an absolute value 13.00% of total net receivables, as compared to 11.98% registered as at 31 December 2014.

The tables below show the breakdown of these dynamics.

CREDIT QUALITY INDEXES		
% OF NET RECEIVABLES	**2015**	**2014**
% net non performing loans on total net receivables	6.03%	5.53%
% net watchlist on total net receivables	5.72%	5.56%
% net overdue/overdrawn accounts on total net receivables	1.25%	0.89%
% total net impaired receivables on total net receivables	13.00%	11.98%
% OF GROSS RECEIVABLES	**2015**	**2014**

% gross non performing loans on total gross receivables	10.33%	8.52%
% gross watchlist on total gross receivables	6.76%	6.61%
% gross overdue/overdrawn accounts on total gross receivables	1.27%	0.90%
% total gross impaired receivables on total gross receivables	18.36%	16.04%
% OF HEDGES	**2015**	**2014**
Non performing	45.32%	38.24%
Other impaired receivables	18.73%	18.29%
Total impaired receivables	33.69%	28.89%
Receivables in bonis	0.21%	0.20%

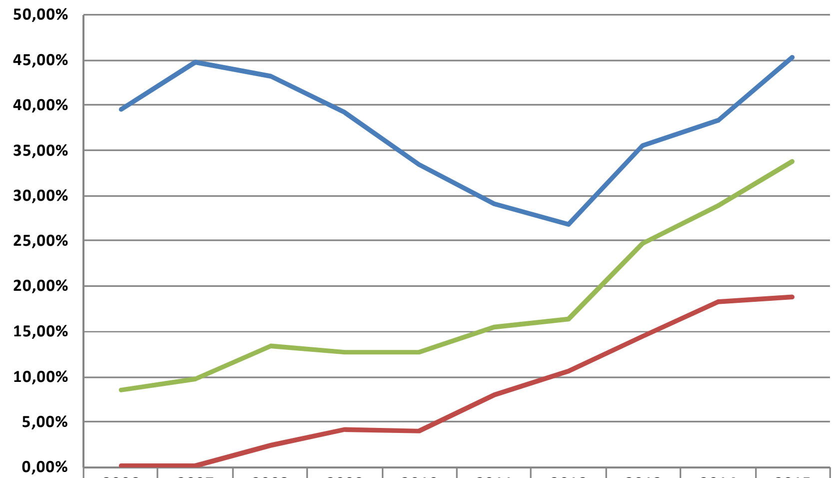
As regards hedges, during the fiscal year, the Board of Directors reviewed the whole of internal policy, introducing stricter criteria for the examination of positions with abnormal trends, for the evaluation of guarantees, for the determination of recovery value and of the scheduling for periodical review of counterparties in default positions, to improve protection and monitoring of credit quality.

Year 2015							
Types of exposure/values	**Gross exposure**	**Specific value adjust.**	**Portfolio value adjust.**	**Net exposure**	**Level of hedging**	**Level of hedging other impaired receivables**	**Level of hedging all impaired receivables**
A. BALANCE SHEET EXPOSURES							
a) Non performing	221,718,465	100,492,386	0	121,226,078	**45.32%**		
b) Doubtful exposures	145,019,661	30,007,169	0	115,012,492	**20.69%**		
c) Restructured exposures	0	0	0	0	**nd**		
d) Overdue exposures	27,297,334	2,265,679	0	25,031,655	**8.30%**	**18.73%**	**33.69%**
e) Receivables in bonis	1,752,272,937	0	3,634,789	1,748,638,148	**0.21%**		
TOTAL A	**2,146,308,396**	**132,765,234**	**3,634,789**	**2,009,908,372**	**6.36%**		

Year 2014							
Types of exposure/values	**Gross exposure**	**Specific value adjust.**	**Portfolio value adjust.**	**Net exposure**	**Level of hedging**	**Level of hedging other impaired receivables**	**Level of hedging all impaired receivables**
A. BALANCE SHEET EXPOSURES							
a) Non performing	172,069,680	65,798,209	0	106,271,471	**38.24%**		
b) Doubtful exposures	120,739,727	25,775,758	0	94,963,969	**21.35%**		
c) Restructured exposures	12,799,321	819,157	0	11,980,164	**6.40%**		
d) Overdue exposures	18,193,893	1,164,409	0	17,029,484	**6.40%**	**18.29%**	**28.89%**
e) Receivables in bonis	1,695,285,174	0	3,386,234	1,691,898,941	**0.20%**		
TOTAL A	**2,019,087,795**	**93,557,533**	**3,386,234**	**1,922,144,029**	**4.80%**		

The level of hedging for impaired receivables is in constant growth, having made consistent adjustments to credit values in 2015 as well.

Level of hedging on impaired receivables



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Grado di copertura delle Sofferenze	39,45%	44,77%	43,21%	39,19%	33,46%	29,01%	26,70%	35,54%	38,24%	45,32%
Grado di copertura delle Altre Deteriorate (Inadempienze probabili - Ristrutturate - Scadute)	0,13%	0,13%	2,40%	4,18%	3,91%	7,88%	10,63%	14,32%	18,29%	18,73%
Grado di copertura di tutte le Deteriorate	8,49%	9,71%	13,42%	12,61%	12,62%	15,52%	16,26%	24,66%	28,89%	33,69%

The table below shows the comparison between leading Italian banks as regards the quality of the credit portfolio and other economic efficiency indicators.

I PRINCIPALI DATI ECONOMICI E PATRIMONIALI DELLE BANCHE ITALIANE

Var. % 2015 rispetto al 2014

		Unicredit	Intesa Sanpaolo	Mps	Banco Popolare	Ubi Banca	Bper	Bpm	Banca Carige	Bcc Cambiano
Efficacia business bancario	Margine di interesse	-4,2%	-6,5%	5,4%	-0,4%	-10,3%	-5,0%	0,8%	-15,9%	-1,21%
	Commissioni	3,4%	10,8%	6,6%	3,3%	6,0%	5,2%	8,9%	3,5%	+5,95%
Evoluzione grandezze patrimoniali	Impieghi a clientela	0,7%	3,2%	-6,9%	-1,8%	-1,2%	-0,5%	6,6%	-9,3%	+4,57%
	Raccolta diretta	4,2%	3,4%	-2,9%	-3,6%	-1,8%	2,3%	2,1%	-12,7%	+1,63%
	Raccolta indiretta	n.a.	6,0%	0,0%	8,3%	4,8%	9,3%	4,4%	-4,4%	+5,77%
Efficienza operativa	Spese per il personale	1,7%	3,9%	-3,3%	0,4%	-0,5%	4,9%	0,0%	-15,6%	+9,19%
	Altre Spese Amministr.	-1,6%	-1,0%	-5,6%	25,1%	14,5%	14,3%	16,1%	16,1%	+20,19%
Qualità portafoglio crediti	Costo del credito (pb)	86	95	171	101	95	162	102	132	175
	Crediti deteriorati/lordi	15,4%	16,5%	34,8%	24,2%	15,1%	23,3%	16,3%	27,8%	18,36%
	Coperture medie°	51,2%	47,6%	48,5%	31,9%	27,9%	44,2%	39,6%	42,4%	45,32%
Patrimonio	CET 1 fully phased	10,9%	13,1%	11,7%	12,4%	11,6%	11,2%	12,2%	12,2%(1)	15,03%

° % su Impieghi lordi (1) Phased-in

Nota: I dati esposti sono calcolati sui dati comunicati durante le presentazioni dei risultati del 2015. La "normalizzazione" dei dati sarà possibile solo dopo l'approvazione e la pubblicazione dei bilanci

Fonte: presentazione/comunicato stampa annuali 2015, report analisti, analisi Value Partners

Securities, treasury account and foreign activity

The market trend for government securities, on which a large part of the Bank's portfolio is allocated, has been impacted, both negatively and positively, by the ECB's monetary policy provisions, by expectations based on additional expansion provisions and by increased sovereign debt risk, all of which are aspects that have characterized the year 2015. These dynamics started in January 2015, when the ECB announced the extension of the financial asset purchase program, including government securities, for an overall total purchase of 60 billion year a month up until at least the month of September 2016. This measure, which became effective in March, rendered the ECB's quantitative easing similar to that of over central banks, starting with the American Federal Reserve. The ECB also announced the possibility of reviewing the extent, duration and composition of the purchase program. During 2015, expectations regarding the extension of the quantitative easing program gradually intensified, until 3 December when the ECB announced a 6 month extension of the program, up to March 2017. The declining trend on yield differentials between government securities for Countries peripheral to the Euro zone and German Bund continued, although with a few interruptions, for example during the general yield increase in the second quarter due to forecasts of a cycle of rate increases on behalf of the American Federal Reserve or, during the same period, the re-heightening of the crisis in Greece. Therefore, despite various drops, at year's end, the spread between Italian and German government securities was down 30-40 basis points along the entire yield curve, dropping below 100 basis points on the ten year maturity term. For the first time, even Italian securities, up to the three year term, touched negative nominal yields.

The management of the Bank's own portfolio was characterized by a slight rise in average volumes invested, in particular in the available-for-sale financial assets portfolio (AFS), with the priority objective of contributing to generating net interest income. Purchase and sale interested prevalently Italian government bonds with maturity periods that consented maintaining limited exposure to interest rate and liquidity risks, practically limiting exposure only to the Country risk, which, moreover, registered a downward trend on market listings. The management approach fully reconfirmed the risk aversion policy. This management line produced fully satisfactory results with respect to the risks assumed and has contributed significantly to the income statement, also vis-à-vis market yields now almost down to zero on maturities under 5 years.

Management of liquidity risk benefited from the additional, albeit gradual, improvement in market conditions. Amounts available through the market of non collateralized interbank deposits are still somewhat limited but, due to the ECB's expansive monetary policy, liquidity is abundant on collateralized operations, such as repurchase agreements on Repo platforms. The bank took part in the tranches of the (TLTRO), for an overall total of 455 million in financing obtained from the ECB through TLTRO operations. Details of financing Eurosystem transactions are shown in the table below.

Amount	Rate	Expiry
30,000,000	0.05%	06/01/2016
65,000,000	0.05%	26/09/2018
100,000,000	0.15%	26/09/2018
260,000,000	0.05%	26/09/2018
455,000,000	**0.07%**	

The first operation, with expiry date 06/01/2016, refers to an "ordinary" financing transaction, while the other transactions refer to extraordinary "LTRO" transactions.

As illustrated in the tables that follow, year-end volumes regarding government securities increased as compared to the previous year. Following constant, in-depth and careful observation of market trends, bond portfolio management entailed selective purchase and sale of mostly Italian government securities and, more marginally, bank bonds, without exceeding the bond portfolio limits regarding value at risk, duration, composition and size, as decided by the Board of Directors and set forth in the specific corporate policy.

As anticipated in the initial portion of this report, the European Central Bank's monetary policy provided all banks with a favorable opportunity, thanks to positive impacts on the statement of accounts in a considerably difficult period for management approaches typical of banking concerns.

Management of investments was carefully correlated between yield and high liquidity requirements. Trading activities on the European monetary and financial market continued to improve, in a context of increased excess liquidity; however, short-term and long-term rates reached historical lows following the introduction of longer term refinancing operations at very low rates, on the part of the Central Bank.

FINANCIAL ASSETS – VARIATIONS

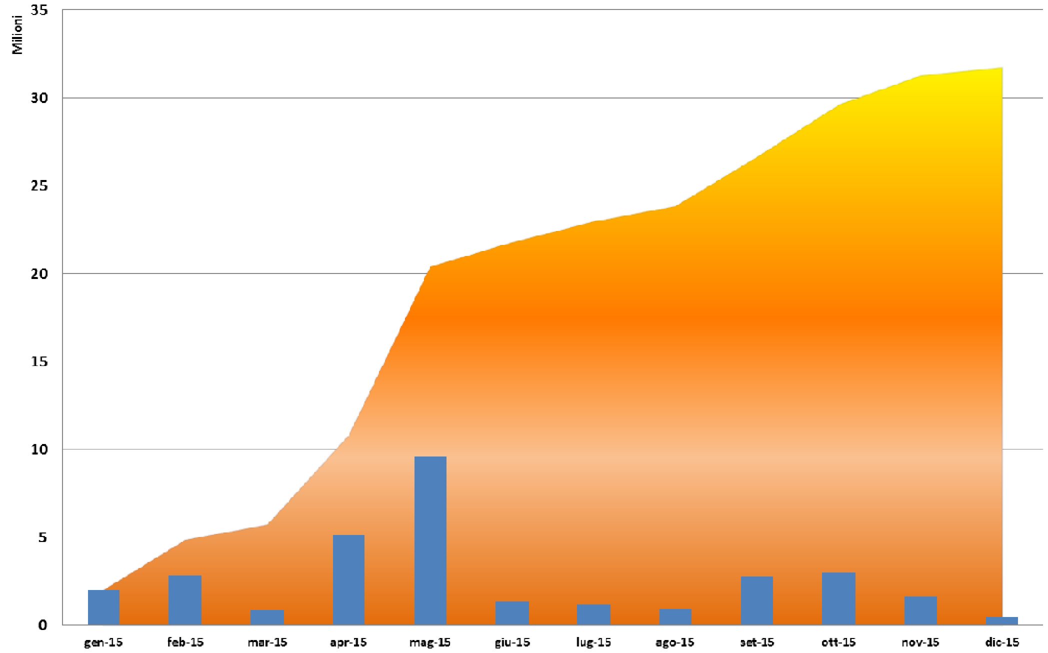
Type	2015	2014	Absolute var.	% Var.
Italian government bonds	1,205,685,102	772,858,010	432,827,091	56.00%
Banks	87,879,214	85,799,339	2,079,875	2.42%
Other issuers	11,667,769	11,797,812	-130,043	-1.10%
Totals	**1,305,232,085**	**870,455,162**	**434,776,923**	**49.95%**

FINANCIAL ASSETS– COMPOSITION

Type	2015 amounts	2015 comp. %	2014 amounts	2014 comp. %
Italian government bonds	1,205,685,102	92.37%	772,858,010	88.79%
Banks	87,879,214	6.73%	85,799,339	9.86%
Other issuers	11,667,769	0.89%	11,797,812	1.36%
Totals	**1,305,232,085**	**100.00%**	**870,455,162**	**100.00%**

The net result of trading activity on securities and hedges during 2015 was equal to 31,554,513 euro. The graph below shows the year's trend (monthly and yearly cumulative data).

Net result of trading activity in 2015



	gen-15	feb-15	mar-15	apr-15	mag-15	giu-15	lug-15	ago-15	set-15	ott-15	nov-15	dic-15
Risultato cumulato anno 2015	1.978.541	4.821.455	5.672.719	10.776.985	20.371.303	21.751.568	22.934.319	23.823.359	26.588.799	29.593.654	31.223.442	31.698.509
Risultato mensile	1.978.541	2.842.915	851.264	5.104.265	9.594.319	1.380.265	1.182.751	889.039	2.765.440	3.004.855	1.629.787	475.067

The foreign sector has continuedto contribute significantly to corporate growth in both the commercial and financial areas.

Equity investments

Equity investments held by the Bank refer, on qualification for IAS purposes, exclusively to companies of the Cabel Group, based on the following scheme.

Name	Balance sheet value as at 31/12/2015	Balance sheet value as at 31/12/2014	Variations
1. Cabel Leasing Spa	3,210,243	3,178,749	31,494
2. Cabel Holding Spa	15,931,175	14,575,454	1,355,721
3. Cabel Industry Spa	480,400	412,261	68,139
Total	**19,621,818**	**18,166,464**	**1,455,354**

For details, please consult the Explanatory Notes.

Regulatory capital

Our Bank has always dedicated commitment and attention to capital adequacy as a primary reference point to support growth and operating development.

Capital adequacy is constantly monitored and is attested to, annually, in the ICAAP document that the Bank must draft and transmit to the Regulatory Authority. These data are essential and evaluations for ICAAP purposes are carried out on a quarterly basis.

The dynamics of regulatory capital and overall exposure to risks are dealt with in greater detail in section F "Information on Regulatory Capital" of the Explanatory Notes; also please consult section E "Information on risks and relative hedging policies" for an analysis of the assessment and control systems applied to relevant risks present in the Bank.

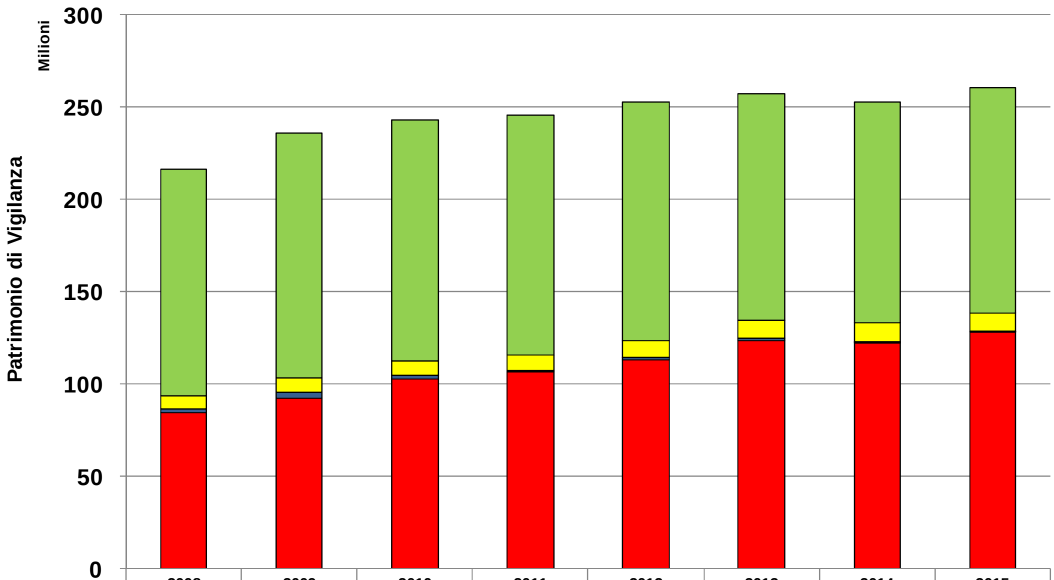
Starting 1 January 2014, the new prudential regulatory guidelines for banks and investment businesses contained in Regulation (EU) n. 575/2013 (Capital Requirements Regulation, the so-called CRR, containing references directly applicable within each member Country) and in Directive 2013/36/EU (Capital Requirements Directive,the so-called CRD IV), that transposed the standards defined by the Basel Commission for Bank Vigilance (the so-called Basel 3 framework) into European Union laws. CRR and CRD IV are integrated by technical regulatory or implementation standards approved by the European Commission following proposal by European vigilance authorities (second level standards) as well as by provisions issued by the national authorities and member Countries to transpose community standards.

In this respect, with the publication of Circular 285/13 "Prudential vigilance provisions for banks", the standards of CRD IV were transposed into the national regulations and the methods of implementation of the provisions contained in the CRR were specified, defining a regulatory framework regarding prudential vigilance, integrated with directly applicable Community provisions. As regards the main elements of the new prudential framework, please note, in extreme summary: - raising of quality levels (also by reviewing regulations inherent to adjustments and applicable deductions) and quantity of minimum capital that banks are required to hold against risks taken; - the introduction of capital buffers, in the form of additional capital reserves with respect to minimum capital requirements, aimed at pursuing micro and/or macro prudential objectives; -the extension of hedging of overall risks, in particular by increasing counterparty risk capital requirements; - the introduction of quantitative rules to contain liquidity risks, aimed at preserving the balance sheet equilibrium for both short and medium term operations; - containing the degree of leverage by introducing an indicator that ties the expansion of overall financial activities to the availability of an adequate capital base; - improving the quality of corporate governing and risk management.

As shown in the table, the Bank presents capital data well above regulatory data and SREP thresholds (comprehensive of add-ons defined by Bank of Italy based on the intrinsic risk of each bank).

Type	**2015**	**2014**
Shareholders' equity / direct deposits from customers (effective)	12.06%	12.58%
Shareholders' equity / receivables from customers (effective)	13.64%	14.56%
Shareholders' equity / Total assets	7.32%	8.91%
Net impaired receivables / own funds	100.43%	91.08%
CET1 capital ratio –own funds	**15.03%**	**15.17%**
Total Capital Ratio –own funds	**15.03%**	**15.18%**

CAPITAL ABSORPTION – FIRST PILLAR RISKS



	2008	2009	2010	2011	2012	2013	2014	2015
Eccedenza patrimoniale	123.157.586	133.069.659	130.621.328	130.188.869	129.526.629	122.690.656	119.546.637	121.767.428
Rischi Operativi	7.169.934	7.524.001	7.678.161	7.964.750	8.735.725	9.603.775	10.769.338	9.574.794
Rischi di Mercato	2.057.468	3.230.792	1.910.982	1.184.744	1.098.783	1.050.336	19.428	27.399
Rischio di Credito	84.171.327	92.172.617	102.902.488	106.230.675	113.232.485	123.517.281	122.470.775	128.776.961

Green: Excess capital Yellow: Operating risks Blue: Market risks Red: Credit risks

Income trend – Summary of results

The income for the 2015 fiscal year was characterized, as for the entire banking system in general, by extraordinary dynamics lead by contributions resulting from financial operations, the significant value adjustments on credit vis-à-vis the difficult context, heavy charges bourn to save banks (in our case, on the whole equal to over 4.8 million, of which 3 million for the 4 ordinary banks, as contribution to recover the 3.6 billion required to "save" the banks, and 1.8 million for the cooperative credit bank system), the reduction of the interest income due to rate trends and the drop in credit allocation.

The 2015fiscal year closed with a net profit of 5million euro, compared to 4.9million the previous year.The principal indicators of the Bank's technical situation are detailed in the table below.

FINANCIAL STATEMENT INDEXES	2015	2014	Variations
STRUCTURAL INDEXES			
Lending / Total assets	54.25%	61.59%	-7.34%
Lending / Total assets	71.78%	85.01%	-13.23%
Lending / Tot assets(only component with effective customers)	88.42%	86.38%	2.04%
Traded volume (Direct deposits + loans to customers + capital)	5,081,094,152	4,461,298,281	13.89%
Personnel in branch offices / Personnel in head office	2,20	1,94	0,26
PROFITTABILITY INDEXES			
Interest income / Total assets	1.04%	1.25%	-0.21%
Operating income / Total assets	2.49%	2.60%	-0.11%
Interest income / Operating income	41.71%	47.97%	-6.26%
Net profit / Total assets	0.13%	0.16%	-0.02%
Operating income / Traded volumes	1.82%	1.82%	0.00%
Adjustments to value of receivables / Operating income	38.23%	40.70%	-2.47%
PRODUCTIVITY INDEXES			
Traded volumes by employee	15,878,419	15,490,619	2.50%
Lending by employee	6,280,964	6,674,111	-5.89%
Direct deposits by employee	8,750,444	7,850,994	11.46%

FINANCIAL STATEMENT INDEXES	2015	2014	Variations
Operating income by employee	288,207	281,873	2.25%
EFFICIENCY INDEXES			
Administrative costs / Total assets	1.35%	1.40%	-0.055%
Administrative costs / Operating income	54.31%	53.71%	0.60%
Operating costs / Operating income (cost income)	54.75%	51.41%	3.33%
Cost income without trading result (ratio between the line items of the Income Statement: 200 and 120-80-90-100)	84.79%	70.94%	13.85%
Administrative costs / Traded volumes	0.99%	0.98%	0.01%
Personnel costs / Average number of employees	74h771	74h793	-22
ASSET QUALITY INDEXES			
Net bad debts / Net lending	6.97%	6.45%	0.52%
Net non performing loans / Net lending	6.03%	5.53%	0.50%
Total net bad debts / Net lending	13.00%	11.98%	1.02%
CAPITAL RATIOS			
CET1 Capital Ratio –own funds	15.03%	15.17%	-0.13%
Total Capital Ratio –own funds	15.03%	15.18%	-0.15%
OTHER INDEXES			
Shareholders' equity / Direct deposits from customers	9.68%	12.30%	-2.62%
Shareholders' equity / Receivables from customers	13.49%	14.47%	-0.98%
Shareholders' equity / Total assets	7.32%	8.91%	-1.59%
Net impaired loans / Own Funds	100.43%	91.08%	9.36%
Degree of hedging on non performing loans	45.32%	38.24%	7.09%
Degree of hedging on impaired loans	33.69%	28.89%	4.80%
Degree of hedging on all lending	6.36%	4.80%	1.55%

Interest income–As forecasted, market rates remained low with a continuing downward trend that mostly impacted the yield of interest-bearing assets. Nevertheless, interest income remained essentially unvaried, registering a slight decrease, from 38.9 million euro to 38.4 million in 2015. In detail, interest income amounted to 73.8 million, as compared to 81.2 million in 2014, while interest expenses dropped from 42.3 to 34.3 million. A significant contribution to the result was provided by the increase in the consistency of the securities portfolio, despite the yields on a constant downtrend.

The continuingly small difference between borrowing and lending rates, in addition to market rate trends, is also a result of credit operation decided by our Bank at favorable terms for families and businesses, partners and customers, aimed at guaranteeing credit continuity in this period of economic crisis, as well as correct remuneration of current accounts, in order to comply with our function of "extended mutuality".

Operating income was 92.2,2 million, up markedly with respect to 81.1million (+13.61%) of the previous fiscal year, thanks to the positive results reached both by net commissions, up by 5.95% to 21 million euro, and by securities transactions that registered 31 million euro in overall profits, as compared to 21.2 million in 2014. The strong performance registered by net commissions is a result of the combined effect of the growth registered by commission income, up from 21.5 million to 22.6 million euro (+5.06%), and the reduction registered by commission expenses, down to 1.5 million from 1.6 million of the previous twelve month period (-5.84%).

The result of available-for-sale financial assets, equal to 31 million euro, up markedly as compared to the 21.2 million registered at the end of 2014 (+46.23%), was achieved thanks to a constant monitoring of the trends on a market characterized by significant price fluctuations on securities. This is a considerable result, achieved by paying the utmost attention to the overall yield of the owned Securities portfolio, including coupon payments, as well as maintaining a balanced corporate liquidity situation.

In relation to the results obtained and the policies regarding rates and conditions applied at a corporate both on deposits and on lending, in accordance with the aim of extended mutuality, the contribution of interest income to operating income dropped from 47.97% in 2014to 41.71% in 2015.

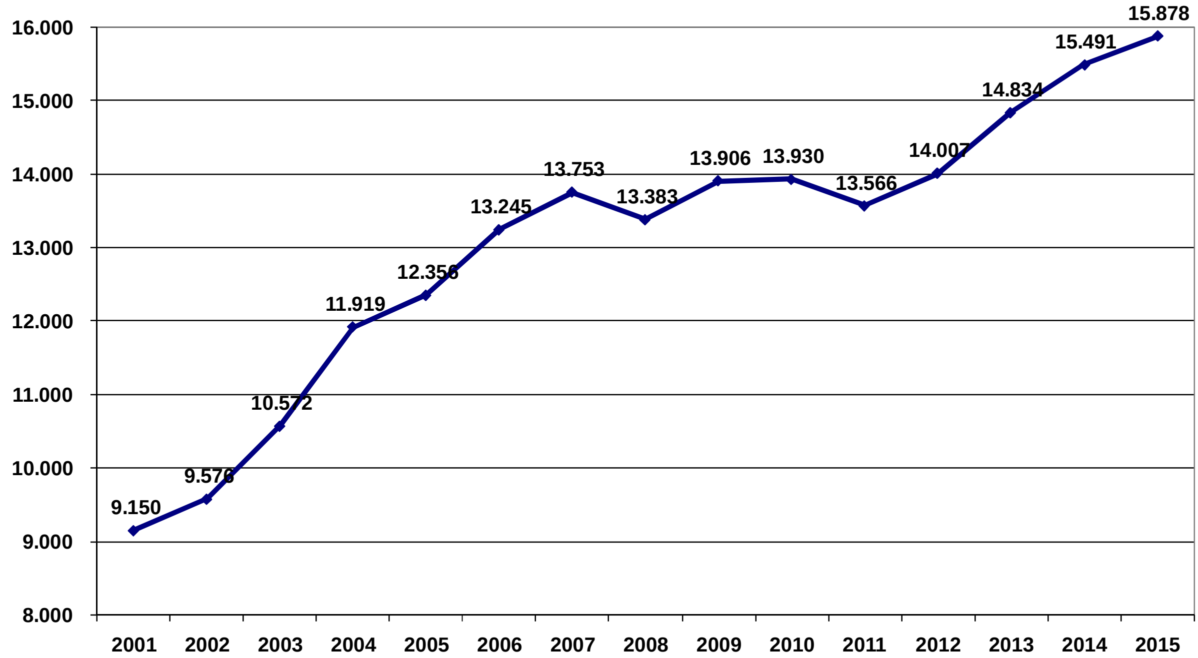
The **Net income from financial management** was equal to 55.5 million euro, registering a 17.39% increase, equal to 8.2 million euro, with respect to the previous fiscal year. In addition to the effects of adjustments on receivables for analytical and flat rate write-downs on impaired receivables, adjustments for the physiological risk on *in bonis* receivables also contributed to making up the total of this item of the financial statements.Adjustments were also applied to “other financial operations” for a total of 1,459,193.66euro in favor of some Italian Cooperative Credit Banks undergoing difficulties.

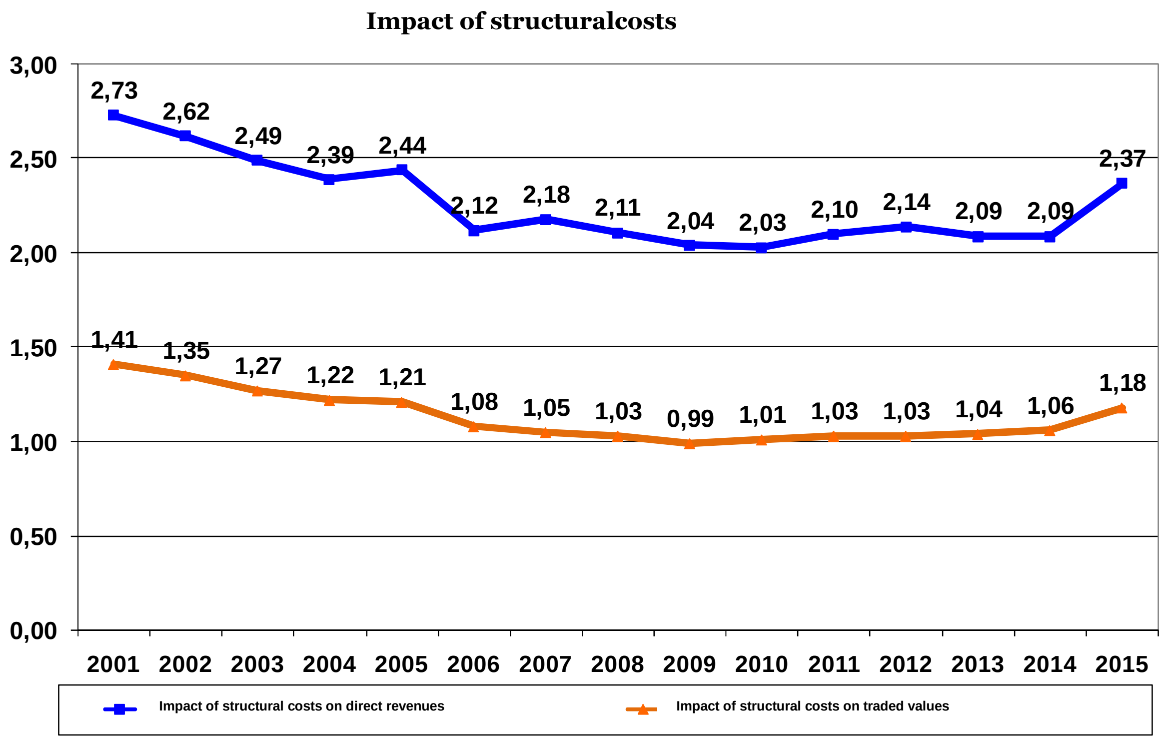
On the whole, the adjustments made, which reflect both the difficulties generated by the persisting negative economic cycle and the prudent assessment made by corporate organs responsible for credit assessment, amount to 35.0 million euro, increased with respect to the 33.0 million registered in 2014,for an impact on the operating income that rises from 41.71%to 47.97%. The ratio of net adjustment on receivables from customers (total of item 130 letter a) versus receivables, also defined “credit cost” is 1.75%,compared to 1.72% in the previous fiscal year.

Operating costs amounted to 50.40 million euro, equal to +20.97%. If one excludes the physiological increase of costs due to the growth of activities, the significant increase of the item is due to costs incurred for “support” given to banks in crisis: in fact, in 2015, 2,985,170.00 euro were paid to the National Resolution Fund, of which 2,238,884.00 were an extraordinary contribution for participation in support of the crisis of four Italian banks, as provided for by Law Decree n. 183 dated 22 November 2015. For this reason, line item 150 b) of the Income Statement, “Other administration expenses” registered a marked increase (+20.19%).Also taking into consideration 1,459,193.66 euro entered at line item 130 d) of the Income Statement, “Net adjustments of value due to impairment of other financial operations”, and 430,272.03 entered at line item 190 of the Income Statement,“Other operating costs/income”, to address interventions in support of Italian Cooperative Credit Banks undergoing difficulties, in 2015 the amount was 4,874,644.69 euro.

The ratio of operating costs to operating income, the so-called «cost income ratio» rose to 54.75% from 51.41% in the previous fiscal year. As regards the single components, administration expenses were50.0million euro +14.87%; of these, personnel expenses increased by 1,937thousand euro, +9.19%due to an increase in the number of employees resulting from the purchase of the ex-Binter branches.

Traded value by employee (in thousands of Euro)





Overall profit before taxes therefore registered a value of 6.4 million Euro, compared to 8.3 million Euro in the previous fiscal year. After detracting income tax for a total of 1.5 million Euro, the **net profit** for the fiscal year was 4.9 million Euro, compared to 4.8 million in the previous year, a variation of +2.08%.

5. The Bank's services, initiatives and structure

Human resources

It is common opinion, always advocated in our reports, that in banking – a typical service activity, further based on trust relationships with customers – human resources play a primary and decisive role to reach objectives and affirm an image that may be perceived on the market as a distinctive company feature. And it is exactly the commitment of our collaborators, their professional training, their sense of belonging to and identification with their, and our Bank, that give rise to the quality of the results, just as their daily conduct embodies those values that enrich the reputation of the Bank; an intangible component, the latter, but anything but invisible, especially in an extremely crowded competitive context within which cultures, habits, inter-personal relationship styles are different enough to permit a comparison.

The Bank has always given great importance to human resource management and development policies, with the precise aim of fostering the emergence of absolutely unique competencies and values. The efforts made towards this objective seem to have proven to be effective, considering that our collaborators stand out first and foremost for their professional competence and listening skills. The preliminary comment to be made regarding the bank's human resources is in actual fact an acknowledgement that is also confirmed by the high productivity rate: we must acknowledge that, indeed, not many banks with the same number of employees produce the same economic and social value.

At the end of 2015 our Bank counted 308 employees on staff, of whom 12 temporary, as detailed in the Explanatory Notes. The increase with respect to the previous fiscal year is due primarily to the purchase of the business constituted by the two bank branches, Pistoia and San Giovanni Valdarno, of the exBancaInterregionale spa.

The activity outlined in the training program continued in 2015 and the Bank's personnel was involved based on an analysis of training needs arising from operating requirements as well as with a view to create skills for the long-term. Training was programmed and carried out with the professional contribution of qualified exponents of the economic and productive world, by inside personnel and by training agencies.

Numerous specialized training programs were also undertaken, aimed at expanding competencies in the credit, finance, human resources, foreign business and payment system competency areas, which involved some of our resources. Classroom courses on anti-money laundering and other obligatory subject were also carried out. The Bank also participated in training initiatives proposed by Bank of Italy regarding the introduction of the new banknotes and an e-learning course was offered, in a special section of the company intranet, on cash management. Specific programs aimed at maintaining IVASS certifications were organized, as well as a training program for resources that are required to obtain IVASS certification for the first time. Participation in the training sessions organized by CabelRicerca e Formazione and other training agencies also continued, dealing with various aspects of bank operations, such as taxation, accounting, finance, legal, anti-money laundering and privacy issues. In compliance with the provisions contained in current regulations regarding on-the-job health and safety, various training sessions specifically for personnel designated to fire prevention and workplace evacuation and first aid activities were also organized and carried out.

Territorial network

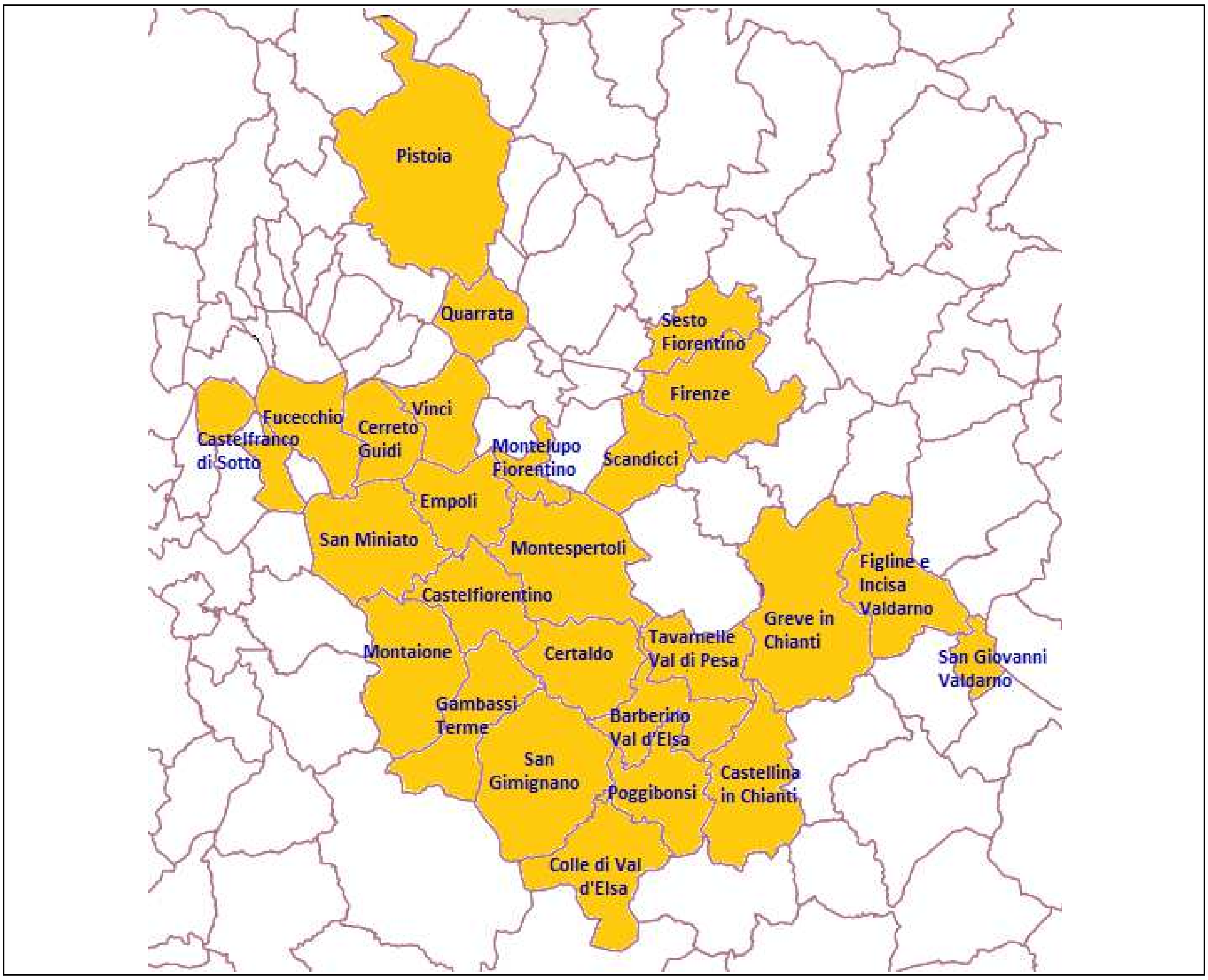
At year’s end, our network counted 38 branches, subsequent to the following events:

- The purchase, on 1 January, of the Pistoia and San Giovanni Valdarnobranches of BancaInterregionaleS.p.A., within the scope ofan action defined in accordance with the Supervisory Authority to allow for an orderly exit off the market of the aforementioned Bank. The prescription to create territorial continuity between the various operating branches, as provided for by regulations of cooperative credit banks, requires the implementation of operating units in Greve in Chiantiand FiglineValdarno, to reconnect to San Giovanni Valdarnobranch purchased from BancaInterregionale, and in Quarrata, to be opened shortly, to reconnect with the Pistoia territory;
- The opening of the FiglineValdarnobranch (in March)and the Greve in Chianti branch (in December) in order to provide operating continuity with the ex-Binter branches, as mentioned;
- The opening of the prestigious branch in Florence, located in Viale Gramsci (in May), as the focal point for the Florentine area, at the end of important restructuring work;
- The opening of the Sesto Fiorentinobranch, as a further unit in the Florentine area.

The completion of the territorial network, as described above, will bring the number of operative branch to 39, and will be concluded in 201 6with the opening of the Quarrata branch, establishing the necessary continuity with the Pistoia branch.

Below isan illustration of the Municipalities in which our bank is present.

Municipalities with Bank branches



Organizational activities

In terms of organization/procedures, during the year, the company organization chart was reviewed and changes were made to designated roles and job profiles, some work process were redefined, existing internal regulations were reviewed/integrated and new regulations were issued, and corporate policies were defined and reviewed, also in order to comply with the provisions of Bank of Italy Circular n. 285 regarding corporate governance, internal control systems and risk management.

As regards the review of work processes and compliance with internal regulations, the main issued dealt with are described below.

A) <u>Supervisory provisions for banks regarding "corporate governance"</u>

The first update of Bank of Italy Circular n. 285/2013 has provided an organic framework for self-evaluation, now included in Section VI of the supervisory provisions for corporate governance for banks. One of the most noteworthy novelties present in the regulations is represented by the codification in an internal regulation document of the above-mentioned self-evaluation process. As known, the evaluation of the quality of Corporate Governance of businesses in general, and of banks in particular, has for some time now been a fundamental element of corporate governance, preparatory and indispensable to reach strategic aims.

In particular, periodic self-evaluation is aimed at reaching the following principal objectives:

- Ensuring a check on the correct and efficient operation of corporate organs and an appropriate composition thereof;
- Pursuing improvement of governance in substantial compliance with corporate governance provisions and with the aims thereof;

- Identifying main weaknesses and promoting their discussion among corporate organs, in order to defined the corrective actions to be implemented;
- Reinforcing collaborative and trust-based relations between the strategic supervisory and management functions;
- Encouraging the active participation of individual components, ensuring full awareness of the specific role covered by each and the respective responsibilities.

In this context, corporate organs carry out periodic self-evaluation based on criteria and evaluation methods suited to the characteristics of the Bank and of the organ carrying out self-evaluation.

As regards the above, during 2015 the Bank implemented the Regulations that discipline the self-evaluation process for corporate organs and carried out the activities aimed at identifying weak points and the relative areas of improvement, in order to guaranty correct operation of the Organs themselves (Board of Directors and Board of Statutory Auditors), as well as defining the best possible qualitative and quantitative composition, in view of the renewal of corporate governance posts in 2016.

B) <u>New regulatory framework regarding prudential vigilance – evolution of Prudential references</u>

Within the scope of the process of integrating the new International Prudential regulations (so-called Basel 3), in force starting 1 January 2014, the issuing, on the part of the European Commission, of implementing Regulations for the regulatory and implementing technical standards defined by European supervisory authorities (second level regulations) and the related provisions issued by Bank of Italy to transpose Community regulations. Specifically, the main novelties introduced during the fiscal year regarded:

- The provisions regarding securitization transactions, amended by Delegated Regulation EU n. 625/2014 and Implementing Regulation EU n. 602/2014 transposed by Bank of Italy in the 8th updated of Circular n. 285/2013 “Prudential vigilance provisions for banks” (hereinafter also referred to as, for the sake of brevity, “the Circular”). Provisions regarding disclosure of restricted and non restricted operations (asset encumbrance) were also implemented in the same update of the Circular;
- The provisions regarding liquidity coverage requirements (LCR), issued with Delegated Regulation EU n. 61/2015 and implemented by Bank of Italy with the 14th update of the Circular;
- The provisions regarding the leverage ratio,issued with Delegated Regulation EU n. 62/2015 and implemented by Bank of Italy with the aforementioned 14the update of the Circular.

C) <u>New regulatory framework regarding prudential vigilance –evolution of prudential references - ICAAP and information to the public</u>

The ICAAP and Information to the Public ex Third Pillar were significantly impacted by the regulatory novelties connected to the implementation of Basil 3 and the new vigilance provisions regarding internal control systems (merely by way of example, the regulations for the quantification of capital requirements and the definition of own funds, the introduction of capital conservation buffers, new requirements for governance and risk management, provisions inherent to the definition and implementation of the RAF). Considering the relevance and complexity of the new provisions in question, within the scope of the new activities preliminary to developing the ICAAP and information to the public, the following aspects were fully reviewed:

- Methodological references for the measurement/evaluation of First and Second Pillar risks, the conduction of stress tests on the principal risks taken, determination of overall capital;
- Self-evaluation of capital adequacy, for the present, in the long-term and in the hypothesis of stress;
- The development of the ICAAP report;
- Methodological references and supports for the creation of a table containing quantitative information regarding risks, as required by Pillar 3, and the correlated qualitative information.

D) <u>New regulatory framework regarding prudential vigilance –evolution of prudential references: own funds and capital requirements</u>

Based on the explanations and positions published by competent authorities, the methodological reference and procedures to calculate own funds and capital requirements were continuously updated and roles and responsibilities of the function involved were reviewed for coherency, as necessary.

E) <u>New vigilance provisions regarding internal control systems, information technology systems and operational continuity</u>

With reference to the new regulatory framework already introduced by Bank of Italy in July 2013, through the publication of the new prudential vigilance provisions regarding internal control systems, information technology systems and operational continuity (contained in the 15th update of Circular n. 263 of 27 December 2006 “New prudential vigilance provisions for banks” but, during 2015, transposed in Circular n. 285/2013), Bank of Italy introduced additional and significant new novelties, providing for:

- Regulations regarding reporting violations (*whistleblowing*), thus also transposing the corresponding provisions of CRD IV that regulate procedural and organizational aspects of internal violation reporting systems that banks must adopt to permit their personnel to report acts or facts that may constitute a violation of banking activity regulations;
- The introduction, within the scope of the risk management process and of the Risk Appetite Framework (RAF), of specific monitoring measures for risks connected restricted bank activities (a*sset encumbrance*).

With particular reference to internal violation reporting systems, the Bank has adopted the pertinent internal Regulations, nominated the Manager for internal violation reporting systems, identified the structure in charge of receiving, reviewing and evaluating reports, and has given the latter the authority to carry out all necessary controls to evaluate the grounds and importance of the violations reported, and has adjusted internal privacy regulations and the respective forms.

F) <u>ICT profiles and operational continuity</u>

On the matter of ICT Profiles and Operational Continuity, the main objectives of the Bank have involved defining potential applications and developing methodologies and documentary standards to support the main compliance measures to cover non conformities identified during the self-evaluation stage (gap analysis) required by Bank of Italy.

The Bank has adopted a series of documents regarding information technology security policies, IT risk management and analysis methods, management of incidents and changes, etc.

Finally, pertinent organizational functions were assigned those tasks required to render operational the roles defined and the provisions contained in the newly implemented policies and regulations.

The main novelties introduced regarding the information technology risk analysis process regard:

- The implementation of an information technology risk analysis procedure that also describes the risk management process;
- The classification of information technology resources making up the information technology system based on the potential risk to which they are exposed;
- The definition of the methods and criteria for residual risk assessment;
- The integration of information technology risk within the framework of the Bank’s operational, reputation and strategic risks;
- The preparation ofan annual summary report on the IT risk situation, which must be presented to the strategic supervisory organ.

Information on environmental issues

Although environmental issues are not directly relevant to the business performance or to financial and economic standing, they are nonetheless taken into due consideration by the Bank, which, aware of the social responsibility of businesses in general and given its cooperative nature, pursues policies that are markedly environment-friendly. The Bank continues to implement a series of initiatives that allow for a minor negative impact on the environment, as well as supporting local activities that promote safeguarding of natural resources. In this regard, for many years the Bank has relied on the services of companies specialized in the collection of toxic waste (printer cartridges and toners for photocopiers and similar products) and adheres to the differentiated waste collection program. The Bank has also taken every measure possible in terms of informatization of the various business activities, in order to increasingly reduce the use of paper.The entire staff has been sensitized to limiting waste production: these “virtuous” behaviors include, among other things, those aimed at “dematerializing” teller accounting reports and contracts and documents undersigned with customers using the electronic signature. Branch restructuring work is carried out also with an eye to containing and limiting energy consumption. Furthermore, in terms of indirect activity, numerous investments have been made in the photovoltaic sector and in “green” energy methods in general.

6. Internal Controls System and risk management

The substantial review and upgrading of the very concept of Internal Control Systems into a process aimed at promoting integrated corporate risk management, also in compliance with the new supervisory provisions, has required a considerable enhancement of the role and powers of the risk control function and, on more general terms, the redefinition of risk measurement, monitoring and governance processes. For these reasons, during 2015, the Internal Controls System was further implemented. In particular, the bad loans monitoring and management area was strengthened, as were the structures of the Compliance Office through co-sourcing activities with Meta srl, a Cabel Group company. Consistently with its traditional business and operational model, the Bank is exposed to various types of risk that are principally inherent to typical credit and financial trading activities, prevalently credit risk and certain types of operating risks intrinsic to banking activities. Company risks are controlled within an organizational model based on the total separation between control functions and production functions that integrates control methods and functions on different levels, which all converge on common objectives, to ensure the efficacy of operating processes, safeguard the integrity of corporate assets, protect against losses, guarantee the reliability and completeness of information and verify the correct performance of activities in compliance with internal and external regulations.

The governance model for the Bank’s system of internal controls has been designed and progressively updated in accordance with current regulatory and governance frameworks, standards, both national and international and best practices. In line with Corporate Governance provisions, the model adopted outlines the main responsibilities of Corporate Bodies, in order to guaranty overall efficacy and efficiency of the internal control system. Specifically:

- The Board of Directors is responsible for the control system and for risk management and, within the scope of the relative governance, of the definition, approval and review of strategic policies and risk management guidelines, as well as guidelines for the application and supervision thereof. Also based on the references outlined for these purposes by General Management, the Board is responsible for continuous monitoring of the overall efficiency and effectiveness of the risk management and control system and for providing for updating it in a timely manner with respect to any omissions or anomalies that may be found, vis-à-vis changes in the context of reference, be it external or internal, or deriving from the introduction of important new products, activities or processes;
- General Management represents the summit of the internal structure and, as such, participates in the management function, is responsible for implementing strategic policies and guidelines defined by the Board of Directors, back to which it must constantly report on the matter. Within the scope of these responsibilities, General Management plans the measures required to ensure the implementation, maintenance and correct operation of an efficient risk control and management system. The responsibilities delegated to General Management include:
  - Analyzing issues pertaining to all corporate risks for the purpose of defining and constantly updating risk management, control and mitigation policies;
  - Contributes to the definition of risk management, control and mitigation processes, identifying the tasks and responsibilities of all structures involved, in order to actuate the chosen organizational model, ensuring that functional separation requirements are met and that activities regarding risk management are carried out by qualified personnel, with an appropriate level of independent judgment and with know-how and experience proportionate to the tasks to be carried out;
  - Continuously verifies the functionality, efficiency and efficacy of the risk management and control system, reporting back to the Board of Directors;
  - Proposes the criteria for the reporting system to management and internal auditing functions, identifying aims, frequency and functions responsible;
  - Ensures that the competent organizational units define and apply processes and instruments appropriate to the analysis, assessment/evaluation and control/mitigation of identified risks;
  - Coordinates the activities of the organizational units involved in the management, assessment/evaluation and control of each risk;
- The Board of Statutory Auditors, within the scope of its institutional vigilance functions, monitors the adequacy of the risk management and control system and verifies its effectiveness and compliance with regulatory requirements. The Board of Statutory Auditors is consulted regarding decisions pertaining to the nomination of the persons responsible for internal control functions and the definition of the

essential elements of the overall architecture of the control system; reports to the Board of Directors regarding omissions or irregularities, requests the adoption of suitable corrective measures and verifies the efficacy thereof over time.

The overall risk control and management system that has been implemented is subdivided into the following levels, defined by the Supervisory Authority:

– *Level I:*

• Line controls, carried out by the same operative structures that performed the transactions or incorporated in the procedure and aimed at ensuring that the transactions are performed properly;

– *Level II:*

• risk management controls, carried out by structures other than the operative structures, with the task of defining risk assessment methods, verifying the respect of the limits assigned to the various operating functions and controlling the operational coherence of individual production areas vis-à-vis risk/performance objectives, quantifying the degree of risk exposure and the possible economic impact thereof;

• Regulatory compliance, carried out by the independent corporate function created for this purpose, with the specific task of promoting observance of external regulations (regulatory laws and standards), corporate governance regulations, as well as internal conduct codes, to minimize the risk of regulatory non conformity and the risks to reputation associated thereto, aiding in the realization of the corporate model for risk control and management;

• Controls regarding the management of money-laundering risks and the risk associated to financing international terrorist activities, carried out bythe independent corporate function created for this purpose, with the specific task of continuously verifying that company procedures are consistent with the objective of preventing and contrasting violations of external regulations (regulatory laws and standards) and corporate governance regulations on the matter of money laundering and financing of terrorist activities;

– *Level III:*

• Internal Auditing, aimed at assessing the adequacy and functioning of the overall Internal Control System. This activity is carried out on the basis of the annual auditing schedule approved by the Board of Directors or through spot-checks on operations of all functions involved, requested during the year. The Bank has partially out-sourced third level control functions.

Over the years, the Bank has adopted and developed a series of organizational solutions, processes and detection, monitoring and management policies regarding exposure to the various types of risks, set forth in the respective guidelines issued by the Board of Directors. The Risk Management, Planning and Management Control Office is responsible for conducting second level controls regarding risk governance, while the Compliance Office is in charge of ensuring the compliance of corporate operations to current regulations. Given the above, aware of the technical complexity of the subject matter, the measurement, management and mitigation methods for the various types of risks that, based on the internal self-evaluation process, have been identified as relevant in light of operations and of the limited complexity of the Bank, are indicated in Part E of the Explanatory Notes “Information regarding risks and the relative hedging policies”, where all the qualitative and quantitative information regarding risks is provided, while Part F “Information on Capital” provides detailed information regarding own funds.

2013 introduced various novelties as regards the definition of the Internal Control System for banks, as well as regarding Information Systems and Operational Continuity, redefining the roles of corporate control functions with respect to coordination, programming and reporting and outlining the specific requirements for the various functions involved (compliance, anti-money laundering, risk management, internal audit).

7. Research and development

In coordination and conjunction with the Cabel network, the Bank concentrates its innovation research on new products and distribution channels and on continuing technological upgrading. Participation in seminars and conferences to study certain topics in depth has been intense, including the direct participation in ABILAB seminars, as a channel for professional growth and to share experiences with other structures.

Activities aimed at implementing programs with a strong organizational impact, aimed at improving and rationalizing operating efficacy and efficiency in terms of both business processes for customers and internal support process continued in 2015.

Various project sectors were involved, with the aim, on the one hand, of continuing the constant improvement of the Bank's structure and, on the other, of keeping the structure constantly compliant in terms of the implementation of new regulations.

Also, during 2015 the bank began the program to contribute funds to the European Investment Fund (E.I.F.).This is a financing operation secured by the "InnovFin" Community guarantee issued by the European Investment Fund, with the financial support of the European Union according to the terms defined in the Horizon 2020 program and in the European Fund for Strategic Investment (EFSI). This financing will be deployed by eligible businesses with specific size requirements, that are research-based and aim at development and innovation.The operative possibilities that derive from the aforementioned convention are significant, also given the fact that our Bank is among the few national banks permitted to participate in the agreement by the E.I.F.For use, this is a further, qualifying testimony to the Bank's acknowledged professionalism.

8. Significant events during the course of the fiscal year

As mentioned, the integration of the two branches purchased from BancaInterregionale began on 1 January. This operation was implemented following a line of action defined with Bank of Italy, in order to quickly arrive at the "orderly market exit" of BancaInterregionale Spa, with head offices in Pistoia. The cost of our part of the acquisition, defined on 20 November 2014, was equal to 2,100,000 Euro as goodwill and, as such, supported by appraisals and value estimates.

This operation marked the effective passage of all juridical relations regarding customers and the migration of data as of 1 January 2015. Total acquired assets amounts to 82,170,138 Euro, of which "loans to ordinary customers" is equal to 66,968,513 Euro. Total liabilities amount to 82,520,960 Euro, of which "collection of savings" is equal to 67,634,862 Euro.With respect to this purchase, required accounting information for this type of transaction is provided in Part G of the Explanatory Notes*"Mergers with companies or branches of business"*.

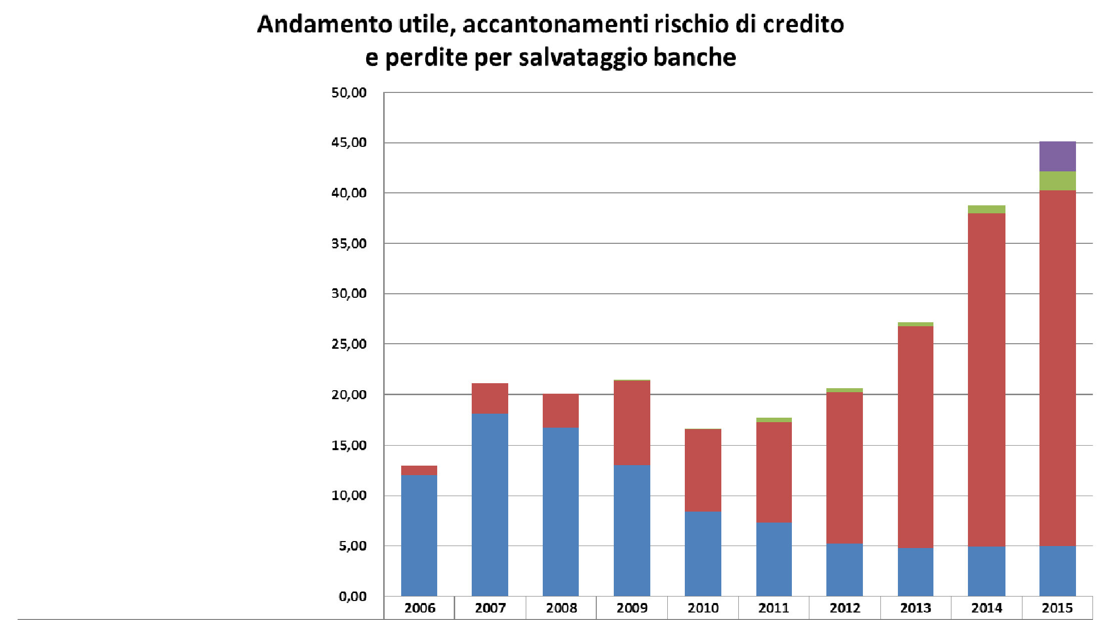
In addition to this purchase, during the fiscal year the branches in FiglineValdarno, Greve in Chianti, Sesto Fiorentinoand in Florence in viale Gramsci(Villa Fagan) were opened.

During the period between 30 April and 3 July, Bank of Italy carried out the periodic inspection audit at the Bank, confirming a substantially positive judgment. The Supervisory Organ carried out a particularly in-depth analysis of the credit risk, also in view of the significant actions carried out by the company to progressively strengthen write-offs aimed at alignment with average system data, now considered reference parameters.The concerns and observations reported by the Supervisory Organ were subject to careful evaluation on the part of the Board of Directors, the Board of Statutory Auditors and the concerned company functions, resulting in a specific plan of shared interventions.

As mentioned, the fiscal year registered relevant extraordinary charges, such as the payment of 2,985,179.00 Euro as contribution to the National Resolution Fund, of which 2,238,884.00 Euro as an extraordinary contribution in support of the crisis of four Italian banks, as provided for by Law decree n. 183 of 22 November 2015. For this reason, item 150 b) of the Income Statement "Other administrative expenses" shows a consistent increase (+20.19%). Also, considering 1,459,193.66 Euro entered at item 130 d) of the Income Statement "Adjustment of value due to impairment of other financial operations ", and 430,272.03 Euro entered at item 190 of the Income Statement "Other operating costs/income", to address interventions in support of Italian Cooperative Credit Banks undergoing difficulties, overall expenses sustained by our bank for support and recovery of the banking system in 2015 amounted to 4,874.644.69 euro.

The graph below shows the trend of the bank's income capacity and income destination. The increasing income potential has been accompanied by a consistent and prudential credit write-down policy. Over the last years, the weight of contributions to be paid for bank recoveries has progressively grown to 2015 amounts. It is useful to note that upon examination of the various cases, the causes of the financial difficulties in almost the totality of cases stemmed from evident poor management, even stretching over year, as opposed to crises due to risks deriving from errors in ordinary management.

The bar graph below shows the Bank's overall income capacity over the last ten year period.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contributi a favore del Fondo di Risoluzione Nazionale										2,99
Interventi a favore del F.do Gar. Dep.ti BCC				0,03	0,04	0,43	0,38	0,36	0,88	1,91
Rettifiche di valore per deterioramento crediti	0,95	3,07	3,38	8,38	8,18	10,01	15,04	22,01	33,04	35,26
Utile netto	12,03	18,11	16,70	13,08	8,40	7,30	5,20	4,80	4,90	5,00

9. Significant events after the close of the fiscal year

The reform regulations for Credit Societies, Law decree n. 3/2015 converted into Lawn. 33/2015,after over thirty years during which the issue was debated but never solved, also contained a section regarding Cooperative Credit Banks. The section in question was removed from those regulations and, based on an initiative launched by Federcasse, a self-reform program was undertaken to better adapt the regulations to the specificity of Cooperative Credit Banks. The process took some time and Law decree n. 1872016 was approved only in February of this year, passed by the Chamber of Deputies on 23 March 2016 and is now awaiting final approval by the Senate. As compared to the original regulations proposed by Federcasse, an association of which our Bank has not been a member since the end of the 1970s, the conversion process of the decree into actual law has, up to now, introduced significant amendments, to be considered definitive at the current state of affairs. In particular, a provision for a *way out* was introduced, with respect to the original hegemonic imposition by Federcasseof the obligatory inclusion in a single banking group created by Federcasse itself, or of liquidation of the Cooperative Credit Bank. The aforementioned reform tends to consolidate Cooperative Credit Banks first and foremost due to an ECB coordination system. The aspect that has perhaps not been fully evaluated, especially at a Community level, but not only, is the fact that the Cooperative Credit Bank system comprises extremely diversified structures in terms of overall technical situations, from recently established single unit banks with capital equity just above the Supervisory limit (of 5 million euro), to banks with a capital equity of less than 50 million, approximately 50% of the almost 360 CCBs active in Italy, to about one hundred institutes that are larger both at an equity and organizational level. Therefore, a composite universe that has its roots far back in time and founding values typical of our culture, which is that of a paradoxically country with an ancient history and civilization, but with a unitary state that is merely one and a half centuries old and not yet well comprehended. The effort to bring CCBs, born in and used to an "atomistic" structure, back into a unitary structure on the part of those same associations (and persons) that have accompanied (if not facilitated) their path to the current situations, perhaps not one hundred percent laudable, is certainly titanic. Using cases such as Credit Agricole or Rabo Bank, with very different traditions, as immediate frames of reference would be somewhat like the apprentice who, the first day on the job, wishes to emulate the plant manager. On our part, coherently with line of "detachment" adopted, based on the results achieved, the industrial investments made, our consolidated corporate culture, and the strategies hereto defined, we have assessed the *way out* plan in a positive manner. Based on the regulation definitions in the stage of conversion into Law, our Bank has the equity requirements, over 200 million based on the balance sheet being approved, to choose between transferring the CCB banking branch to a joint-stock company ("S.p.A."), even one incorporated by ourselves, of which the cooperative remaining after transfer becomes a shareholder for all intents and purposes or, in alternative, of converging into a banking group emanating from CCBs, with all the resulting limits in terms of management autonomy, albeit initially gradually imposed in relation to corporate quality, the whole of which governed by a “cohesion” agreement as yet to be disclosed. The decision to transfer the banking branch as mentioned above, to be implemented within 60 days of the coming into force of the Law, entails a charge that may be quantified as 20% of equity as at the end of the 2015 fiscal year. The nature and the juridical foundation of this 20% are incomprehensible, as the indivisibility of the reserves remaining with the cooperative after transfer of the banking business remains confirmed. On our part, we confirm our objective of placing our Bank in a corporate and operational context that is coherent with the choice made in the last 35 plus years of business. Timing is tight, even for us, the requirement to be met are many. This decision confirmed, and in this sense a specific point is subjected to assessment on the part of the assembly during the approval of the balance sheet for the fiscal year in review, the new corporate bodies will take charge of the turning point in our Banks life.

In terms of operations, a significant event worthy of note is the fact that on 22 March last an agreement was undersigned between our investee, Cabel, and Oracle, a world leader in information technology applications. Oracle and Cabelwill interact to “localize” the FLEXCUBE platform, making it the most innovative and high-performance system for the Italian financial services market. This new product will help banks improve their capacity to sell new products and services, responding to specific new regulations for the sector, in particular national ones, and local market innovations. The collaboration between Cabel and Oracle represents a very significant fact in the market of banking service providers and will lead to the creation of a product capable of providing banks with a considerable competitive potential. In fact, once the “localization” has been completed, Cabel will keep Oracle FLEXCUBE inside its own Data Center and will provide a specific version for the Italian market on a private cloud environment, allowing user Italian bank to reduce loads for IT departments and optimize processing times significantly. By using this platform, Italian banks will also be able to significantly improve financial productivity and performance. Our bank will benefit from this innovation as a Cabel associate, but most of all as user of the applications that will allow the bank to make considerable technological and organizational progress, in line with its traditional search for process efficiency.

Last 10 March, the governor of the European Central Bank announced the lowering of the base rate by 0.05 percent points, bringing it to zero. At the same time, the interest rate on deposits in the Central Bank dropped by 10 points, to -0.04%. The above-mentioned monetary policy is aimed at favoring the conditions for access to credit and bringing the Euro zone closer to the 2% inflation objective.

10. Foreseeable management trend

The year 2015 passed in an unfavorable macro-economic context;the slight improvement, induced mostly by the expansive monetary and tax policies, by the depreciation of the euro and by the reduction of the oil prices, still appears uncertain and fragile. The financial scenario of reference nevertheless pays the price of the presence of historically low interest rates,and maintains an extremely high credit risk.

Although the Italian economic recovery continues to appear weak and uncertain, the forecast for 2016 is a 1.1% growth in Italian GDP, higher than that of 2015, principally due to the contribution of internal demand, which benefits from tax and monetary policies and the improvement of the work market, against a slightly negative external trade balance, which suffers the burden of the drop in exports towards extra-EU countries. The principle uncertainties derive from the economic context that is in some ways improving at a global level, but still characterized by a very weak growth at a European level, and especially in Italy, with potential impacts on credit quality, and by the continuously changing regulatory framework with specific reference to liquidity and equity profiles (European Community processto transpose the new regulatory framework inherent to stable fundingand the leverage ratio, transpose the delegated act regarding the Liquidity Coverage Ratio, modifications to the calculation of the equity requirement on credit risk, stricter regulations regarding exposures towards Sovereign States) and, more generally, to the entire European single supervisory mechanism (Banking Union, Single Supervisory Mechanism, introduction of the BankRecovery and Resolution Directive or “BRRD”, introduction of the “bail in” mechanismas a tool for the resolution of bank crises). An additional risk factor is represented by the critical national level regarding the volume of impaired loans with respect to total lending with the associated uncertainties relative to possible systemic solutions, including legislative ones, and of the inherent compatibility with the Community regulatory framework.In a bank-centered system such as our own, the operational possibilities of banks are directly proportionate to the efficacy of their function as driver for development.

As regards risks, please note that, in observance with the vigilance provisions issued by Bank of Italy regarding internal controls, information systems and operating continuity, the Bank has already fulfilled many of the requirements and will continue with all actions necessary to fully comply with regulatory dictates.

The increased complexity of operations resulting from the expansion of the territorial network will need to be managed and, in this sense, the organizational structure is under constant review in terms of adequacy.

The tensions on financial markets in the last months have increate fears of a new deceleration of the European economy. The recent reaction of the ECB, reinforcing quantitative easing measures, seems to have at least had the effect of stabilizing the markets. However, the debate regarding the efficacy of the measures is still open and the fears of a new deceleration of the European cycle do not seem to have dissolved. In particular, in addition to the difficulties of the international economic context, In Italy the 2016 economic scenario also suffers from a series of uncertainties associated to the close of 2015, which proved weaker than expected, even if in part due to accidental factors (associated to the calendar and the climate). The most recent data also show that the trend for work market statistics is rough, as they have suffered the expiry of the validity date for incentives.

The trends for the first months of 2016 in terms of economic activity seem coherent with a possible contained growth scenario. The deterioration in confidence shown by families and businesses suggests that the signals coming from the markets could condition expectations and affect spending decisions made by families and businesses during the central months of the year.

In 2016 there are grounds for believing that the dynamics of lending to customers might improve and stabilize, due to economic recovery factors but also thanks to particularly favorable monetary policy incentives.The low level of market rates and the high competitiveness on traditional lending to customers will nevertheless continue to exert pressure on the yield of banking assets; at the same time,

The as yet contained market rates and high-level competitiveness in traditional loans to customers will in any event continue to exert pressure on bank asset yields; simultaneously,repricingof liabilities, in line with interest rates, may allow for a decrease in the cost of collection, rebalancing the economic balance, at least in part.A positive contribution to revenue is expected to come from the commission component, particularly as regards asset management. The expected slowdown of flows of new problem loans should contribute to a considerable improvement in the cost of credit, as compared to that of past fiscal years, including 2015. The combination of all these factors should suffice to support ordinary profitability prospects.

11. Proposal for the allocation of fiscal year profit and considerations regarding the balance sheet

Information regarding corporate continuity, financial risks, impairment tests on assets and uncertainties in the use of estimates

With reference to the Bank of Italy, Consoband Isvapdocuments n.2 dated 6 February 2009 and n.4 dated 3 March 2010, regarding information to be contained in financial reports on corporate prospects, with specific reference to corporate continuity, financial risks, impairments tests on assets and uncertainties in the use of estimates, the Board of Directors confirms being reasonably certain that the bank may continue its operations in the foreseeable future and therefore declares that the Financial Statements for the fiscal year in review were prepared with an outlook of ongoing corporate activity. The Bank’s equity and financial structure do not contain any elements or signs that may give rise to any doubts whatsoever as to corporate continuity. For information regarding financial risks, impairment tests on assets and uncertainties in the use of estimates, please refer to the information provided in this report as regards management trends and/or the specific sections of the Explanatory Notes.

Information on transactions with related parties

For information regarding transactions with related parties, as defined in IAS 24, please refer to “Part H –Transactions with related parties” of the Explanatory Notes. In accordance with prudential regulations regarding risk activities and conflict of interest vis-à-vis connected subjects, please note that no noteworthy transactions were carried out with related parties, pursuant to pertinent regulations and criteria adopted within the scope of implemented policies, regarding which the Independent Director and/or the Board of Statutory Auditors formulated a negative judgment or made observations.

Proposal for the allocation of the fiscal year profit

On the basis of what is set forth herein, the Board of Directors therefore proposes to the Shareholders' Meeting the distribution of a dividend scaled to the measure of 4.00% of the par value of the shares. The gratuitous revaluation of the par value of the shares is not possible for the year 2015, in that the ISTAT yearly general national price index, which constitutes the maximum revaluation measure, was such as to not allow share revaluation.

Therefore, in accordance with Article 49 of the Articles of Association, it is proposed that the profit be allocated as follows:

	Project for the allocation of the fiscal year profit	**Amount**
1	To the indivisible reserves set forth in Article 2 of Law no. 904 of 16.12.1977, confirming exclusion of the possibility of distribution among Shareholders under any form, both during the life of the Bank as well as at the time it is dissolved, specifically:	
	To the ordinary/legal reserve set forth in Article 37(1) of Legislative Decree no. 385 of 1.9.1993	3,690,844
	of which to the reserve pursuant to Article 6 of Legislative Decree 38/2005	*636,148*
2	To extraordinary/statutory reserves	573,276
3	To mutual aid funds for the promotion and development of cooperation (equivalent to 3% of net profits in accordance with Article 11(4) of law no 59 of 31.1.1992 and subsequent modifications)	150,000
4	To Shareholders as dividends in the measure of 4.00% of the nominal value (scaled to the capital paid and the date of payment)	85,880
5	Available to the Board of Directors for charity and mutual aid	500,000
	Net profit for the fiscal year	**5,000,000**

12. Final comments

The fiscal year in review has been characterized by extremely complex aspects. In addition to the difficulties of the economic and financial context, there have been many events that have deeply impacted the social life of the populations of many nations: from wars, to terrorism, to migrating peoples, widespread poverty and the loss of human values. Episodes of these types of dramas have been many. The hope that reason will soon prevail is strong, in these times that seem pervaded by utilitarian individualism, by a downward pull, by being informed about everything but reasoning about nothing and by often prevailing primitive emotions. We must not fall into the illusion that someone has a miraculous solution, and that all we have to do is wait. The breakthrough must come from each of us, we must begin to do unto others as we would have them do unto us, aware of the fact that we are living in an epoch stricken by the malaise of unmerited, poorly distributed and poorly lived well-being.

Dear Shareholders,

with the meeting for the approvalof the 2015 financial statements, our three year mandate comes to an end, and we therefore wish to sincerely thank all those who have collaborated in reaching the positive results that the Bank has achieved in these last three years, despite the serious financial and then economic crises that have characterized the period in question.

In particular, the Board of Directors would like to thank:

• the Supervisory Body of Bank of Italy in the Florence offices, always available to provide precious suggestions and advice for a healthy and prudent management and correct application of regulations;

• our friends at CabelGroup for the support provided and with whom we look forward to a challenging period of intense work;

• The Board of Statutory Auditors who, with their usual competence, constantly monitored the appropriateness of corporate management, with ongoing involvement and precious advice;

• General Management in particular, and the entire body of personnel, for their constant dedication, even in such a difficult time as the present, and ongoing commitment, and for having turned the strategic objectives outlined by the Board of Directors into real results;

• all of you shareholders and customers, who represent the Bank's primary asset, for the trust granted us, inviting you to continue to support the Bank in the future.

Castelfiorentino, 25 March 2016

The Board of Directors

Report of the Board of Statutory Auditors to the Shareholders' Meeting

To the Shareholders,

this report acknowledges the results of the activity performed by the Board of Statutory Auditors during the fiscal year ended 31 December 31 December 2015, also with reference to the functions attributed to it by Article19 of Italian Legislative Decree n. 39/2010.

During the fiscal year in review, the Board of Statutory Auditors performer its supervisory activity as required by the Italian Civil Code, Legislative Decrees n. 385/1993 (consolidated law on banking - "TUB"), n. 58/1998 (unified financial services act - "TUF") and n. 39/2010 (consolidated act on statutory auditing), in statutory regulations, as well as special laws on the subject and pursuant to the provisions set forth by public Authorities in charge of vigilance and control (specifically, Bank of Italy and CONSOB), as well as considering the rules of conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and Accounting Experts.

The financial statements were audited by the company Baker Tilly RevisaS.p.A. in accordance with articles 2112 and 2558 of the Italian Civil Code and Consob Circular Consob n. 10121 dated 30/06/1988. As regards the statutory audit, pursuant to article 14 of Legislative Decree n. 39 of 27 January 2010, please refer to their report.

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In accordance with Article 2429(2) of the Italian Civil Code, specific reference is made to the following issues.

1. Supervisory activity performed in compliance with obligations

During the course of fiscal year 2015 the Board of Statutory Auditors supervised compliance with law and the Articles of Association, as well as compliance with principles of proper administration and sound and prudent management.

The Board, also acting as the "*Internal control and auditing committee*" in accordance with Article 19 of Legislative Decree no. 39 of 27/01/2010, controlled the adequacy of the financial information process, finding it to be adequate to the business activity and regulatory requirements.

As will be set forth in detail below, we also supervised the effectiveness of the internal control system and internal audit system, capable of addressing the risks that arise in the Bank's activity.

The supervisory and control activity was performed in the different areas noted above, as follows:

1) Participation at meetings of the Board of Directors (n. 24), the Executive Committee (n. 23), the President of the Risk Committee (n. 4) and the Shareholders' Meeting;

2) Meetings with the company entrusted with the statutory audit;

3) Controls with the managers of the various corporate departments, in particular with the Compliance and Risk Management Department and with the Internal Audit Department, whose activities are carried out in co-sourcing with the company META Srl with offices in Empoli;

4) Meetings with the "Supervisory Authority in accordance with Legislative Decree 231/01".

By participating at the meetings of the Board of Directors and the Executive Committee, the necessary information was acquired, both to evaluate the Bank's trend with regard to its overall capital and economic development, as well as to evaluate its most significant operations. The Board of Statutory Auditors can confirm that, to the extent it is aware, management operations were performed in conformity with law and the Articles of Association, were in the Bank's interests, and did not appear to be manifestly imprudent, irrational or reckless in such a way that would compromise the integrity of the Bank's capital, create a conflict of interest, or conflict with the resolutions approved by the Shareholders' Meeting.

Participation at the meetings of the Board of Directors also allowed us to verify that delegated individuals reported on the operations they performed in accordance with the powers attributed to them, the general management trend, and its foreseeable development. The directors also reported any cases of conflict of interest, in accordance with outstanding provisions of the Italian Civil Code in order to allow proper decision-making procedures to be implemented pursuant to Article 136 of the Consolidated Law on Banking, article

2391 of the Italian Civil Code "Interests of the administrators" and the Regulations for Operations with Connected Subjects, adopted to implement the dispositions of the New Prudential Banking Regulations and Supervision, Heading V – chapter 5.

It is noted that the Board of Statutory Auditors met with the managers of the Independent Auditor, with whom it exchanged information related to audits of the financial statements and other controls that they performed. The managers of the Independent Auditor did not advise of any circumstances, irregularities or censurable facts that had to be reported to the Supervisory Authority or the Board of Statutory Auditors.

With respect to the adequacy of the internal control system, the Board of Statutory Auditors interacted with the Internal Audit Department, and autonomous and independent structure, as the recipient of the inspection reports containing the results of the controls that this service carried out during the course of the year, as mentioned, in co-sourcing with the company META Srl in Empoli; this also in reference to the service agreements in force with the Compliance, Risk Management Anti-Money Laundering Departments. The Board of Statutory Auditors also reviewed and approved the 2015-2017 three year plan and the annual auditing plan scheduled by the Internal Audit Department.

With respect to second level controls, the interaction, which has always been successful, regarded:

- the Risk Management Department, that supplied adequate information regarding risks, the object of periodic reports concerning the controls carried out directly, as well as the effectiveness of the departments entrusted with examining and measuring the different types of risks, and the co-ordination of such departments aimed at an overall vision of risks;
- the Compliance Department (compliance to regulations), for the review and assessment of issues regarding the legal framework with which the Bank must comply and for reports regarding the state of company compliance with respect to the areas of the Department's competence; regarding compliance, please note that starting 1 January 2016, this function was strengthened through the activation of a co-sourcing agreement with the company META S.r.l. The internal contact person remains the current Compliance Department Manager;
- the Anti-Money Laundering Department, for reports regarding this delicate sector, documents whose level of clarification fully represent, among other things, organization and electronic controls in terms of an adequate control of customers and the supply of information to the Centralized Computer Archive;
- the Management Control Office and the Risk Control Office, whose reports provide this Board with adequate information regarding monitored risks pertaining to the specific competence of this function.

On the basis of the above premises, we consider the internal control system – in its entirety - suitable for guaranteeing the control of risks and compliance with applicable regulations and procedures.

During the fiscal year in review, still as regards internal audits, the Board of Statutory Auditors was also able to evaluate the compliance to the provisions of Bank of Italy Circular n. 285 dated 17 December 2013 "Vigilance provisions for Banks" and the continuing conformity of internal regulations.

The Board of Statutory Auditors also assessed and supervised the adequacy of the administrative and accounting system, as well as the latter's reliability in accurately representing management activity, by means of numerous meetings with the Risk Management Office, the review of company documents and, primarily, the ongoing analysis of the results of the work carried out by the Independent Auditor, which was entrusted, as noted, with the specific task of the statutory audit of the accounts.

During the course of the audits and controls conducted, considering the information acquired, including by means of ad hoc reports prepared by the offices entrusted with control functions, no indications appeared of any irregularities in corporate management that would indicate any particular organizational deficiencies.

In conclusion, in consideration of the information obtained during the course of the supervisory activity performed, the Board of Statutory Auditors considers that the organizational structure, internal control system and accounting-administrative structure are consistent with the Bank's size, are adequate for its operating needs and have been timely adjusted/refined based on the evolution of such needs and, specifically, the laws and regulations that regulate the Bank's activity.

According to the information obtained by the Board of Statutory Auditors, no atypical and/or unusual operations were performed during the course of the fiscal year, with the exception of the purchase of the company branch of BancaInterregionaleS.p.a., undersigned on 20/11/2014, effective as of 01/01/2015.

Relationships with related parties took place on the basis of the Regulations approved during the year as implementation of the provisions set forth in the Bank of Italy's Measure *«Risks and conflict of interest with* *respect to related parties»*.The Board of Statutory Auditors, in its supervisory function, has always found compliance with the regulations on this topic. Indeed, transactions were always in line with market conditions or, where appropriate reference parameters were missing, according to cost and, in any event, on the basis of evaluations of objective reciprocal convenience and correctness. No large transactions were carried out with related parties, pursuant to the regulatory provisions of reference and criteria adopted within the scope of corporate policies, regarding which the Independent Directors and/or the undersigned members of the Board of Statutory Auditors expressed a negative opinion or formulated reports.

The document *"Remuneration policies for directors, employees and collaborators who are independent contractors"* was found to be adequate, consistent with supervisory regulations and in conformity with what was indicated by the Internal Audit department, and the Board found that it was properly applied during the course of the fiscal year. In addition to the financial statements, the Shareholders' Meeting is being provided with the information, duly formulated, and required with respect to the effective manner in which remuneration policies are applied.

On the basis of our control and audit no significant facts emerged that had to be reported to the Bank of Italy.

With respect to the activity performed, the Board of Statutory Auditors wishes to specifically note the following business and corporate circumstances:

- the Board of Statutory Auditors met 12 times during the course of the fiscal year;
- no complaints or allegations were made pursuant to Article 2408 of the Italian Civil Code;
- the Board of Statutory Auditors did not have to issue any opinions required by law as there was no need due to the lack of pre-requisites;
- during the course of the fiscal year, the activity of the Supervisory Body, which was established in accordance with Legislative Decree 231/2001, continued on a regular basis. Its activity consisted of examining the organizational and management model and the training program for personnel, as well as advising the Bank's managers of the need for ongoing collaboration, useful for allowing full and effective activity to prevent the crimes provided by the above law;
- procedures and activities were also initiated and further adjusted that were required for compliance with the Legislative Decree 231/2007 on money laundering";
- during 2015, with the 11th update of Circular n. 285/2013, Bank of Italy introduced in the internal control system for reporting of violations (so-called "whistleblowing" systems), aimed at promoting a culture of legality at all corporate levels and incentivizing bank personnel to follow appropriate reporting procedures in order to notify irregularities and/or violations of regulations that govern banking activities on behalf of Company human resources. In compliance with these provisions, the Bank has implemented the Regulations regarding internal reporting of violations, which define the procedural and organizational details of the reporting process, describing the stages, activities, subjects involved and all the protection methods, obligations and responsibilities thereof;
- the procedure for the autonomous assessment of capital adequacy (ICAAP) was further implemented, in accordance with the regulatory guidelines, as discussed by the Board of Directors, the capital is fully adequate for the risks assumed;
- the law on the transparency of banking and financial services and transactions was implemented;
- in terms of usury, the Bank's operations were conducted in compliance with Law no. 108/1996 and the Implementing Provisions of the Bank of Italy;
- with reference to the law on privacy, the provisions of Legislative Decree 196/2003 were complied with;
- as required by Article 136 of the Consolidated Law on Banking, the Board unanimously confirmed the transactions conducted, directly or indirectly, by the Bank's representatives, all approved in accordance with law, including Article 2391 of the Italian Civil Code;
- with reference to the 31 complaints received by the Bank in 2015, compared to the 26 in 2014, the enquiry procedure and management of such cases was found to be proper; further, it was determined that the parties involved were given a timely and reasoned response and that such complaints were properly represented to the Bank's bodies according to regulatory requirements;
- it is certified that, with the participation required of employees, the necessary training was conducted regarding anti-money laundering, privacy, the placement of insurance and financial products, MiFID, occupational safety, credit, transparency, usury, etc.

It should be pointed out that during the period between 30 April and 3July 2015, the Bank underwent an ordinary inspection audit on behalf of Bank of Italy. The previous audit dates back to 2011.

On 17 August 2015, Bank of Italy auditors presented the audit report to the Board of Directors, reconfirming the positive assessment, also in line with the previous 2011 audit.

2. Fiscal year results

The Board of Statutory Auditors has examined the draft financial statements for the fiscal year closed on 31/12/2015 and the management reports, submitted to the same Board by the Board of Directors, within the term required by law.

As the Board of Statutory Auditors is not required to perform the statutory audit of the Financial Statements, the Board has verified the overall layout of the statements, its composition, its structure, the evaluation made of company assets and the management report, in conformity with current laws, provisions of the Supervisory authority and the International IAS/IFRS accounting principles.

The draft financial statements were submitted to review by the company Baker Tilly Revisa Spa, in charge of the statutory audit of accounts. On today's date, in accordance with articles 14 and 16 of Legislative Decree n. 3972010, the audit company has issued its professional opinion as to the reliability of the financial statements in question, without notes or objections.

The financial statements for the 2015 fiscal year, submitted to your approval, are summarized in the most significant aggregates set forth below, and compared with those of the 2014 financial statements.

	2015	2014
BALANCE SHEET		
Financial assets	1,305,232,085	870,455,162
Receivables from customers	2,009,908,372	1,922,144,029
TOTAL ASSETS	**3,705,051,026**	**3,120,741,736**
Payables to customers	2,267,390,500	1,524,911,967
Outstanding securities	532,751,581	736,174,232
Shareholders' equity	266,043,698	273,168,053
Fiscal year profit	5,000,000	4,900,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,705,051,026**	**3,120,741,736**
INCOME STATEMENT		
Interest income	38,468,874	38,940,708
Net commissions	21,078,195	19,894,165
Result of negotiations and other valuation activities	32,769,018	22,344,537
Operating income	92,226,086	81,179,410
Net adjustments for impaired credits	36,719,122	33,893,165
Net income from financial assets	55,506,964	47,286,245
Fiscal year income tax on current operations	-669,355	-1,504,304
FISCAL YEAR PROFIT	**5,000,000**	**4,900,000**

The explanatory notes contain further information considered useful of required by specific provisions of law for a more exhaustive representation of company events and a better comprehension of balance sheet data.

The Board of Statutory Auditors also met with the company in charge of the statutory audit of the accounts, thus taking note of the work carried out by the latter and exchanging reciprocal information, as per article 2409-septies of the Italian Civil Code. As regards the items in the draft financial statements submitted to the Shareholders' assembly, the Board of Statutory Auditors has carried out the controls required to be able to provide the following comments.

3. Comments on the financial statements

It is noted as follows:

- The draft financial statements were prepared, as implementation of Legislative Decree no. 38/2005, from a substantive standpoint, in accordance with the Supervisory Regulations contained in Circular no. 262 of 22

December 2005 of the Bank of Italy and in application of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB),approved by the European Union, and in effect as of the date the financial statements were closed, as well as the related interpretations (SIC/IFRIC).Such accounting standards are reported analytically in part A.1, section 2 of the Explanatory Notes. The above documentation duly considers what is provided in the Joint Document of the Bank of Italy, Consob and Isvap no. 4 of 3 March 2010, on the information to be provided in financial reports on controls of the reduction of value of assets (impairment test), on the contractual clauses of financial liabilities, on debt restructuring and on the "hierarchy of fair value";

- the draft financial statements, as prepared, correspond to the facts and information the Administrative Body was aware of as of the date of their approval;
- The Report on Operations contains the information required by outstanding law and completes, in a clear manner, the content of the fiscal year financial statements; specifically, in the Report on Operations and in the Explanatory Notes, the directors have provided the information required by Document no. 2 of Consob, the Bank of Italy and Isvap of 6 February 2009 on "business continuity" *(going concern)*, and they prepared the financial statements based on an expectation of business continuity. The Board agrees with the judgment expressed and confirms the reasonable expectation that the business will continue operating in the foreseeable future.

As noted, with respect to the supervisory activity regarding the financial statements for which it is responsible, in addition to the provisions of the Italian Civil Code and provisions of the Supervisory Authority, the Board of Statutory Auditors complied with the rules of conduct established by the National Council of Accountants and Auditors.

In conclusion, the Board of Statutory Auditors approves the 2015 fiscal year financial statements, which were duly made available within the prescribed term.

Specifically, in accordance with Article 2426(5) of the Italian Civil Code, the Board consents to recording multi-year software costs and expenses, amounting to a total of 167,098.41 Euro in asset line item 120 "Intangible assets". The entry is at cost, net of constant rates of amortization over five years. Again with the Board's consent, the expenses for improvements to third party assets corresponding to 904,351.97 Euro were allocated to asset line item 150 "Other assets" and were amortized directly on the basis of the duration of the leases. In the same way, in accordance to point 6) of the aforementioned Article, the Board consents to recording goodwill amounting to 2,100,000 Euro regarding the purchase of the company branch from BancaInterregionale Spa which took place on 20 November 2014, effective 1 January 2015.

We certify that the Directors provided the information required by Article 10 of Law no. 72 of 19 March 1983 in a special schedule annexed to the financial statements.

The Board of Statutory Auditors, in compliance with the provisions of Article 2 of Law no. 59/1992 and Article 2545 of the Civil Code, approves the standards followed by the Board of Directors in its social activity to pursue mutual aid objectives in conformity with the cooperative nature of the company, and set forth in detail in the report on operations presented by the Directors. Specifically in such regard, we confirm that in 2015 as well the Bank remained faithful to its social mission of cooperative credit. Consistently with such mission, it sustained the economies in the territories in which it operates, supporting families and the activities of the companies operating therein.

We further wish to emphasize, also due to their effect on the economic result, the strict criteria adopted in assessing receivables also in 2015, in assessing receivables in conformity with the internal policy "Rules for classification and assessment of the credit portfolio", approved by deliberation of the Board of Directors on 28 July 2014, in addition to integrating provisions expressed by the Supervisory Authority pursuant to the audit.

Such orientation represents a determined «factor safeguarding the integrity of capital», including in prospective terms, considering the persistence of the difficult economic situation and uncertain outlook with respect to economic recovery. The Bank's considerable capital assets should also be emphasized, an endowment that is reassuring in any case due to its ability to absorb negative trends, both present and future, of the economic situation.

4. Proposals regarding the financial statements and the approval thereof

Upon the conclusion of the specific controls carried out, the Board can certify that the Report on Operations is consistent with the Bank's financial statements as of 31 December 2015 and indicates business performance, its current trend and outlook. This is true with reference both to the financial information, as an analysis of the income, asset and financial situation and indictors of capital adequacy, as well as with respect to other information, such as risks and uncertainties concerning the Bank's activity, its management, human resources, cultural and promotional activities, security, mutual aid activities, and business performance. The significance of credit risk, liquidity risk and market risk was adequately indicated, also in consideration of the strong market tensions. The Explanatory Notes indicate the measurement criteria used and provide all of the information required by laws currently in force, including information on credit risk, market risk, liquidity risk and operational risks.

As conclusion of our report, in repeating that on the basis of the supervisory activity carried out no critical events appeared and no omissions or irregularities were found, the Board of Statutory Auditors expresses its favorable opinion, to the extent of our responsibility, for the approval of the financial statements for fiscal year 2015 and related proposal for the allocation of the fiscal year net profit, which it certifies conforms to law and the Articles of Association and is suitable in view of the Bank's economic and financial situation.

The distribution of dividends proposed is for a negligible amount and allows capital adequacy, both current and future, to be maintained, consistently with the overall risks assumed.

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The Board sincerely thanks all of the Bank's departments for the collaboration provided to the control body during the course of the fiscal year while carrying out its institutional functions.

Castelfiorentino, 12 April 2016

THE BOARD OF STATUTORY AUDITORS

Prof. Stefano Sanna	*Chairman*
Prof.ssa Rita Ripamonti	*ActingAuditor*
Prof. EdoardoCatelani	*Acting Auditor*

Report of the Independent Auditor

Report of the Independent Auditor
in accordance with Article 14 of Legislative Decree no. 39 of 27.1.2010
on the financial statements for the fiscal year ended 31 December 2015.

To the Shareholders of
BANCA DI CREDITO COOPERATIVO DI CAMBIANO
Piazza Giovanni XXIII, 6
50051 CASTELFIORENTINO (FI)

Report on the financial statements

We have audited the fiscal year financial statements of Banca di Credito Cooperativo di Cambiano, consisting of the equity and financial situation as at 31 December 2015, the income statement, the overall income statement, the schedule of variations to shareholders' equity, statement of cash flows for the fiscal year ending on the aforementioned date, by a summary of significant accounting principles and other explanatory notes thereto.

Responsibility of the Directors for the financial statements.

The directors are responsible for preparing the financial statements, in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement Article 9 of Legislative Decree n. 38/05.

Responsibility of the Independent Auditors

We are responsible for expressing our professional opinion regarding the financial statements based on the audit of accounts. Our audit was conducted according to the international auditing principles (ISA Italia) set forth in accordance to article 11, sub-section 3 of Legislative Decree 39/10. These standards require observance of ethical principles as well as planning and conducting the accounting audit in order to acquire a reasonable certainty that financial statements contain no significant errors.

The audit procedure included the review, based on sample controls, of the evidence justifying the balances and information contained in the financial statements. The procedures chosen depend on the professional opinion of the auditor, including the evaluation of the risks of significant errors in the financial statements due to fraud or non intentional conduct or events.

While assessing these risks, the auditor takes into account internal controls regarding the preparation of the financial statements of the company, and whether it provides a true and correct representation for the purpose of defining auditing the procedures appropriate to the circumstances, and not to express an opinion as to the efficacy of internal corporate controls. The accounting audit also includes an evaluation of the adequacy of the accounting standards adopted, of the reasonableness of the estimates made by the directors, and of the overall presentation of the financial statements.

It is our opinion that we have acquired sufficient and adequate evidence on which to base our opinion.

Opinion

In our opinion, the financial statements represent in a truthful and accurate manner shareholders' equity and the financial situation of Banca di CreditoCooperativo di Cambiano as at 31 December 2015, as well as of the economic result and cash flows for the fiscal year closed on the same date, in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations implementing article 9 of Legislative Decree n. 38/05.

Information note

As specified by the Directors in the Explanatory Notes to the financial statements closed on 31 December 2015, the Bank, in compliance with Bank of Italy Circular n. 0292446 dated 13/03/2015, has recalculated the profit and equity of the affiliated company, Cabel Holding S.p.a. for the years from 2008 to 2012, with the relative impact on the balance sheets.

In fact, the overall difference of 4.1 million Euro has been reclassified from "Valuation reserve" to "Reserves", with the relative differed tax impact. The increased value of the Cabel Holding S.p.a. shares of euro 812 thousand has been recorded in increase of "Shareholding" and with contra-entry in "Valuation reserve", here again with the relative tax impact.

Report on other law and regulatory provisions

Opinion regarding the consistency of the report on operations with the financial statements.

We conducted the procedures specified in the audit standards (SA Italia) n. 720B for the purpose of expressing, as required by current laws in force, an opinion as regards the consistency of the report on operations, the responsibility for the preparation of which rests with the directors of Banca di Credito Cooperativo di Cambiano, with respect to the financial statements of the Banca di Credito Cooperativo di Cambiano as at 31 December 2015. In our opinion, the report on operations is consistent with Banca di Credito Cooperativo di Cambiano's financial statements as at 31 December 2015.

Florence, 12 April 2015

BAKER TILLY REVISA S.p.A.

Lucia Caciagli
Executive Partner

BAKER TILLY
REVISA

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RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 E 16 DEL D.LGS. 27 GENNAIO 2010, N.39

Ai Soci della
Banca di Credito Cooperativo di Cambiano
P.za Giovanni XXIII, 6
50051 Castelfiorentino (FI)

Relazione sul bilancio d'esercizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Banca di Credito Cooperativo di Cambiano, costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2015, dal conto economico, dal conto economico complessivo, dal prospetto delle variazioni nel patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data, da una sintesi dei principi contabili significativi e dalle altre note esplicative.

Responsabilità degli amministratori per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere un giudizio sul bilancio d'esercizio sulla base della revisione contabile. Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia) elaborati ai sensi dell'art. 11, comma 3, del D.Lgs. 39/10. Tali principi richiedono il rispetto di principi etici, nonché la pianificazione e lo svolgimento della revisione contabile al fine di acquisire una ragionevole sicurezza che il bilancio d'esercizio non contenga errori significativi.

La revisione contabile comporta lo svolgimento di procedure volte ad acquisire elementi probativi a supporto degli importi e delle informazioni contenuti nel bilancio d'esercizio. Le procedure scelte dipendono dal giudizio professionale del revisore, inclusa la valutazione dei rischi di errori significativi nel bilancio d'esercizio dovuti a frodi o a comportamenti o eventi non intenzionali.

BAKER TILLY REVISA S.P.A. · CAP. SOC. EURO 1.537.173,56 I.V. - REG. IMP. BO, COD. FISC. E P.I. N. 01213510017 - R.E.A. BO N. 362604
REGISTRO DEI REVISORI LEGALI N. 15585, SOCIETÀ DI REVISIONE GIÀ ISCRITTA AL N. 3 DELL'ALBO SPECIALE CONSOB
SEDE LEGALE: VIA SIEPELUNGA, 59 40141 BOLOGNA · CONSOCIATE NEI PRINCIPALI PAESI DEL MONDO
UFFICI IN: BOLOGNA - BOLZANO - BRESCIA - FIRENZE - GENOVA - MILANO · ROMA - TORINO - TREVISO - VERONA

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BAKER TILLY REVISA

Nell'effettuare tali valutazioni del rischio, il revisore considera il controllo interno relativo alla redazione del bilancio d'esercizio dell'impresa che fornisca una rappresentazione veritiera e corretta al fine di definire procedure di revisione appropriate alle circostanze, e non per esprimere un giudizio sull'efficacia del controllo interno dell'impresa. La revisione contabile comprende altresì la valutazione dell'appropriatezza dei principi contabili adottati, della ragionevolezza delle stime contabili effettuate dagli amministratori, nonché la valutazione della presentazione del bilancio d'esercizio nel suo complesso.

Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Giudizio

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Banca di Credito Cooperativo di Cambiano al 31 dicembre 2015 e del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data, in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. n. 38/05.

Richiamo di informativa

Come indicato dagli amministratori nella Nota Integrativa del bilancio chiuso al 31 dicembre 2015, la Banca, in ottemperanza della Circolare della Banca d'Italia n°0292446 del 13/03/2015, ha provveduto al ricalcolo degli utili e del patrimonio della società collegata Cabel Holding S.p.a. per gli anni dal 2008 al 2012, con il relativo impatto sui conti patrimoniali del bilancio.

Infatti la differenza complessiva di € 4,1 milioni è stata riclassificata da "Riserva da valutazione" a "Riserve" con relativo impatto fiscale differito. Il maggior valore della partecipazione Cabel Holding S.p.a. di € 812 €/migl. è stata registrata a incremento delle "Partecipazioni" e in contropartita a "Riserva da valutazione", anche in questo caso con relativo impatto fiscale.

BAKER TILLY
REVISA

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere, come richiesto dalle norme di legge, un giudizio sulla coerenza della relazione sulla gestione, la cui responsabilità compete agli amministratori della Banca di Credito Cooperativo di Cambiano con il bilancio d'esercizio della Banca di Credito Cooperativo di Cambiano al 31 dicembre 2015. A nostro giudizio la relazione sulla gestione è coerente con il bilancio d'esercizio della Banca di Credito Cooperativo di Cambiano al 31 dicembre 2015.

Firenze, 12 aprile 2016

Baker Tilly Revisa S.p.A.

Lucia Caciagli
Socio Procuratore

Schedule of overall profitability

	Line items	2015	2014
10	**Fiscal year profit (loss)**	**5,000,000**	**4,900,000**
	Other income components net of tax without reversal to income statement		
20	Property, plant and equipment	-	-
30	Intangible assets	-	-
40	Defined benefit assets	154,365	(453,658)
50	Noncurrent assets in course of divestment	-	-
60	Share of valuation reserves of equity investments measured on basis of shareholders' equity	-	-
	Total other income components net of tax without reversal to income statement		
70	Hedging foreign investments	-	-
80	Exchange rate differences	-	-
90	Hedging cash flows	-	-
100	Financial assets available for sale	(13,714,584)	13,444,284
110	Non-current assets in course of divestment	-	-
120	Share of valuation reserves of equity investments measured on basis of shareholders' equity	(3,191,158)	-
130	**Total other income components net of tax**	**(16,751,378)**	**12,990,626**
140	**Overall profitability (Line item 10 + 130)**	**(11,751,378)**	**17,890,626**

Table of variations to shareholders' equity

TABLE OF VARIATIONS TO SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2015

	Amounts as at 31 December 2014	Modification of opening balances	Amounts as at 1 January 2015	Allocation prior fiscal year result		Fiscal year variations								Shareholders' equity 31 December 2015
							Transactions involving shareholders' equity							
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Distribution of extraordinary Dividends	Variation of equity instruments	Derivatives on treasury shares	*Stock options*	Overall profitability 2015 fiscal year	
Share capital:														
a) ordinary shares	**2,991,762**		2,991,762				1,084,158							**4,075,920**
b) other shares														
Premium on issue of new shares	**255,143**		255,143				327,312							**582,455**
a) from gains	**239,485,218**		239,485,218	4,133,567		4,081,986								**247,700,771**
b) other														
Valuation reserves	**30,435,931**		30,435,931										-16,751,378	**13,684,553**
Equity instruments														
Treasury shares														
Fiscal year profit (loss)	**4,900,000**		4,900,000	-4,133,567	-766,433								5,000,000	**5,000,000**
Shareholders' equity	**278,068,053**		**278,068,053**	**-**	**-766,433**	**4,081,986**	**1,411,470**						**-11,751,378**	**271,043,698**

TABLE OF VARIATIONS TO SHAREHOLDERS' EQUITY AS AT 31 DECEMBER 2014

	Amounts as at 31 December 2013	Modification of opening balances	Amounts as at 1 January 2014	Allocation prior fiscal year result		Fiscal year variations								Shareholders' equity 31 December 2014
							Transactions involving shareholders' equity							
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Distribution of extraordinary Dividends	Variation of equity instruments	Derivatives on treasury shares	*Stock options*	Overall profitability 2014 fiscal year	
Share capital:														
a) ordinary shares	**2,969,703**		2,969,703				22,059							**2,991,762**
b) other shares														
Premium on issue of new shares	**250,562**		250,562				4,580							**255,143**
a) from gains	**235,505,611**		235,505,611	3,979,607										**239,485,218**
a) from gains														
Valuation reserves	**17,445,305**		17,445,305										12,990,626	**30,435,931**
Equity instruments														
Treasury shares														
Fiscal year profit (loss)	**4,800,000**		4,800,000	-3,979,607	-820,393								4,900,000	**4,900,000**
Shareholders' equity	**260,971,181**		**260,971,181**	**-**	**-820,393**		**26,639**						**17,890,626**	**278,068,053**

Cashflow statement

CASHFLOW STATEMENT Indirect Method		
A. OPERATING ASSETS	Amount	
	2015	2014
Operations	**50,217,215**	**40,042,561**
- fiscal year result (+/-)	5,000,000	4,900,000
- gains/losses on financial assets held for trading and on financial assets/liabilities measured at fair value (+/-)	-36,051	94,870
- gains/losses on assets used for hedging (+/-)	-2,890	-40,531
- adjustments/write-backs of net value due to impairment (+/-)	36,719,122	33,893,165
- net adjustments/write-backs of value of property, plant and equipment and intangible assets (+/-)	3,144,886	2,642,248
- net allocations to risk and expense funds and other costs/income (+/-)	-	-15,904
- outstanding taxes (+)	669,355	1,504,304
- adjustments/write-backs of net value of groups of assets being divested net of tax (+/-)	-	-
- other adjustments (+/-)	4,722,792	-2,935,591
2. Liquidity generated by financial assets	**-615,083,481**	**-164,884,680**
- financial assets held for trading	81,211	84,774,551
- financial assets measured at fair value	-	-
- financial assets available for sale	-434,822,083	-98,691,946
- receivables from banks: on demand	-24,512,841	-31,662,478
- receivables from banks: other receivables	-27,982,643	-17,017,840
- receivables from customers	-123,024,272	-88,857,729
- other assets	-4,822,853	-13,429,238
3. Liquidity generated/absorbed by financial liabilities	**573,951,278**	**133,354,709**
- payables to banks: on demand	5,772,613	-1,094,069
- payables to banks: other payables	-130,052	131,087,215
- payables to customers	742,478,533	28,462,082
- outstanding securities	-203,422,651	-45,852,592
- financial liabilities from trading	-	-
- financial liabilities measured at fair value	-	-
- other liabilities	29,252,835	20,752,073
Net liquidity generated/absorbed by operating assets	**9,085,012**	**8,512,589**
B. ATTIVITÀ DI INVESTIMENTO		
1. Liquidity generated by	**-2,365**	**-28,500**
- sales of equity investments	-	-
- dividends received from equity investments	36,000	36,000
- sales of financial assets held through maturity	-	-
- sales of property, plant and equipment	-38,365	-64,500
- sales of intangible assets	-	-
- sales of branches of business	-	-
2. Liquidity absorbed by	**-8,115,070**	**-8,063,535**
- purchases of equity investments	-	-1,653,674
- purchases of financial assets held through maturity	-	
- purchases of property, plant and equipment	-5,994,614	-6,280,904
- purchases of intangible assets	-20,456	-128,957
- purchases of branches of business	-2,100,000	
Net liquidity generated/absorbed by investment assets	**-8,117,436**	**-8,092,035**
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	1,411,470	26,639
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	-766,433	-820,393
Net liquidity generated/absorbed by funding activities	**645,037**	**-793,753**
NET LIQUIDITY GENERATED/ABSORBED DURING THE FISCAL YEAR	**1,612,613**	**-373,199**

KEY:(+) generated(-) absorbed

RECONCILIATION		
LINE ITEMS OF THE FINANCIAL STATEMENTS	Amount	
	2015	2014
Cash and cash balances at the beginning of the fiscal year	9,077,212	9,450,411
Total net liquidity generated/absorbed during the fiscal year	1,612,613	-373,199
Cash and cash balances: effect of variation of exchange rates	-	-
Cash and cash balances at the close of the fiscal year	10,689,825	9,077,212

EXPLANATORY NOTES

Part A – ACCOUNTING POLICIES

A.1 – General part

Section 1 – Statement of conformity to International Accounting Standards

The financial statements of the Banca di CreditoCooperativo di Cambianos.c.p.a., in compliance with Legislative Decree of 28 February 2005 n. 38, were prepared in conformity with the IAS/IFRS accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and approved by the European Commission, as set forth by Community Regulations n. 1606 of 19 July 2002. The financial statements as at 31/12/2015 were prepared based on the instructions contained in Bank of Italy Circular n. 262/05 "Bank financial statements: schedules and rules for preparation" issued on 22 December 2005 and subsequent amendments. This instructions set forth obligatory financial statement schedules and how they are to be filled out, as well as the contents of the Explanatory Notes. The IAS/IFRS standards were applied also in reference to the "system framework for the preparation and presentation of the financial statements" (so-called framework), specifically as regards the fundamental principle regarding the prevalence of substance to form and the concept of the relevance and significance of the information.

Section 2 – General preparation standards

The financial statements consist of the balance sheet, the income statement, the schedule of overall profitability the table of variations to shareholders' equity, the cash flow statement, prepared according to the indirect method, and the explanatory notes.The financial statements are accompanied by the Board of Directors' report on operations and on the Bank's current situation.
The accounts in the financial statements correspond to the Bank's accounting records.
The financial statements were prepared based on a going concern assumption and with reference to the general principles for preparation of financial statements listed below:

- Accrual basis of accounting;
- Going concern;
- Comprehensibility of the information;
- Significance of information (relevance);
- Reliability of information (true representation; prevalence of economic substance on juridical form; neutrality of information; completeness; prudence of estimates to avoid over-estimating profit/assets or under-estimating costs/liabilities);
- Comparability over time.

The fiscal year financial statements were prepared in compliance with the schedules and rules on compilation issued by the Bank of Italy in Circular n. 262 dated 22/12/2005, 4th Update of 15 December 2015.
Furthermore, complementary information considered opportune to integrate the representation of the data in the financial statements, albeit not required by law, was also provided.
The schedules of the Balance Sheet and Income Statement, Schedule of Overall Profitability, Table of variations to Shareholders' Equity, and Cash Flow Statement are expressed in Euro, whereas the Explanatory Notes, unless otherwise specified, are expressed in thousands of Euro. For comparative purposes, the balance sheet and, where required, the tables in the Explanatory Notes, also include data relating to the previous fiscal year.
As regards the assumption of going concern, please note that, in compliance with the provisions set forth in document n. 2 dated 6 February 2009 "Information to be provided in financial reports on business continuity, financial risks, tests of assets for impairment and uncertainties in the use of estimations" issued jointly by Bank of Italy, Consob and Isvap, the Bank has reasonable expectations of continuing operations in the foreseeable future and has, therefore, prepared the financial statements based on the going concern assumption.

Section 3 – Events subsequent to the date of reference of the financial statements

See the special section provided in the Directors' Report on Operations.

Section 4 – Other aspects

The Bank's financial statements were submitted to audit by the company Società Baker Tilly Revisas.p.a. Preparation of the financial statements is also based on estimations and assumptions that may have significant effects on the values registered in the income statement, as well as on the information regarding potential assets and liabilities recorded in the financial statements.

Calculating these estimations implicates the use of the information available and the application of subjective evaluations also based on acquired experience, used for the purpose of formulating reasonable assumptions regarding the relevance of management events. By their very nature, the estimations and assumptions used may vary from one period to another; therefore, it is not inconceivable that in subsequent fiscal years the values registered in the financial statements may differ even significantly, following changes in the subjective evaluations applied.
The main items for which the use of subjective evaluations on the part of the Bank is mostly required are:

- The quantification of losses due to reductions in credit values and, in general, other financial assets;
- The determination of the fair value of financial instruments to be used for the purpose of information on the financial statements;
- The use of evaluation models to determine the fair value of financial instruments not traded on an active market;
- The evaluation of the congruity of goodwill values and other intangible assets;
- The quantification of allocations for personnel and for risks and charges;
- Estimations and assumptions regarding the recoverability of deferred tax assets.

The description of the accounting policies applied on the main financial statement aggregates provides the details and information necessary to identify the main subjective assumptions and evaluations used to prepare the fiscal year financial statements. For further detailed information regarding the composition and the relative entry values of the items involved in the aforementioned estimations, please refer to the specific sections of the explanatory notes.

A.2 – Part related to the principal line items of the financial statements

1 – Financial assets held for trading

Classification criteria
Debt securities, capital securities, certificates of participation in mutual funds purchased for trading, and derivative contracts with positive fair value are allocated to such line item, with the exclusion of hedges.

Recognition criteria
Financial assets are initially entered on the date of subscription.
On initial recognition, financial assets held for trading are recognized at fair value; this is generally represented by the amount paid for execution of the transaction, without considering costs or income referred to the transaction or attributable to the instrument itself, which are recognized directly in the income statement.

Measurement criteria
Subsequent to initial recognition, financial assets held for trading are valued at fair value, recognizing the variations with a balancing entry in the income statement. If the fair value of a financial asset becomes negative, this line item is usually registered as a financial liability. IFRS 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. The fair value of investments listed in active markets is determined with reference to the listings measured at the date of reference of the financial statements. A market is defined active if prices reflect normal market transactions, are promptly and regularly available and express the price of actual and regular market transactions.
In the absence of an active market, estimates and measurement models are used that take into account all the risk factors correlated to the instruments are based on data that can be found in the market. Specifically, the methods used are based on the measurement of listed financial instruments that have analogous characteristics, calculation of discounted cash flows, option pricing models, prices registered in recent similar transactions and other methods commonly used by market operators. If it is not objectively possible to use one of the two methods indicated above, fair value is measured based on estimates and assumptions made by the appraiser based on historical cost and the application of measurement techniques having significant discretional factors.

Derecognition criteria
Financial assets are derecognized when contractual rights to the associated cash flows expire, or when the financial asset is sold, substantially transferring all relative risks and benefits to the buyer. Securities sold within the scope of a transaction that contractually entails the repurchase thereof are not derecognized from the financial statements.

Criteria for recognition of income components
Income components related to financial instruments held for trading are recognized in the income statement in the period in which they appear on line item “Net trading income”. Gains and losses on sales or repayment and unrealized gains and looses deriving from variations of fair value of the trading portfolio, as well as reductions in the value of financial assets measured at cost (impairment), are recognized in the income statement at line item “Net trading income”. Earned interest and dividends are respectively recognized in the income statement at line items “Earned interest and similar income” and “Dividends and similar income”.

2 – Financial assets available for sale

Classification criteria

This line item includes all non-derivative financial assets that are not classified among “Assets held for trading” or “Assets measured at fair value”, financial assets “held through maturity” or “receivables and loans”.

Investments “available for sale” are financial assets to be held for an indefinite period of time and that may be sold for liquidity needs, variations in interest rates, exchange rates and market prices.

This line item includes:

- Listed and unlisted debt securities;
- Listed and unlisted equity securities;
- U.C.I units (mutual funds and investment companies);
- Share participations not subject to control, association, joint control or significant influence.

Recognition criteria

Financial assets available for sale are initially entered on the date of subscription. On initial recognition, financial assets available for sale are recognized at fair value; this is generally represented by the amount paid for execution of the transaction, comprehensive of costs or income referred to the transaction or attributable to the instrument itself.

Recognition of financial assets available for sale may also derive from reclassification from the sector “Financial assets held to maturity” or, only and solely in rare circumstances and in any event only if the financial instrument is no longer held for sale or repurchase in the short-term, from the sector “Financial assets held for trading”; in such circumstances, entry value is equal to the fair value of the asset as at the date of transfer.

Measurement criteria

Subsequent to initial recognition, assets available for sale continue to be measured at fair value.

Equity instruments not listed on active markets, for which it is not possible to determine fair value in a reliable manner, are maintained at cost and adjusted, upon verification of losses due to a reduction in value, recognized in the income statement.

Share capital in other businesses, other than those controlled, associated or of significant influence, are valued at cost and not at fair value, in that it is deemed that the conditions provided for in paragraph AG80 of Annex A to IAS39 may apply.

On closing of the financial statements, verification of the existence of objective evidence of a non-temporary reduction of fair value is carried out (impairment test). If an asset available for sale is subject to a long-term value reduction, the non realized cumulated loss previously entered in net assets is reversed from net assets and entered in the income statement at line item “net adjustments/write-backs of net value due to impairment of financial assets available for sale”.

To assess situations that entail impairment losses and determine the relative amount, the Bank uses all the information available based on past experience and data observable at the date of assessment.

A significant or prolonged reduction in the fair value of a representative asset instrument below its cost is considered objective evidence of impairment loss.

If the motives for impairment loss should cease to exist following an event occurring subsequent to its measurement, a write-back is entered in the income statement in the case of debt securities or in net equity in the case of equity securities. In any event, the value of the write-back cannot exceed the amortized cost that the financial instrument would have had in absence of the previous adjustments.

Impairment testing is carried out at the close of the financial statements.

Derecognition criteria

Financial assets are derecognized when contractual rights to the associated cash flows expire, or when the financial asset is sold, substantially transferring all relative risks and benefits to the buyer.

Criteria for recognition of income components

Income components are allocated to the pertinent line items of the income statement based on the criteria below.

- Earned interest and dividends of securities are respectively allocated to line item 10 of the income statement “Earned interest and similar income” and to line item 70 of the income statement “Dividends and similar income”.
- Gains and losses from trading securities are allocated to line item 100 of the income statement “Gain/loss on disposal or repurchase of financial assets available for sale”: capital gains and capital losses from fair value measurement are directly allocated to shareholders’ equity, Liability line item 130 “Valuation Reserves” (net of pre-paid/deferred taxes), and transferred to the income statement only upon their realization by means of the sale of the securities or subsequent to the recognition of impairment losses.
- Impairment losses and write-backs of values of debt securities are allocated to line item 130 of the income statement “Net adjustments/write-backs of net value due to impairment of financial assets available for sale”. Impairment losses on equity instruments are also allocated to line item 130 of the income statement, whereas

eventual write-backs of value from fair value are directly allocated to shareholders' equity, Liability line item 130 "Valuation Reserves".

3 – Financial assets held through maturity

The Bank does not currently have "Financial assets held through maturity", Asset line item 50, in its portfolio.

4 - Receivables

Classification criteria
Receivables include lending to customers and banks, both direct and purchased from third parties, which entail fixed or determinable payments, which are not listed in active markets and have not been classified among the "Financial assets available for sale". This category also includes insurance policies aimed at guaranteeing, on expiry, with payment of a single premium, capital in the amount of the premium paid increate by all revaluations provided for in the terms of the policy, minus any expenses sustained by the insurance company.

Recognition criteria
Receivables are initially entered at the date of subscription of the contract, which usually coincides with the date of disbursement, based on the fair value of the financial instrument. This is equal to the amount disbursed, comprehensive of directly related transaction revenues and costs that are determinable from the transaction start date, even when they are disbursed subsequently. Debt securities are initially entered at the date of subscription.

Measurement criteria
Subsequent to initial recognition, receivables are valued at amortized cost, equal to the value of first recognition, plus or minus principal repayments, adjustments and write-backs and amortization, calculated using the effective interest rate method, of the difference between the amount disbursed and the amount payable on maturity. The effective interest rate is found by calculating the rate equal to the current value of future cash flows on the loan, both capital and interest, on the sum disbursed, inclusive of costs and income attributable to the loan. This accounting method, using a financial logic, allows distributing the economic effect of costs and income over the entire expected residual life of the loan. The amortized cost method is not used for short-term loans where discounting to present value is deemed to have a negligible effect. These receivables are therefore stated at historical cost. Similar measurement criteria are adopted for receivables without a fixed payment date or which are repayable on demand. Specifically as regards receivables, the impairment test is articulated in two phases:

- individual measurement of non-performing loans, watchlist and restructured receivables, to determine the relative adjustments/write-backs of value;
- collective measurement of watchlist, restructured, overdue/overdrawn receivables, and in bonis receivables, for the lump sum determination of value adjustments.
- The individual impairment of non-performing loans was measured in conformity to the requirements of IAS 39 accounting standards, discounting the values of the presumable proceeds of said receivables in relation to the expected time of collection, and more specifically considering:

- the recovery forecasts made by the account managers;
- forecast recovery time estimated on historical-statistical basis and monitored by the managers;
- the "historical" discounting rates, represented by the penalty interest rates at the time of the classification of the account as non-performing.

- With reference to the collective measurement of the remaining receivables, the portfolio was classified in two different types:

- watchlist, accounts overdue/overdrawn for more than 90 days, and restructured receivables;
- other receivables *in bonis*.

- For each portfolio, the amount of the lump sum write-down corresponds to the result between the total portfolio value, its PD (average default probability) and LGD (parameter that represents the rate of loss in the case of default) of receivables belonging to the same portfolio.

The calculation of PD was made on a historical basis, using the previous three year period for each kind of portfolio as a reference, whereas the LGD value was determined to be 45.00%. No collective write-downs on receivables from public entities, Poste Italianes.p.a., CassaDepositi e Prestitis.p.a., CassaCompensazione&Garanzias.p.a., Pontormo RMBS s.r.l. (special purpose vehicle), and subsidiaries subject to significant influence were calculated. Subsequent potential write-backs of value cannot exceed the amount of the write-downs from impairment (individual and collective) previously recognized.

Derecognition criteria
Receivables are derecognized from the financial statements where the right to cash flows expires, when substantially all of the risks and benefits associated to the receivables have been transferred to the purchasing counterparties, or in the event that the receivable is considered definitively unrecoverable, after all necessary credit recovery procedures have been completed.

However, if risks and benefits relative to transferred receivables are retained, such receivables continue to be recognized in the financial statements, even if legal ownership has been transferred, registering an amount payable against the payment received from the purchaser.
Securitization transactions completed subsequent to the introduction of International accounting principles, with which receivables are transferred to special purpose vehicles and in which, even in the presence of formal transfer of legal ownership of the credit in question, control of cash flows deriving from the same and risks and benefits are substantially retained, the receivables involved in the transactions are not derecognized. Therefore, the transferred receivables continue to be recorded in the financial statements, entering a payable in respect of the special purpose vehicle, net of securities issued by the same and repurchased by the transferor. The income statement also reflects the same accounting principles.

Criteria for recognition of income components

Interest deriving from "Receivables from banks and customers" are allocated to "Earned interest and similar income" in the income statement, on an accrual basis, based on the effective interest rate.
Impairment losses are allocated to line item 130 of the income statement "Adjustments to net value due to impairment of a) receivables", as are recoveries of partial or total amounts subject to previous devaluations. Value write-backs are recorded in respect of improved credit quality, such as to engender the reasonable certainty of timely recovery of capital in accordance with the original terms of contract, both in respect of the gradual loss of discounting, calculated at the time of entry of the value adjustment. In the event of collective measurement, any additional adjustments or write-backs are recalculated separately with reference to the entire credit portfolio.
Gains and losses from the disposal of receivables are allocated to line item 100 a) of the income statement "Gains/losses from the disposal or repurchase of receivables".

5 – Financial assets measured at fair value

The Bank, not having exercised the fair value option, did not open a portfolio for financial assets measured at fair value.

6 – Hedges

Classification and recognition criteria

- The hedge portfolio includes derivative instruments used by the Bank to sterilize losses from hedged assets or liabilities. Operations performed by the Bank are aimed at the specific hedge of bond issues, and the various derivatives contracts stipulated have speculative conditions and values linked to those of the hedged bond. The Bank uses the "fair value hedge" method to measure them. In order for a transaction to be recognized as a "hedge", it is necessary that the following conditions be satisfied: a) the hedge relationship must be formally documented; b) the hedge must be effective from the time it initiates and prospectively for its entire duration. Effectiveness is controlled by means of specific instruments and is considered to exist when variations of fair value of the hedged financial instrument almost entirely sterilize the variations of risk of the hedged instrument. A hedge is considered to be highly effective between a range of 80% through 125%. An effectiveness test is conducted at each close of the financial statements or at the time of any six-month interim financial statements. If the effectiveness test indicates an insufficient hedge and the misalignment is considered not to be temporary, the hedged instrument is allocated to the trading portfolio. Hedges are measured according to the principle of "negotiation date".

Derecognition criteria

Hedges are derecognized at the time of their maturity, early closure, or when they fail the effectiveness tests.

Measurement criteria

- Hedge instruments are measured at fair value.

The fair value of hedges listed in active markets is taken from the quotations at the close of the markets (fair value hierarchy - level 1), whereas instruments not listed in an active market (over the counter) are measured discounting future cash flows on the basis of the yield curve (fair value hierarchy - level 3). Since they are unlisted, the latter method is used to measure the fair value of all of the Bank's hedges. The hedged accounts are also measured at fair value, limited to variations of value produced by the risks that are the object of the hedge, thus "sterilizing" the risk components that are not directly related to such hedge.

Criteria for recognition of income components

Income components are allocated to the relative line items of the income statement on the basis of what is set forth below.

- The differences matured on hedge instruments for interest rate risk (in addition to the interest of the hedged position) are allocated to line item 10 of the income statement "Earned interest and similar income" or to line item 20 of the income statement "Interest payable and similar expenses";

- Gains and losses deriving from the measurement of the hedge instruments and accounts that are the object of the hedges are allocated to line item 90 of the income statement "Net hedging result";
- Gains and losses from trading hedge contracts are capitalized on the hedged instrument if it is valued at amortized cost (IAS 39 par. 92), the amount of the premium or discount will be measured in the income statement on the basis of the new effective interest rate of the hedged instrument.

7 – Equity investments

Classification criteria

Shareholdings are allocated to the equity investments portfolio which is subject to control, joint control or significant influence. Control is presumed when more than 50% of the voting rights that can be exercised at shareholders' meetings are held, directly or indirectly. Significant influence is exercised when the shareholder holds, directly or indirectly, a share equal to or greater than 20% of the voting rights. Significant influence is determined even in the case of a holding of less than 20% when the following circumstances exist: a) representation on the board of directors; b) participation in the decision-making process with reference to decisions regarding dividends; c) there are major operations between the investor and the subsidiary. Joint control is when voting rights and control of the subsidiary is shared with other parties.

Recognition criteria

The line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognized at purchase cost, supplemented by directly attributable costs.

Measurement criteria

The line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognized at purchase cost, supplemented by directly attributable costs.

Derecognition criteria

Financial assets are derecognized when the contractual rights to the cash flows deriving from such assets expire or when the financial asset is sold, transferring all of the risks and benefits connected to it.

Criteria for recognition of income components

Dividends paid by the subsidiary generated subsequent to the purchase date are allocated to line item 210 of the income statement "Gains/losses from interest". The results of the measurement of "shareholders' equity" are recognized in line item 210 of the income statement "Gains/losses on equity investments", when they were included in the income statement of the subsidiary; when instead they were not included in the income statement of the subsidiary, they are allocated to Liability line item 130 "Valuation reserves". Gains/losses deriving from the sale of equity investments are recognized in line item 210 of the income statement "Gains/losses on equity investments"".

8 – Property, plant and equipment

Classification criteria

This item includes land, property used for operating purposes, installations, vehicles, furniture and decor and any kind of equipment.

"Property used for operating purposes" is all property used for the purpose of providing services or for administrative purposes.

The value for property, plant and equipment also includes advance payments for the purchase and restructuring of goods not yet a part of the production process, and therefore not yet subject to amortization.

Recognition criteria

Property, plant and equipment are initially recognized at purchase or construction cost, inclusive of accessory charges sustained and directly attributable to when the asset is purchased and put into operation. Extraordinary maintenance costs and costs that result in an increase of future economic benefits are allocated to increases of value of the assets and amortized in relation to residual possibility of use of the same. Costs for repairs, other maintenance or interventions to guaranty regular operation of the assets are instead recognized directly in the income statement of the fiscal year during which they are sustained.

Measurement criteria

After initial recognition, property, plant and equipment are recognized in the financial statements at cost net of accumulated depreciation and losses of value. Assets that have been put into operation are systematically depreciated in each fiscal year, based on their useful life, using the straight-line method.

The following are not subject to depreciation:

- Land, be it purchased separately or incorporated in the value of buildings, in that considered assets with an indefinite useful life. If the value of the land is incorporated in the value of the buildings, it is considered an asset separable from the real properly; the value of the land is separated from the value of the buildings, determined on the basis of specific independent expert appraisals only for "from the earth to the sky" buildings;
- Artwork, which has an indefinite useful life and a value that is generally destined to increase over time.

The depreciation process begins when the asset is available for use.

Derecognition criteria

Property, plant and equipment are derecognized from the balance sheetat the time they are sold or when their economic function has been entirely exhausted and no future economic benefits are expected.

Criteria for recognition of income components

Periodic depreciation is allocated to line item "Net adjustments/write-backs of value to property, plant and equipment". In the fiscal period in which the asset is recognized for the first time, the depreciation rate applied takes into account the date in which the asset is available for use. Gains and losses deriving from disposal of property, plant and equipment are calculated as the difference between the net sale price and the asset's carrying amount, and are recognized in the income statement at the same date as the write-off from accounts.

The line item "Gains/losses on disposal of investments" is the balance, positive or negative, between gains and losses from the disposal of property, plant and equipment.

9 – Intangible assets

Classification criteria

Intangible assets include non-monetary assets without physical substances held to be used for a multi-year or indefinite amount of time, which meet the following characteristics:

- identifiable;
- under control of the company;
- capable of generating probable future economic benefits for the company;
- the cost of the asset may be measured reliably.
- In absence of one of the aforementioned characteristics, the cost to purchase or generate the same internally is registered as a cost in the fiscal year in which it was sustained. Intangible assets include, in particular application software for multi-year use and other identifiable assets that arise from legal or contractual rights. Expenses for third party assets (branch offices being rented) were recognized in Asset line item 150 "Other assets"; the relative amortization was proportional to the duration of the leases. Within the scope of a company merger, the IFRS3 principle establishes that at the date of purchase of the control, the purchaser must classify or designate the purchased intangible assets. As regards the definition of intangible elements, the principle identifies intangible elements purchased in company merger as identifiable non-monetary assets with no physical substance. Goodwill is represented by the positive difference between the purchase cost and the fair value of assets and liabilities acquired within the scope of the company merger.

Recognition criteria

Intangible assets are recognized at cost, adjusted for accessory costs sustained to prepare for use of the asset. Within the scope of a company merger, the purchaser must classify or designate the intangible assets acquired, and recognize them at fair value. Goodwill, recognized in the assets at the date of purchase, is initially valued at cost. On a yearly basis, or any time there is evidence of impairment, an impairment test will be carried out on the adequacy of goodwill, in conformity with the provisions of IAS n. 36. The amount of the impairment loss is calculated as the negative difference, if any, between the goodwill value recorded and its recoverable amount. This recoverable amount is equal to the greater between the fair value of the cash-generating unit, net sale price of the asset, and its usage value. The resulting value adjustment are recognized in the income statement at item "Adjustments to value of goodwill". Any impairment loss recognized for goodwill cannot be derecognized in the subsequent fiscal year.

Measurement criteria

Subsequent to initial recognition, intangible assets of limited duration are recognized at cost, net of accumulated amortization and of accumulated impairment loss. Amortization begins when the asset becomes available for use, that is to say, when it is in the appropriate place and in suitable conditions to operate in the expected manner, and ceases when the asset derecognized. Amortization is calculated using the straight-line method, so as to reflect the multi-year use of the asset based on the estimate made of the residual useful life. At the end of each fiscal year, if there is evidence of impairment, the recoverable value of the asset is estimated. The write-down, recognized in the income statement, is equal to the difference between the asset's carrying amount and its recoverable value.

Derecognition criteria

Intangible assets are derecognized from the balance sheet upon disposal or when no future economic benefits are expected.

Criteria for recognition of income components

Both amortization amounts and any adjustments/write-backs due to impairment of intangible assets, other than goodwill, are allocated to item "Adjustments/write-backs of net value of intangible assets". Value adjustments for goodwill are allocated to item "Adjustments to value of goodwill". Gains and losses deriving from disinvestment or disposal of intangible assets are calculated as the difference between the asset's net sale price and carrying amount and are recognized in the income statement. The item "Gains (losses) from the disposal of investments includes the balance, positive or negative, between gains and losses from the disposal of investments.

10 – Noncurrent assets and groups of assets in the course of divestment

This item includes noncurrent assets destined to be sold and the relative groups of assets and liabilities in course of divestment, as provided for by the IFRS5. Currently, the Bank does not hold assets that fall under this category.

11 – Current and deferred taxation

Income taxes, calculated according to current national tax regulations, are registered as costs and in the same period as the related income was earned. In the event of taxable temporary differences, a pre-paid or deferred tax asset or liability is recognized. Deferred taxes represent income taxes that are recoverable in future periods in respect of deductible temporary differences (deferred tax assets) and income taxes payable in future periods in respect of taxable temporary differences (deferred tax liability). Tax assets and liability are generally recorded as offset items in the income statement at line item 260 "Fiscal year income taxes", save for those deriving from operations the effects of which are attributable to net equity, in which case they are registered in net assets.

Tax assets and liabilities are calculated at the rates that will presumably be in effect when the assets are realized or the liability is settled, based on current regulations; they are then monitored and recalculated as required, in the event of changes in the rates in current regulations.

12 – Risk and expense funds

Classification criteria

Risk and expense funds include provisions for current debt securities (legal or constructive) originating from past events or for which an outflow of resources will probably be required to settle the obligation, always provided that the amount can be reliably estimated. No provisions are made for liabilities that are merely potential but not probable.

Recognition criteria

- The line sub-item "Other funds" in the liabilities schedule of the financial statements represents provisions for risks and charges made in accordance with the provisions of international accounting principles, with the exception of write-offs due to impairment of issued guarantees, attributable to "Other liabilities".

Measurement criteria

The amount registered as provision represents the best possible estimate of the resources required to settle the existing obligation as at the date of reference of the financial statements. Where the time element is significant, provisions are discounted using current market rates. Provision funds are periodically re-examined and adjusted as required, to reflect the best possible current estimate. If, subsequent to review, it becomes improbable that the charge will be sustained, the provision is reversed.

Derecognition criteria

- If it is no longer likely that an outflow of resources will be required to settle the obligation, the provision must be reversed. A provision may be used solely for those charges for which it has been recognized.

Criteria for the recognition of income components

Provisions are allocated to item "Net allocations to risk and expense funds" in the income statement. This item shows the balance, either positive or negative, between provisions and any reallocations in the income statement of funds deemed excessive. Net provisions also include reductions in the funds due to the effects of discounting, as well as the corresponding increases due to the passage of time (accrual of interest implicit in discounting).

13 – Liabilities and outstanding securities

Classification criteria

The line items "Payables to banks", "Payables to customers" and "Outstanding securities" include the various forms of funding, both inter-bank as well as with regard to customers, collections of savings by certificates of deposit and outstanding bonds, not classified among "Financial liabilities valued at fair value"; these items net of eventual repurchases. The items include securities that at the reference date of the financial statements are expired but not yet redeemed. The line item “Payables to customers” includes liabilities referred to assets transferred but not derecognized in the financial statements, which represent the payables related to securitization transactions that do not meet the requirements of the IAS 39 principle for full derecognition in the financial statements. With reference to the self-securitization transaction called Pontormo RMBS, no liabilities were recognized for assets transferred and not derecognized in the financial statements, as the relative ABS securities were fully subscribed by the transferor bank.

Recognition criteria

These financial liabilities are initially recognized on receipt of the sum deposited or on issue of the debt securities. The liabilities are recognized at their fair value, generally equal to the amount collected or the issue price, increased by any additional costs or revenues directly attributable to the single collection or issue operation and not repaid by the creditor. The initial recognition value does not include all charges subject to refund from the creditor counterparty or that are attributable to in-house administrative costs. The reissue of own securities after their repurchase is considered a new issue; such securities are therefore recognized at the new issue placement, without effects on the income statement.

Measurement criteria

After initial recognition, financial liabilities are valued at amortized cost using the effective interest rate method. This does not apply to short-term liabilities, where the time factor is not significant, which continue to be carried at the amount collected, and with respect to which costs and income directly attributable to the operation are recognized in the income statement at the pertinent items. Liabilities subject to hedges using derivatives in hedge accounting are recognized at the amortized cost adjusted for fair value variations attributable to the covered risk, between the effective date of hedging and the date of closure of the fiscal period.

Derecognition criteria

Financial liabilities are derecognized when settled or expired. They are also derecognized in the event of repurchase of previously issued securities.

Criteria for recognition of income components

Negative income components represented by interest payable are recognized, by competence, in the line items of the income statement that refer to interest. Any difference between the repurchase value of own Securities and the corresponding book value of the liability is booked to the income statement at line item “Gains/losses from the disposal or repurchase of: d) financial liabilities”.

14 – Financial liabilities from trading

- This line item refers exclusively to currency forward contracts. These are forward contracts on exchange rates that the Bank stipulates with institutional counterparties to hedge the same positions assumed with its customers. Such contracts are not speculative transactions for the Bank, but are substantially just a brokerage service for customers.

15 – Financial liabilities measured at fair value

At present the Bank, not having exercised the fair value option, has not opened a portfolio of financial liabilities measured at fair value.

16 – Operations in foreign currency

Classification criteria

Operations in foreign currency consist of all assets and liabilities denominated in currency other than the Euro.

Recognition criteria

Operations in foreign currency are registered, at the time of initial recognition, in euro, applying the exchange rate in effect as of the date of the operation to the amount in foreign currency.

Measurement criteria

As of the close of the fiscal year, the conversion of monetary assets and liabilities in foreign currency is done using the spot exchange rate on that date.

Criteria for recognition of income components

Exchange rate differences of operations in foreign currency are recognized in line item 80 of the income statement "Net trading income".

17 – Other information

Accruals and deferrals

Accruals and referrals, regarding charges and income competence of the fiscal year accrued on assets and liabilities are attributed to adjustment of the assets and liabilities to which they refer; if they cannot be thus allocated, they will be registered as "Other assets" or "Other liabilities".

Employee severance pay

Employee severance pay ("T.F.R.") may be considered a "benefit subsequent to the employment relationship" of the "defined-benefit" type, for which IAS 19 provides that the relative value be calculated using actuarial methods. Consequently, the year-end calculation is made based on the method of accrued benefits, using the Projected Unit Credit Method. This method projects future expenses based on historical, statistical and probabilistic analyses, in addition to applying appropriate demographic techniques. It consists in calculating the severance pay accrued at a given date, actuarially, distributing the relative charge over all the years of expected residual permanence of the workers on roll, and no longer as a charge to be paid if the company were to cease activity as at the date of the financial statements. Actuarial values for employee severance pay were estimated by an independent professional in conformity with the aforementioned methods. Following entry into force of the supplementary social security/pension scheme plan reform, as per Italian Legislative Decree n. 252/2005, the severance pay quotas accrued as at 31 December 2006 remain in the company accounts, while the quotas accrued starting 1 January 2007 were either destined to supplementary social security plans, or to the INPS Treasury Fund, based on the personal choice of each employee. The latter are therefore booked to the income statement on the basis of contribution due in each accounting period, the Bank did not proceed with the financial discount the security to the social security plan or INPS, as the expiry date was less than 12 months. Based on IAS 19, severance pay paid to the INPS Treasury Fund is classifiable, as is the quota paid to the supplementary social security plan, a defined contribution plan. Amounts accrued and paid to additional supplementary social security funds are registered at line sub-item 150a), as specified in Section 9 of Part C of the EXPLANATORY NOTES. These amounts are classified as defined contribution plans as the company obligation vis-à-vis the employee ceases when the amounts accrued are deposited to the funds. Therefore, in such cases, the Bank may recognize in Liabilities only the quota due (under "other liabilities") for payments still be made to INPS or to supplementary social security plans as at the date of closing of the accounts.

Loyalty bonus

Loyalty bonuses paid to employees are included in the Bank's accounts as "Other long-term benefits". These benefits must be measured in compliance with IAS 19 principles. Liabilities for loyalty bonuses are booked at line item "Provisions for risks as charges" in the Liabilities schedule. Provision, like re-allocation to the income statement of any excess amounts of the specific fund (for example, due to changes in the actuarial hypotheses) is registered in the income statement among "personnel expenses". Actuarial values for obligations towards employees were estimated by an independent professional.

Transformation of deferred tax assets (DTA) into tax credits

- Italian Legislative Decree n. 225/2010, amended and converted into Law n. 10/2011, states that, in the presence of specific economical/financial situations, or in the event of losses, companies may convert deferred tax assets registered in the financial statements, into tax credits receivable, only in the following cases:
- Deferred tax assets relative to surpluses in credit write-downs (Article 106 TUIR – Italian Income Tax Consolidation Act);
- Deferred tax assets relative to realignment of intangible assets such as goodwill and trademarks (Articles 15(10), 15(10bis) 15(10ter) Law Decree n. 185/2008).

The aforementioned law was subsequently integrated by Law n. 214/2011, which extended the conversion of DTA (deferred tax assets), albeit with different methods, to tax loss situations, despite profits. The subject matter was reviewed from an accounting point of view by the Document issued jointly by Bank of Italy/CONSOB/ISVAP on 15 May 2012, which states that the above-mentioned fiscal law essentially makes recovery of the DTA "certain", considering the probability test provided for by IAS 12 par. 24 based on which deferred tax assets may be registered only if it is probable that a taxable income will be realized against which the same DTA may be used, as automatically satisfied for all intents and purposes. Consequently, the effects of the above tax law do not in any way vary the accounting classification of the DTA, which continue to be booked as tax assets for pre-paid taxes until they are converted, at which point they become, in compliance with the provision of Law Decree n. 225/2010, and without impacting the income statement, "current tax assets".

Valuation of guarantees granted

Provisions on a case-by-case and collective basis, concerning the estimation of possible expenses for the credit risk deriving from guarantees granted and commitments are calculated following the same criteria described for credits. These provisions are recognized at line item "Other liabilities", offsetting income statement line item "Net adjustments/write-backs of value due to impairment of: other financial operations".

Income statement

Revenues are valued at fair value of the amount received or due and are recognized when future benefits are likely to be received and such benefits may be reliably measured. Expenses are recognized when incurred. Expenses that cannot be associated with revenue are immediately recognized in the income statement. Specifically:

- Revenues and expenses directly related to financial instruments measured at amortized cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate;
- Dividends are recognized in the income statement when they are received;
- Revenues deriving from dealing in trading instruments, representing the difference between the transaction price and the fair value of the instrument, are recognized in the income statement when the transaction is recorded if fair value can be determined with reference to parameters or recent transactions observed on the same market on which the instrument is traded;
- Other fees are recognized on an accruals basis.
- Expenses directly related to financial instruments measured at amortized cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate, for which definition please refer to the paragraph "Loans and Financing". Impairment losses are immediately recognized in the income statement. Default interest, where provided for by contract, is entered in the income statement only when paid. Losses in value are recognized in the income statement immediately.

Criteria for measurement of fair value of financial instruments

In December 2012, through Commission Regulation (EU) n. 1255/2012, the European Commission approved the new IFRS 13 "Fair Value Measurement" principle, effective as of 1 January 2013. IFRS 13 defines fair value as: "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". As far as financial instruments are concerned, this definition of fair value replaces the previous version contained in IAS 39. As regards financial liabilities, the new definition of fair value provided for by IFRS 13 therefore requires identifying as such the value that would be paid to transfer the liability in question (exit price), as opposed to the value required to settle the same liability (definition contained in IAS 39). This serves to reinforce the theme of the recognition of fair value adjustments of financial liabilities – different from derivatives – attributable to the credit rating of the issuer (Own Credit Adjustment - OCA), with respect to the provisions already set forth on the matter in IAS 39. In particular, as regards calculating the fair value of OTC derivatives under assets in the Balance Sheet, IFRS 13 has confirmed the application of the adjustment relative to counterparty risk (Credit Valuation Adjustment - CVA). As regards financial liabilities represented by OTC derivatives, IFRS 13 introduces the so-called Debit Valuation Adjustment (DVA), which is a fair value adjustment aimed at reflecting own credit risk on such instruments, an issue not explicitly dealt with in IAS 39. The fair value of investments listed in active markets is calculated with reference to market listings on the last day of reference for the financial period. For financial instruments listed on active markets, the fair value assessment is based on the listings on the active market of reference even obtained from international providers and registered on the last day of the financial period. A market is defined as active when the listings reflect standard market transactions, are readily and regularly available and express the price of actual and regular market transactions. If the same financial instrument is listed on more than one market, the listing to be taken into consideration is that on the most advantageous market to which the company has access. The fair value of unlisted financial instruments is calculated by applying valuation methods that aim to determine the price that the instrument would have had on the market at the measurement date in a free exchange motivated by normal commercial considerations. Fair value is obtained using the following methods: use of recent market transactions, reference to the price of financial instruments with the same characteristics as that being measured, and quantitative methods. Specifically, unlisted securities are evaluated by applying models that discount expected future cash flow, using interest rate structures that take into proper consideration the issuer's business sector and, where available, rating class. The fair value of mutual funds that are not traded on active markets is calculated based on the Net Asset Value as published, and adjusted if necessary to take into account possible changes in value occurring between the date of request of redemption and the effective redemption date. Equity and capital shares not traded on an active market, for which the fair value cannot be calculated reliably using the most common methods, are valued at cost, adjusted to take into account possible significant impairment of value. As regards loans and deposits, at sight/revocable, immediate expiry of contract obligations, coinciding with the date of the financial statements, is considered and therefore their fair value is approximated at booking value. Similarly, booking value is considered for short-term loans as well. The fair value of medium to long-term loans to customers is measured by discounting residual contractual cash flows at the effective interest rate, appropriately adjusted to take into account the credit rating of individual borrowers (represented by the probability of default and by the estimated loss in the event of default). The booking value of impaired assets is an approximation of the fair value. For medium to long-term debt positions, represented by securities valued at amortized cost and hedged for interest rate risk, the booking value is adjusted, due to hedging, to fair value attributable to the hedged risk, discounting the respective flows. The fair value of derivative contracts traded on regulated markets is considered the market price of the last listing day of the fiscal period. Over the counter derivative contracts are measured on the basis of a variety of models, based on input factors that affect the relative valuation and taking into account adjustments for counterparty risk. The Bank does not calculate and recognize corrections in fair value of derivatives for CVA and DVA if there are formalized and operative agreements for collateralization of the positions in derivatives with the following characteristics:

- Bilateral and very frequently exchange of collateral (daily or, at most, mid-week);
- Type of guaranty represented by cash or government bonds with high liquidity and credit quality, subject to an adequate safety margin;
- Absence of a threshold for the fair value of the derivative below which no exchange of guaranty is provided for, or setting of this threshold at a level that allows for an effective and significant mitigation of counterparty risk;
- MTA - Minimum Transfer Amount (that is, the difference between the contract fair value and the value of the guaranty) – below which collateralization of positions is not adjusted, identified by contract at a level that allows for substantial mitigation of counterparty risk

Hedging derivatives existing as at the date of the financial statements, not yet collateralized, are those negotiated with BancaAkros and Natexis, based on the following schedule:

Counterparty	Active derivative
Natixiss.a.	187,138.00
Totals	**187,138.00**

Due to the negligible significance of the amount, it was decided not to adjust the fair value to take into account counterparty risk and liquidity risk.

Hierarchy of fair value

Hierarchy of fair value, based on the provisions of IFRS 13, must be applied to all financial instruments for which fair value is recognized in the balance sheet. In this regard, for these instruments, maximum priority is given to official prices available on active markets and lower priority to the use of non-observable input, which are more discretional. Consequently, fair value is calculated through the use of prices acquired from financial markets, in the case of instruments listed on active markets or, for other financial instruments, through the use of measurement methods that aim at an estimation of fair value (exit price). The levels used for classifications and referred to hereinafter in the explanatory notes are the following:

- "Level 1": the fair value of the financial instruments is calculated based on price listings observable on active markets (unadjusted) which may be accessed on the date of assessment;
- "Level 2": the fair value of the financial instruments is calculated based on other inputs observable directly or indirectly for the asset or liability, also using measurement techniques;
- "Level 3": the fair value of the financial instruments is calculated based on other input not observable for the asset or liability, also using measurement techniques.

A price listed on an active market provides the most reliable evidence of the fair value and, when available, must be used without adjustments to measure fair value. If there are not price listing on active markets, the financial instruments must be classified in level 2 or 3. Classification in Level 2 as opposed to Level 3 is determined based on the observability on markets of significant inputs used to calculate fair value. Level 2 inputs include:

- Prices listed for similar assets or liabilities on active markets;
- Prices listed for identical or similar assets or liabilities on non active markets;
- Input other than observable price listings for assets or liabilities (for example, observable interest rates and yield curves at commonly listed intervals, volatility and credit spreads);
- Inputs substantiated by the market.

All other variables used in measurement techniques that cannot be substantiated on the basis of observable market data are not considered observable. Level 3 inputs include:

- Issued capital securities and financial liabilities for which, at the measurement date, there are not price listings on active markets and that are measured prevalently using a technique based on non observable market data;
- OTC (over the counter) financial derivatives stipulated with institutional counterparties, which are measured on the basis of pricing models that are absolutely similar to those used for Level 2 assessments, from which they differ for the degree of observability of input data used in the pricing techniques;
- Derivative financial instruments stipulated with customers for which the fair value adjustment quota that takes into account default risk is significant with respect to the overall value of the financial instrument;
- Close-ended funds with a fair value that corresponds to the relative NAV published more than monthly;
- Capital securities classified to the AFS portfolio and valued at cost.
- The IFRS accounting principle also requires that, for financial assets classified at Level 3, information must be provided regarding the sensitivity of the economic performance following changes to one or more non-observable parameters used in measurement techniques applied to calculate fair value.

Credit qualities (New definitions)

The European Commission has approved Regulation n. 2015/227, published in the Official Gazette of the European Union on 20 February 2015, which transposes the ECB's definitions regarding non performing exposuresand forborne exposures, with the aim of arriving at a uniform classification on a European level for the purpose of regulatory vigilance. Bank of Italy, complying with Community regulations, published the 7th update of Circular n. 272 on 20 January 2015 and consequently updated Circular n. 262/2005 with the 4th update. Specifically, the previous four categories of non performing exposures (bad debts – impaired – restructured – past due/over limit), have been substituted by three new categories (bad debts – unlikely to pay – impaired past due exposures), the sum of which corresponds to the aggregate "Non Performing Exposures" provided for by the ECB.

The information provided in these Notes regarding credit quality is therefore provided based on the new categories for non performing exposures. The new regulations have also made it obligatory to represent, both for non performing exposures and for *in bonis* credits, evidence of forbearance. During 2015, the implementation of organizational procedures and information technology processes required for the timely identification, monitoring and management of the evolution of forbearance has continued.

Method of calculation of amortized cost

The amortized cost of a financial asset or liability is the amount at which it is measured at initial recognition, less principal repayments, plus or minus overall amortization, calculated using the effective interest method, the difference between the initial value and value at maturity and less any impairment. The effective interest rate is the rate that discounts the current value of a financial asset or liability to the contract cash flows through maturity or the next repricing date. For fixed rate or temporary fixed rated financial instruments, future cash flows are calculated based on the known interest rate during the instruments life. For variable rate financial assets and liabilities, future cash flows are calculated on the basis of the last known rate. At each repricing date, the amortization plan and the effective rate of return are recalculated for the entire useful life of the financial instrument, which is to say up to maturity. The amortized cost is applied for receivables, financial assets held to maturity, those available for sale, debts and outstanding securities. Financial assets and liabilities traded at market conditions are initially recognized at fair value, which usually corresponds to the amount paid or disbursed, comprehensive of directly attributable transaction costs and fees. Transaction costs are in-house marginal costs and revenues attributable at the moment of initial recognition of the financial instrument not recoverable from customers. These accessory components, which must be traced back to the individual asset or liability, impact the effective return and make the effective interest rate different from the contractual interest rate. Therefore, costs and revenue that refer indistinctly to more than one transaction and the correlated components that may be recognized during the life of the financial instruments are excluded. Furthermore, the calculation of amortized cost does not take into consideration costs that the Bank would sustain regardless of the transactions, such as administrative costs, office supply costs, etc.

Equity investments

Pursuant to Bank of Italy Circular n. 0292446 of 13/03/2015, we have recalculated the profits and equity of Cabel Holding s.p.a. as provided for by IAS 28 paragraphs 10,33 and 34 and specifically by paragraph 36, which reads as follows: "If an associate or a joint venture uses accounting policies other than those of the entity for like transactions and events in similar circumstances, adjustments shall be made to make the associate's or joint venture's accounting policies conform to those of the entity when the associate's or joint venture's financial statement are used by the entity in applying the net equity method". In order to implement the principle of rendering the Cabel Holding s.p.a. financial statements, prepared according to national regulations, compatible with those of the Bank, profits and equity have been recalculated according to IAS principles. IAS adjustments of Cabel Holding s.p.a. financial statements from 2009 to 2012 (for Bank financial statements from 2012 to 2013) were carried out by a specialized third party firm, while the Cabel Holding s.p.a financial statements for the year 2008 (for Bank financial statements for 2009), IAS adjustments were taken from the Revenue Office Assessment Act n. n. T8BA31900842/2014 del 09/05/2014.

The overall IAS misalignments arising from the recalculations are illustrated in the table below:

Description	Net profit statutory financial statements	IAS adjustments	Net profit IAS financial statements	Cambianoequity investment %	Cambiano difference on equity investment	Cambianodifference on equity investment at 38.53%
2012 financial statements	1,095,061.00	1,389,283.00	2,484,344.00	38.40%	**533,484.67**	**535,290.74**
2011 financial statements	807,079.00	295,484.00	1,102,563.00	38.40%	**113,465.86**	**113,849.99**
2010 financial statements	1,204,299.00	902,790.00	2,107,089.00	38.40%	**346,671.36**	**347,844.99**
2009 financial statements	307,605.00	2,482,332.00	2,789,937.00	40.00%	**992,932.80**	**956,442.52**
2008 –Revenue Office Report	0.00	5,524,416.50	5,524,416.50	40.00%	**2,209,766.60**	**2,128,557.68**
Totals	**3,414,044.00**	**10,594,305.50**	**14,008,349.50**		**4,196,321.29**	**4,081,985.91**

The overall differences deriving from having rendered the 2008 to 2012 financial statements of Cabel Holding s.p.a. “IAS compliant” amount to 4,081,985.91 (the Bank’s equity interest is 38.53%). This impact represents the IAS profit attributable to the Bank, with reference to interest in Cabel Holding s.p.a., calculated according to the “net equity” method, not entered in the income statement for the period between 2009 and 2013 (Cabel Holding s.p.a. financial statements from 2008 to 2012). Therefore, it has become necessary to recalculate the financial statement accounting results on the various balance sheets. Liabilities line item 130 “Valuation reserves” decreases by 4,081,985.91, while Liabilities line item 160 “Reserves” increases by the same amount. Deduction from Liabilities line item 130 “Valuation reserves” entailed recalculating deferred tax liabilities for 56,127.31 (4,081,985.91 x 5 / 100 x 27.50 / 100) allocated as deduction from Liabilities line item 80 b) “Tax liabilities - deferred”. Below is a summary of the accounting registration schedule:

Item	Description	Liabilities amount	to	Item	Description	Receivables amount
130	Valuation reserves	4,081,985.91		160	Reserves	4,081,985.91
80 b)	Tax liabilities –deferred	56,127.31		130	Valuation reserves	56,127.31
	Total liabilities	**4,138,113.22**			**Total assets**	**4,138,113.22**

Recalculation of Cabel Holding s.p.a. profits for IAS purposes has systematically modified the Equity of Cabel Holding s.p.a. itself, as shown in the schedule below:

Cabel Holding s.p.a.	Pre-IAS Equity	IAS 2008 adjustmentfrom Revenue Office report	IAS 2009 adjustment	IAS 2010 adjustment	IAS 2011 adjustment	IAS 2012 adjustment	Post-IAS Equity	Cambiano - Interestat 38.53%
Share capital	1,.000,000.00	0.00	0.00	0.00	0.00	0.00	12,000,000.00	4,623,600.00
Share premium reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revaluation reserves	4,224,131.00	0.00	0.00	0.00	0.00	0.00	4,224,131.00	1,627,557.67
Legal reserves	1,823,289.00	0.00	0.00	0.00	0.00	0.00	1,823,289.00	702,513.25
Reserve for treasury shares in portfolio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Statutory reserves	1,337,832.00	0.00	0.00	0.00	0.00	0.00	1,337,832.00	515,466.67
Other reserves –Extraordinary or voluntary reserve	3,690,074.00	0.00	0.00	0.00	0.00	0.00	3,690,074.00	1,421,785.51
Other reserves - Reserve from revaluation of interest	1,.162,810.00	-5,524,416.50	-840,470.00	-945,469.00	-66,278.00	-1,108,353.00	7,677,823.50	2,958,265.39
Other reserves - Other	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.39
Profits/Losses brought forward	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profits/Losses for the fiscal year	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IAS profit adjustmentfrom 2009 to 2012 and Revenue Office report	0.00	5,524,416.50	2,482,332.00	902,790.00	295,484.00	1,389,283.00	10,594,305.50	4,081,985.91
Total net equity	**39,238,137.00**	**0.00**	**1,641,862.00**	**-42,679.00**	**229,206.00**	**280,930.00**	**41,347,456.00**	**15,931,174.80**

Cabel Holding s.p.a. net equity value at 31/12/2014 –IAS value before adjustment on previous years	**39,238,137.00**
Adjustment on year 2008 from Revenue Office report	0.00
Adjustment on year 2009	1,641,862.00
Adjustment on year 2010	-42,679.00
Adjustment on year 2011	229,206.00
Adjustment on year 2012	280,930.00
Cabel Holding s.p.a. net equity value at 31/12/2014 – IAS value after adjustment on previous years	**41,347,456.00**
Cambiano’s equity interest	38.53%
Value attributable to Cambiano	15,931,174.80
Current value of Cabel Holding s.p.a. interest of Cambiano	15,118,454.19
Revaluation of Cabel Holding s.p.a. interest	**812,720.61**

As shown by the summary data contained in the above tables, the Cabel Holding s.p.a. IAS Equity overall amounts to 2,109,319.00, and for the quota attributable to the Bank to 812,720.61. This increased net equity value was entered by the Bank as an increase of the value of Assets line item 100 “Equity investments” and as counter-entry in Liabilities line item 130 “Valuation reserves”. The increase of Liabilities line item 130 “Valuation reserves” has entailed calculating deferred tax liabilities for 11,174.91 (812,720.61 x 5 / 100 x 27.50 / 100) allocated in deduction of Liabilities line item 80 b) “Tax liabilities – deferred”. Below is a summary of the accounting registration schedule:

Item	Description	Liabilities amount	to	Item	Description	Receivables amount
100	Valuation reserves	812,720.61		130	Reserves	812,720.61
130	Tax liabilities – deferred	11,174.91		80 b)	Valuation reserves	11,174.91
	Total liabilities	**823,895.52**			**Total assets**	**823,895.52**

Entering an overall amount of 4,081,986.00 at Liabilities line item 160 “Reserves” hasincreased the “Reserves” matrix item 59010/26 of Supervisory Own Fund (matrix Y), therefore, this al location has impacted CET1 which has increased from 256,064,596.00 to 260,146,582.00, increasing the total of Total Supervisory Own Funds by the same amount, while the CET1 ration and the Total Capital Ratio have risen from 14.796% to 15.032%.

A.3 – Information on asset transfers between portfolios

A.3.1. Reclassified financial assets: balance sheet value, fair value and effects on overall profitability

- The table below shows the reclassification of financial instruments carried out by effect of the resolution passed on 27/10/2008. Please note that during 2015 no asset reclassification was carried out.

Type of financial instrument	Portfolio of origin	Portfolioof destination	Balance sheet value at 31/12/2015	Fair value at 31/12/2015	Income components recognized without the transfer (before tax)		Income componentsrecognized during the year (before tax)	
					Measured	Other	Measured	Other
Debt securities - 2008	HFT	AFS	4,781	4,781	37	101	0,00	101
Debt securities - Total	HFT	AFS	4,781	4,781	37	101	0,00	101

- List of Securities "transferred" from the "Held for Trading" to the "Available for Sale" portfolio by year of transfer, as at 31/12/2015:

Security	Isin	Nominal value	Balance sheet value	Year transferred
B AGRILEASING 07-17 TV	XS0287516214	5,000	4,781	2008
Total		5,000	4,701	

A.3.2. Reclassified financial assets: effects on overall profitability before the transfer

- The Bank has not carried out transfers during the current year.

A.3.3. Transfer of financial assets held for trading

- The Bank has not carried out transfers during the current year.

A.3.4.Effective interest rates and financial flows expected from the assets

- The Bank has not carried out transfers during the current year.

A.4 –Information on Fair Value

Qualitative information

- Fair value is the price that would be received for the sale of an asset, or that would be paid for the transfer of a liability in a standard market transaction at the date of valuation and not during a forced sale or a distress sale. Underlying the definition of fair value is the assumption that the company is carrying out its regular business activities without the intention of liquidating assets or reducing the level of activities significantly in any way.

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

For a description of the measurement techniques and inputs used, information is provided in Section A.2 of these Explanatory Notes, in the chapter "Hierarchy of fair value".

A.4.2 Measurement processes and sensitivity

- As at 31 December 2015 there were no assets classified at level 2 of the Fair Value Hierarchy. Conventionally,Financial Assets Available for Sale referred to capital securities "valued at cost" relative to instrumental capital holdings, for which fair value cannot be determined in a reliable or verifiable manner, are classified at level 3 of the hierarchy of Fair Value.

A.4.3 Hierarchy of fair value

Hierarchy of fair value, based on the provisions of IFRS 13, must be applied to all financial instruments for which fair value is recognized in the balance sheet. In this regard, for these instruments, maximum priority is given to official prices available on active markets and lower priority to the use of non-observable input, which are more discretional. Consequently, fair value is calculated through the use of prices acquired from financial markets, in the case of instruments listed on active markets or, for other financial instruments, through the use of measurement methods that aim at an estimation of fair value. The levels used for classifications and referred to hereinafter in the explanatory notes are the following:

- "Level 1": the fair value of the financial instruments is calculated based on price listings observable on active markets (unadjusted) which may be accessed on the date of assessment;
- "Level 2": the fair value of the financial instruments is calculated based on other inputs observable directly or indirectly for the asset or liability, also using measurement techniques;

- "Level 3": the fair value of the financial instruments is calculated based on other input not observable for the asset or liability, also using measurement techniques.

A price listed on an active market provides the most reliable evidence of the fair value and, when available, must be used without adjustments to measure fair value. If there are not price listing on active markets, the financial instruments must be classified in level 2 or 3. Classification in Level 2 as opposed to Level 3 is determined based on the observability on markets of significant inputs used to calculate fair value.

A.4.4 Other information

- Please refer to Section A.2 of these Explanatory Notes, in the chapter "Hierarchy of fair value".

Quantitative information

A.4.5 Hierarchy of fair value

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

Financial assets/liabilities measured at fair value	31/12/2015			31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets held for trading	102	0	593	0	0	740
2. Financial assets measured at fair value	0	0	0	0	0	0
3. Financial assets available for sale	1,294,936	5,078	4,524	855,243	9,915	4,557
4. Hedges	0	0	1,377	0	0	3,730
Total	**1,295,037**	**5,078**	**6,494**	**855,243**	**9,915**	**9,027**
1. Financial liabilities held for trading	0	0	0	0	0	0
2. Financial liabilities measured at fair value	0	0	0	0	0	0
3. Hedges	0	0	500	0	0	500
Total	**0**	**0**	**500**	**0**	**0**	**500**

Key:
Level 1 = Fair value of a financial instrument listed in an active market;
Level 2 = Fair value measured on the basis of measurement techniques that use parameters that can be observed on the market, other than the listings of the financial instrument;
Level 3 = Fair value measured on the basis of measurement techniques that use parameters that cannot be observed on the market.

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

	FINANCIAL ASSETS			
	Held for trading	Measured at fair value	Available for sale	Hedges
1. Initial value	**740**	**0**	**4,557**	**3,730**
2. Additions				
2.1. Issues	0	0	0	0
2.2. Losses allocated to:				
2.2.1. The income statement	0	0	0	3
- of which capital losses	0	0	0	0
2.2.2. Shareholders' equity	X	X	0	0
2.3. Transfers from other levels	0	0	0	0
2.4. Other additions	0	0	0	100
3. Reductions				
3.1. Sales	0	0	0	0
3.2. Redemptions	0	0	0	2,022
3.3. Losses allocated to:				
3.3.1. The income statement	147	0	0	0
- of which capital losses	147	0	0	0
3.3.2. Shareholders' equity	X	X	33	0
3.4. Transfer to other levels	0	0	0	0
3.5. Other reductions	0	0	0	434
4. Final value	**593**	**0**	**4,524**	**1,377**

A.4.5.3 Annual variations of financial liabilities measured at fair value on a recurring basis (level 3)

	FINANCIAL LIABILITIES		
	Held for trading	Measured at fair value	Hedges
1. Initial value	**0**	**0**	**500**
2. Additions			
2.1. Issues	0	0	180
2.2. Losses allocated to:			
2.2.1. The income statement	0	0	0
- of which capital losses	0	0	0
2.2.2. Shareholders' equity	X	X	0
2.3. Transfers from other levels	0	0	0
2.4. Other additions	0	0	0
3. Reductions			
3.1. Sales	0	0	0
3.2. Redemptions	0	0	0
3.3. Losses allocated to:			
3.3.1. The income statement	0	0	0
- of which capital losses	0	0	0
3.3.2. Shareholders' equity	X	X	0
3.4. Transfer to other levels	0	0	0
3.5. Other reductions	0	0	181
4. Final value	**0**	**0**	**500**

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

Line items	31/12/2015				31/12/2014			
	BV	L1	L2	L3	VB	L1	L2	L3
1. Financial assets held through maturity	0	0	0	0	0	0	0	0
2. Receivables from banks	216,561	0	0	216,561	164,066	0	0	164,066
3. Receivables from customers	2,009,908	0	0	2,009,908	1,922,144	0	0	1,922,144
4. Property, plant and equipment held as investments	0	0	0	0	0	0	0	0
5. Noncurrent assets and groups of assets in course of divestment	0	0	0	0	0	0	0	0
Total	**2,226,470**	**0**	**0**	**2,226,470**	**2,086,210**	**0**	**0**	**2,086,210**
1. Payable to banks	484,258	0	0	484,258	478,615	0	0	478,615
2. Payable to customers	2,267,390	0	0	2,267,390	1,524,912	0	0	1,524,912
3. Outstanding Securities	532,752	0	0	532,752	736,174	0	0	736,174
4. Liabilities associated with assets in course of divestment	0	0	0	0	0	0	0	0
Total	**3,284,400**	**0**	**0**	**3,284,400**	**2,739,702**	**0**	**0**	**2,739,702**

Key: BV = Balance sheet level - L1 = Level 1 - L2 = Level 2 - L3 = Level 3

A.5 –Information on so-called "day one profit/loss"

The Bank does not present transactions for which, at the moment of initial recognition of the financial instruments not listed in active markets, the component relative to the so-called "day one profit/loss" was measured. Consequently, the information required by paragraph 28 of IFRS 7 is not herein provided.

Part B – INFORMATION ON THE BALANCE SHEET

ASSETS

Section 1 –Cash and cash balances – Line item 10

1.1 Cash and cash balances: composition

Line items	31/12/2015	31/12/2014	Variation	% Var.
a) Cash	10,690	9,077	1,613	17.77%
b) Demand deposits with Central Banks	0	0	0	
Total	**10,690**	**9,077**	**1,613**	**17.77%**

The line item "demand deposits with central banks" does not include the regulatory reserve that was noted in Asset line item 60 "Receivables from banks ".

Section 2 –Financial assets held for trading – Line item 20

2.1 Financial assets held for trading: breakdown by type

Line items/Values	31/12/2015			31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	0	0	0	0	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	0	0	0	0
2 Equity instruments	102	0	0	0	0	0
3 Shares of mutual funds	0	0	0	0	0	0
4 Loans	0	0	0	0	0	0
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	0	0	0	0
Total A	**102**	**0**	**0**	**0**	**0**	**0**
B. Derivative instruments						
1 Financial derivatives:	0	0	593	0	0	740
1.1 from trading	0	0	593	0	0	740
1.2 connected with the fair value option	0	0	0	0	0	0
1.3 other	0	0	0	0	0	0
2 Credit derivatives	0	0	0	0	0	0
2.1 from trading	0	0	0	0	0	0
2.2 connected with the fair value option	0	0	0	0	0	0
2.3 other	0	0	0	0	0	0
Total B	**0**	**0**	**593**	**0**	**0**	**740**
Total (A+B)	**102**	**0**	**593**	**0**	**0**	**740**

2.2 Financial assets held for trading: break down by borrower/issuer

Line items/values	31/12/2015	31/12/2014	Variation	% var.
A. CASH ASSETS				
1. Debt securities	0	0	0	0.00%
a) Governments and Central Banks	0	0	0	0.00%
b) Other public entities	0	0	0	
c) Banks	0	0	0	
d) Other issuers	0	0	0	0.00%
2 Equity instruments	102	0	102	0.00%
a) Banks	0	0	0	0.00%
b) Other issuers:	102	0	102	0.00%
- Insurers	0	0	0	0.00%
- Finance companies	0	0	0	0.00%
- Non finance companies	102	0	102	0.00%
- Other	0	0	0	0.00%
3 Shares of mutual funds	**0**	**0**	**0**	**0.00%**
4 Loans				
a) Governments and Central Banks	0	0	0	0.00%
b) Other public entities	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other issuers	0	0	0	0.00%
Total (A)	**102**	**0**	**102**	**0.00%**
B DERIVATIVE INSTRUMENTS				
a) Banks	593	740	-147	0.00%
fair value	593	740	-147	0.00%
b) Customers	0	0	0	0.00%
fair value	0	0	0	0.00%
Total (B)	**593**	**740**	**-147**	**-19.85%**
Total (A+B)	**695**	**740**	**-45**	**-6.10%**

Section 4 –Financial assets available for sale – Line item 40

4.1 Financial assets available for sale: breakdown by type

Line items/Values	Total 31/12/2015			Total 31/12/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	1,294,097	0	0	859,190	0	0
1.1 Structured securities	10,300	0	0	9,114	0	0
1.2 Other debt securities	1,283,796	0	0	850,075	0	0
2. Equity instruments	0	0	3,780	0	0	3,780
2.1 Measured at fair value	0	0	0	0	0	0
2.2 Measured at cost	0	0	3,780	0	0	3,780
3. Shares of mutual funds	5,917	0	743	5,968	0	777
4. Loans	0	0	0	0	0	0
Total	**1,300,013**	**0**	**4,524**	**865,158**	**0**	**4,557**

LIST OF SECURITIES VALUED AT COST AT 31/12/2015.

Description	Amount
Invest Banca s.p.a.	2,436
Iccrea Holding s.p.a.	31
Fidi Toscana s.p.a.	124
S.w.i.f.t. s.a.	1
Promosports.c.r.l.	0
Fondo di Garanzia dei Depositanti B.C.C.	1
Cooperfidi Soc. Coop. di garanzia collettiva	150
Coop. Sociale "Il Piccolo Principe" s.c.r.l.	36
Coop. Sociale "Sintesi" s.c.r.l.	41
Cabel ricerca e formazione s.c.p.a.	5
Cabel per i pagamenti s.c.p.a.	50
Fin. P.A.S. s.r.l.	400
A.RE.A. s.c.r.l.	7
Cooper Servicer s.c.r.l.	0
La Merchant s.p.a.	500
Total	**3,780**

4.2 Financial assets available for sale: breakdown by borrower/issuer

Line items/values	Total 31/12/2015	Total 31/12/2014	Variation	% Var.
1. Debt securities	**1,294,097**	**859,190**	**434,907**	**50.62%**
a) Governments and Central Banks	1,205,685	772,858	432,827	56.00%
b) Other public entities	0	0	0	
c) Banks	87,879	85,799	2,080	2.42%
d) Other issuers	532	532	0	0.01%
2. Equity instruments	**3,780**	**3,780**	**0**	**0.00%**
a) Banks	2,467	2,467	0	0.00%
b) Other issuers	1,314	1,314	0	0.00%
- insurers	0	0	0	
- finance companies	324	724	-400	-55.28%
- non finance companies	990	590	400	67.81%
- other	1	1	0	0.00%
3. Shares of mutual funds	**6,660**	**6,745**	**-85**	**-1.26%**
4. Loans	**0**	**0**	**0**	
a) Governments and Central Banks	0	0	0	
b) Other public entities	0	0	0	
c) Banks	0	0	0	
d) Other issuers	0	0	0	
Total	**1,304,537**	**869,715**	**434,822**	**50.00%**

Section 6 –Receivables from banks – Line item 60

6.1 Receivables from banks: breakdown by type

Type of operation/Values	Total 31/12/2015				Total 31/12/2014				Variation	% Var.
	Balance sheet value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Balance sheet value	Fair value level 1	Fair value Level 2	Fair value Level 3		
A. Receivables from Central Banks										
1. Term deposits	0	0	0	0	0	0	0	0	0	
2. Regulatory reserves	140,754	0	0	140,754	112,230	0	0	112,230	28,524	25.42%
3. Repurchase agreements	0	0	0	0	0	0	0	0	0	
4. Other	0	0	0	0	0	0	0	0	0	
B. Receivables from banks										
1. Bank accounts and demand deposits	50,806	0	0	50,806	34,818	0	0	34,818	15,988	45.92%
2. Term deposits	25,000	0	0	25,000	17,018	0	0	17,018	7,983	
3. Other Loans:	0	0	0	0	0	0	0	0	0	
3.1 Repurchase agreements – receivables	0	0	0	0	0	0	0	0		
3.2 Financial leasing	0	0	0	0	0	0	0	0		
3.3 Other	0	0	0	0	0	0	0	0		
4. Debt securities	0	0	0	0	0	0	0	0	0	
4.1 Structured securities	0	0	0	0	0	0	0	0		
4.2 Other debt securities	0	0	0	0	0	0	0	0		
Total (balance sheet value)	**216,561**	**0**	**0**	**216,561**	**164,066**	**0**	**0**	**164,066**	**52,495**	**32.00%**

Section 7 –Receivables from customers – Line item 70

7.1 Receivables from customers: breakdown by type

Type of operation/values	Total 31/12/2015							Total 31/12/2014						
	Balance sheet value			Total	Fair value			Balance sheet value			Total	Fair value		
	Bonis	Impaired			Level 1	Level 2	Level 3	Bonis	Impaired			Level 1	Level 2	Level 3
		Acquired	Other						Acquired	Other				
1. Bank accounts	365,200	0	45,327	410,527	0	0	410,527	397,748	0	44,812	442,559	0	0	442,559
2. Repurchase agreements – receivables	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3. Loans	989,708	0	187,810	1,177,518	0	0	1,177,518	970,949	0	167,010	1,137,959	0	0	1,137,959
4. Credit cards, personal loans and salary guaranteed finance	16,949	0	790	17,739	0	0	17,739	17,888	0	761	18,649	0	0	18,649
5. Financial leasing	6,172	0	0	6,172	0	0	6,172	8,092	0	0	8,092	0	0	8,092
6. Factoring	0	0	0	0	0	0	0	0	0	0	0	0	0	0
7. Other transactions	370,609	0	27,342	397,952	0	0	397,952	297,223	0	17,662	314,885	0	0	314,885
8. Debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8.1 Structured securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Other debt securities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total (balance sheet value)	**1,748,638**	**0**	**261,270**	**2,009,908**	**0**	**0**	**2,009,908**	**1,691,899**	**0**	**230,245**	**1,922,144**	**0**	**0**	**1,922,144**

In particular, please note that “impaired receivables” increate by 31,126 thousand Euro (+13.52%).

In order to better illustrate the variations between 2014 and 2015 on this aggregate, the following tables have been added to the Explanatory Notes:

Type of operation/values	Total 2015	Total 2014	Difference 2015/2014	Difference 2015/2014 %
1. Bank accounts	399,076	441,063	-41,987	-9.52%
2. Cash Clearing and Guarantee Fund	11,330	1,285	10,045	781.40%
3. Poste Italiane s.p.a.	121	211	-90	-42.54%
4. Repurchase agreements – receivables	0	0	0	0.00%
5. Loans	1,046,500	986,522	59,978	6.08%
6. Securitized loans	0	341	-341	-100.00%
7. Self-securitized loans	131,018	151,096	-20,079	-13.29%
8. Credit cards, personal loans and salary guaranteed finance	17,739	18,649	-910	-4.88%
9. Finance leasing	6,172	8,092	-1,920	-23.72%
10. Factoring	0	0	0	0.00%
11. Other transactions	386,145	303,967	82,177	27.03%
12. Bank for Deposits and Loans	0	0	0	0.00%
13. Receivable from the Vehicle Pontormo RMBS	11,807	10,918	889	8.15%
14. Debt Securities	0	0	0	0.00%
Total (balance sheet value)	**2,009,908**	**1,922,144**	**87,764**	**4.57%**

Not considering "CassaCompensazione e Garanzia", "Poste Italianes.p.a.", CassaDepositi e Prestiti", and "Pontormo RMBS" as “Receivalbes from customers”, the following variations are noted:

Type of operation/values	Total 2015	Total 2014	Difference 2015/2014	Difference 2015/2014 %
Receivables from customers–Recalculated values	1,986,650	1,909,730	76,920	4.03%

Breakdown of impaired receivables:		
Description	**2015**	**2014**
Non-performing loans	121,226	106,271
Doubtful loans	115,012	94,964
Restructured loans	0	11,980
Expired loans	25,032	17,029
Total impaired loans	**261,270**	**230,245**

7.2 Receivables from customers: breakdown by borrowers/issuers

Type of operation/values	Total 31/12/2015			Total 31/12/2014		
	Bonis	Impaired		Bonis	Impaired	
		Acquired	Other		Acquired	Other
1. Debt securities						
a) Governments	0	0	0	0	0	0
b) Other public entities	0	0	0	0	0	0
c) Other issuers	0	0	0	0	0	0
- non finance companies	0	0	0	0	0	0
- finance companies	0	0	0	0	0	0
- insurers	0	0	0	0	0	0
- other	0	0	0	0	0	0
2. Loans to:						
a) Governments	0	0	0	0	0	0
b) Other public entities	2,701	0	0	3,200	0	0
c) Other borrowers	1,745,938	0	261,270	1,688,699	0	230,245
- non finance companies	952,317	0	180,235	902,442	0	159,648
- finance companies	63,979	0	230	53,945	0	10
- insurers	15,083	0	0	14,709	0	0
- other	714,559	0	80,805	717,603	0	70,587
Total	**1,748,638**	**0**	**261,270**	**1,691,899**	**0**	**230,245**

7.4 Receivables from customers: Leasing

This line item is composed of receivables from customers for finance lease contracts for property purchases; these receivables were valued at amortized cost. The item went from 8,092 thousand Euro at 31/12/2014 to 6,172 thousand Euro at 31/12/2015, with a decrease of 1,920 thousand Euro, equal to -23.73%.

Section 8 - Hedges – Line item 80

8.1 Hedges: breakdown by type of hedge and by level

Line items	Fair value 31/12/2015			Notional value 31/12/2015	Fair value 31/12/2014			Notional value 31/12/2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	**0**	**0**	**1,377**	**32,239**	**0**	**0**	**3,730**	**98,805**
1) Fair value	0	0	1,377	32,239	0	0	3,730	98,805
2) Cash flows	0	0	0	0	0	0	0	0
3) Foreign investments	0	0	0	0	0	0	0	0
B. Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1) Fair value	0	0	0	0	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
Total	**0**	**0**	**1,377**	**32,239**	**0**	**0**	**3,730**	**98,805**

The table indicates the positive balance sheet value (fair value) of hedge contracts. The "Fair Value Hedge" accounting model was used. A series of bonds issued by the Bank were hedged using hedge accounting, in order to hedge the relative interest rate risk.

8.2 Hedges: breakdown by hedged portfolio and by type of hedge

Transactions/type of hedge	Fair Value						Cash flows		Foreign investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange risk	Credit risk	Price risk	Various risks				
1. Financial assets available for sale	0	0	0	0	0	0	0	0	0
2. Receivables	0	0	0	0	0	0	0	0	0
3. Financial assets held through maturity	0	0	0	0	0	0	0	0	0
4. Portfolio	0	0	0	0	0	0	0	0	0
5. Other transactions	0	0	0	0	0	0	0	0	0
Total assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	1,032	0	0	0	0	345	0	0	0
2. Portfolio	0	0	0	0	0	0	0	0	0
Total liabilities	**1,032**	**0**	**0**	**0**	**0**	**345**	**0**	**0**	**0**
1. Forecast transactions	0	0	0	0	0	0	0	0	0
2. Portfolio of financial assets and liabilities	0	0	0	0	0	0	0	0	0

Section 10 –Equity investments–Line item 100

10.1 Equity investments in subsidiaries, jointly held companies or subject to significant influence: information on shareholdings

Denomination	Registered office	Operating office	Shareholding %	Votes available %
A. Wholly owned subsidiaries				
B. Jointly held companies				
C. Companies subject to significant influence				
1. Cabel Leasing s.p.a. (1)	**Empoli**	**Empoli**	**17.40%**	**17.40%**
2. Cabel Holding s.p.a.	**Empoli**	**Empoli**	**38.53%**	**38.53%**
3. Cabel Industry s.p.a. (2)	**Empoli**	**Empoli**	**6.00%**	**6.00%**

(1) –The shareholding percent in Cabel Leasing s.p.a. increases to 31.27% due to the CabelHoldings.p.a. equity investment in Cabel Leasing s.p.a. for 36.00%.

(2) –The shareholding percent in Cabel Industry s.p.a. increases to 32.11% due to the CabelHoldings.p.a. equity investment in Cabel Industry s.p.a. for 67.77%.

10.2 Significant equity investments: balance sheet value, fair value and dividends received

Denomination	Balance sheet value	Fair value	Dividendsreceived
A. Wholly owned subsidiaries			
B. Jointly held companies			
C. companiessubject to significant influence			
1. Cabel Leasing s.p.a.	3,210	3,210	0
2. Cabel Holding s.p.a.	15,931	15,931	0
3. Cabel Industry s.p.a.	480	480	36
Total	**19,622**	**19,622**	**36**

The fair value of shareholdings in companies subject to significant interest corresponds to the balance sheet value in that none of the companies in question is listed on a trade market.

10.3 Significant equity investments: accounting information

Denomination	Cash and cash equivalents	Financial assets	Non financial assets	Financial liabilities	Non financial liabilities	Total revenue	Interest income
A. Wholly owned subsidiaries							
B. Jointly held companies							
C. companiessubject to significant influence							
1. Cabel Leasing s.p.a.	x	185,484	4,244	134,639	36,641	5,099	x
2. Cabel Holding s.p.a.	x	23,398	18,961	0	1,011	6,156	x
3. Cabel Industry s.p.a.	x	5,896	9,998	0	7,287	28,407	x
Total		**214,778**	**33,202**	**134,639**	**44,939**	**39,662**	

Denomination	Value adj. And write-backs on prop., plant and equip. and intang. assets	Profit (loss) on continuing operations before tax	Profit (loss) on continuing operations after tax	Profit (loss) of groups of assets under divestment, after tax	Fiscal year profit (loss) (1)	Other income components after tax(2)	Overall income (3) = (1) + (2)
A. Wholly owned subsidiaries							
B. Jointly held companies							
C. Companies subject to significant influence							
1. Cabel Leasing s.p.a.	x	318	181	0	181	0	181
2. Cabel Holding s.p.a.	x	1,440	1,322	0	1,322	0	1,322
3. Cabel Industry s.p.a.	x	2,778	1,736	0	1,736	0	1,736
Total		**4,537**	**3,239**	**0**	**3,239**	**0**	**3,239**

The above companies carry out activities that are instrumental to Bank activities and perform services that are auxiliary to Bank activities. The values shown in the above table refer to the year 2014 as, at the date of presentation of the financial statements to the BoD for approval, the definitive balance sheet data for 2015 for the companies in question were not available, and were approved subsequently.

The balance sheet value was determined according to the schedule below:

Denominations	Net equity	Shareholding %	Purchase/Sale	Dividends received	Balance sheet value
1. Cabel Leasing s.p.a.	18,450	17.40%	0	0	3,210
2. Cabel Holding s.p.a.	41,347	38.53%	0	0	15,931
3. Cabel Industry s.p.a.	8,007	6.00%	0	36	480
Total	**67,804**		**0**	**36**	**19,622**

10.5 Equity investments: annual variations

Line items	Total 31/12/2015	Total 31/12/2014
A. Initial value	**18,166**	**15,699**
B. Additions		
B.1 Purchases	0	1,654
B.2 Write-backs of value	0	0
B.3 Revaluations	1,455	814
B.4 Other additions	0	0
C. Reductions		
C.1 Sales	0	0
C.2 Value adjustments	0	0
C.3 Other reductions	0	0
D. Final value	**19,622**	**18,166**
E. Total revaluations	**12,746**	**11,290**
F. Total adjustments	**0**	**0**

Line B.3 "Revaluations" includes the revaluation of the company Cabel Leasing s.p.a. for 31 thousand Euro, the revaluation of the company Cabel Holding s.p.a. for 1,356 thousand Euro and the revaluation of the company Cabel Industry s.p.a. for 68 thousand Euro.

The data from the 2014 financial statements refer to the last financial statements approved by subsidiaries (31/12/2013).

The data from the 2015 financial statements refer to the last financial statements approved by the subsidiaries (31/12/2014).

10.7 Equity investments: investments in companies subject to significant influence

There are no investments that may generate potential liabilities deriving from any joint investment.

10.8 Equity investments: restrictions

There are no significant restrictions referred to investments in companies subject to significant influence.

Section 11 –Property, plant and equipment–Line item 110

11.1 Property, plant and equipment: breakdown of assets measured at cost

Assets/values	Total 31/12/2015	Total 31/12/2014
1. Own assets	**65,186**	**62,252**
a) land	14,655	14,581
b) buildings	36,423	35,183
c) furniture	9,006	8,499
d) electronic equipment	759	620
e) other	4,343	3,369
2 Purchased in financial leasing	**0**	**0**
a) land	0	0
b) buildings	0	0
c) furniture	0	0
d) electronic equipment	0	0
e) other	0	0
Total	**65,186**	**62,252**

All of the Bank’s property, plant and equipment are measured at cost; the line item "land" indicates the value of the land that is separated from the value of the buildings.

11.5 Property, plant and equipment having a functional use: annual variations

Line items	Land	Buildings	Furniture	Electronic systems	Other	Total 31/12/2015
A. Initial gross value	**14,581**	**54,110**	**14,480**	**2,736**	**14,480**	**100,388**
A.1 Total net reductions of value	0	18,927	5,981	2,116	11,111	38,136
A.2 Initial net value	**14,581**	**35,183**	**8,499**	**620**	**3,369**	**62,252**
B. Additions:						
B.1 Purchases	73	293	961	371	1,961	3,659
B.2 Expenses for capitalized improvements	0	2,336	0	0	0	2,336
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated to:						
a) shareholders' equity	0	0	0	0	0	0
b) the income statement	0	0	0	0	0	0
B.5 Positive exchange rate differences	0	0	0	0	0	0
B.6 Transfers from real property held for investment	0	0	0	0	0	0
B.7 Other additions	0	0	0	0	38	38
C. Reductions:						
C.1 Sales	0	0	0	0	38	38
C.2 Depreciation	0	1,389	454	232	987	3,061
C.3 Value adjustments from impairment allocated to:						
a) shareholders' equity	0	0	0	0	0	0
b) the income statement	0	0	0	0	0	0
C.4 Negative fair value variations allocated to:						
a) shareholders' equity	0	0	0	0	0	0
b) the income statement	0	0	0	0	0	0
C.5 Negative exchange rate differences	0	0	0	0	0	0
C.6 Transfers to:						
a) property, plant and equipment held for investment	0	0	0	0	0	0
b) assets in the course of divestment	0	0	0	0	0	0
C.7 other reductions	0	0	0	0	0	0
D. Final net value	**14,655**	**36,423**	**9,006**	**759**	**4,343**	**65,186**
D.1 Reductions of total net value	0	20,316	6,435	2,348	12,060	41,158
D.2 Final gross value	**14,655**	**56,739**	**15,441**	**3,107**	**16,403**	**106,344**
E. Measurement at cost	0	0	0	0	0	0

Depreciation was measured based on the useful life of the assets, as specified below:

- Land	0.00%
- Buildings	3.00%
- Artwork	0.00%
- Furniture and various furnishings	12.00%
- AED plants, machinery and equipment	20.00%
- Technical plants, machinery and equipment	15.00%
- Vehicles	20.00%

Section 12 –Intangible assets–Line item 120

12.1 Intangible assets: breakdown by type of asset

Assets/values	Total 31/12/2015		Total 31/12/2014	
	Limited duration	Unlimited duration	Limited duration	Unlimited duration
A.1 Goodwill	0	2,100	0	2,100
A.2 Other intangible assets				
A.2.1 Assets measured at cost:	167	0	231	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	167	0	231	0
A.2.2 Assets measured at fair value:	0	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	0	0	0	0
Total	**167**	**2,100**	**231**	**2,100**

All of the Bank’s intangible assets are measured at cost.
Goodwill entered refers to the purchase of n. 2 bank tellers of BancaInterregionales.p.a.
The branches will be purchased on operating date 01/01/2015, and they are the branch in di Pistoia (PT) and the branch in San Giovanni Valdarno (AR).

12.2 Intangible assets: annual variations

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 31/12/2015
		limited duration	unlimited duration	limited duration	unlimited duration	
A. Initial value	**2,100**	**0**	**0**	**3,806**	**0**	**5,906**
A.1 Total net reduction of value	0	0	0	3,575	0	3,575
A.2 Initial net value	**2,100**	**0**	**0**	**231**	**0**	**2,331**
B. Additions						
B.1 Purchases	0	0	0	20	0	20
B.2 Increases of internal intangible assets	0	0	0	0	0	0
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value						
- to shareholders’ equity	0	0	0	0	0	0
- to the income statement	0	0	0	0	0	0
B.5 Positive exchange rate differences	0	0	0	0	0	0
B.6 Other additions	0	0	0	0	0	0
C. Reductions						
C.1 Sales	0	0	0	0	0	0
C.2 Adjustments of value						
- Amortizations	0	0	0	84	0	84
- Write-downs						
+ shareholders’ equity	0	0	0	0	0	0
+ the income statement	0	0	0	0	0	0
C.3 Reductions of value						
- to shareholders’ equity	0	0	0	0	0	0
- to the income statement	0	0	0	0	0	0
C.4 Transfers of noncurrent assets in the course of divestment	0	0	0	0	0	0
C.5 Negative exchange rate differences	0	0	0	0	0	0
C.6 Other reductions	0	0	0	0	0	0
D. Final net value	**2.100**	**0**	**0**	**167**	**0**	**2,267**
D.1 Total net adjustments of value	0	0	0	3,659	0	3,659
E. Final gross value	**2,100**	**0**	**0**	**3,826**	**0**	**5,926**
F. Measurement at cost	0	0	0	0	0	0

Other intangible assets consist of the cost of corporate software. Amortization is measured at constant rates based on its useful life, which is estimated to be 5 years.

13.1 Assets related topre-paid taxes: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Multi-year costs	0	0
2. Personnel costs	0	276
3. Receivables	20,756	17,663
4. Entertainment expenses	0	0
5. Financial instruments (Securities Available for Sale)	356	0
6. Tax losses	0	0
7. Other	324	382
Total	**21,436**	**18,321**

The line "Financial instruments" indicates tax receivables related to financial instruments classified in the portfolio of assets available for sale.

Breakdown of assets related to pre-paid taxes point 3. Receivables from the previous table:

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Ires(corporate income tax) subdivided into eighteenths	0	4,732
2. Ires(corporate income tax) subdivided into fifths	0	10,901
3. Irap(tax on productive activities) subdivided into fifths	0	2,030
4. Irap(tax on productive activities) scheduled for 2016	135	0
5. Ires(corporate income tax) scheduled for 2016	903	0
6. Irap(tax on productive activities) scheduled for 2017	216	0
7. Ires(corporate income tax) scheduled for 2017	1,445	0
8. Irap(tax on productive activities) scheduled for 2018	270	0
9. Ires(corporate income tax) scheduled for 2018	1,806	0
10. Irap(tax on productive activities) scheduled for 2019	324	0
11. Ires(corporate income tax) scheduled for 2019	2,167	0
12. Irap (tax on productive activities) scheduled for 2020	324	0
13. Ires(corporate income tax) scheduled for 2020	2,167	0
14. Irap(tax on productive activities) scheduled for 2021	324	0
15. Ires(corporate income tax) scheduled for 2021	2,167	0
16. Irap(tax on productive activities) scheduled for 2022	324	0
17. Ires(corporate income tax) scheduled for 2022	2,167	0
18. Irap(tax on productive activities) scheduled for 2023	324	0
19. Ires(corporate income tax) scheduled for 2023	2,167	0
20. Irap(tax on productive activities) scheduled for 2024	324	0
21. Ires(corporate income tax) scheduled for 2024	2,167	0
22. Irap(tax on productive activities) scheduled for 2025	135	0
23. Ires(corporate income tax) scheduled for 2025	903	0
Total	**20,756**	**17,663**

13.2 Liabilities for deferred taxes: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Property, plant and equipment	3,367	3,461
2. Personnel costs	0	0
3. Former credit risk fund	0	0
4. Equity investments	62	144
5. Financial instruments (Securities Available for Sale)	0	6,291
6. Goodwill	39	0
7. Other	116	111
Total	**3,583**	**10,006**

Among liabilities for deferred taxes, we note the line "Property, plant and equipment": the tax liability was calculated between the IAS value and the "tax" value of the property, plant and equipment owned.

The line "Equity investments" indicates the tax liability referable to equity investments calculated at the IRES tax rate (27.50) on 5.00% of overall capital gain (5,485 thousand Euro).

The line "Financial instruments" indicates tax liabilities related to financial instruments classified in the portfolio of assets available for sale.

13.3 Variations of pre-paid taxes (asan offset to the income statement)

Line items	Total 31/12/2015	Total 31/12/2014
1. Initial value	**17.938**	**10,958**
2. Additions		
2.1 Pre-paid taxes recognized during the fiscal year		
a) related to previous fiscal years	0	0
b) due to change of accounting policies	0	0
c) write-backs of value	0	0
d) other	3,093	8,812
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Pre-paid taxes derecognized during the fiscal year		
a) reversals	276	1,832
b) write-downs for receivables written off as unrecoverable	0	0
c) change of accounting policies	0	0
d) other	0	0
3.2 Reductions of tax rates	0	0
3.3 Other reductions		
a) transformation into tax credits pursuant to Law n. 214/2011	0	0
b) Other	0	0
4. Final value	**20,756**	**17,938**

The table summarizes all pre-paid taxes which will be absorbed in subsequent fiscal years as offsets to the income statement.

The principal pre-paid tax that arose during the fiscal year was that generated by the write-downs on receivables exceeding the deductible limit in the fiscal year totaling3.093 thousand Euro.

13.3.1 Variations of pre-paid taxes as per Law n. 214/2011 (as offset to the income statement)

Line items	Total 31/12/2015	Total 31/12/2014
1. Initial value	**17,663**	**10,872**
2. Additions	**3,093**	**8,622**
3. Reductions	**0**	**1,832**
3.1 reversals	0	1,832
3.2 transformation into tax credits	0	0
a) deriving from operating losses	0	0
b) deriving from tax losses	0	0
3.3 Other reductions	0	0
4. Final value	**20,756**	**17,663**

13.4 Variations of deferred taxes (asan offset to the income statement)

Line items	Total 31/12/2015	Total 31/12/2014
1. Initial value	**3,610**	**3,794**
2. Additions		
2.1 Deferred taxes recognized during the fiscal year		
a) related to previous fiscal years	0	0
b) due to a change of accounting policies	0	0
c) other	41	8
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognized during the fiscal year		
a) reversals	129	192
b) due to a change of accounting policies	0	0
c) other	0	0
3.2 Reductions of tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**3,522**	**3,610**

The table summarizes all deferred taxes that will be absorbed during subsequent fiscal years as offsets to the income statement.

13.5 Variations of pre-paid taxes (as an offset to shareholders' equity)

Line items	Total 31/12/2015	Total 31/12/2014
1. Initial value	**382**	**870**
2. Additions		
2.1 Pre-paid taxes recognized during the fiscal year		
a) related to previous fiscal years	0	0
b) due to a change of accounting policies	0	0
c) other	948	382
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Pre-paid taxes derecognized during the fiscal year		
a) reversals	651	870
b) write-downs for receivables written off as unrecoverable	0	0
c) due to a change of accounting policies	0	0
d) other	0	0
3.2 Reductions of tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**680**	**382**

The variations are exclusively due to the pre-paid taxes recorded in movements to the reserves of shareholders' equity related to the financial instruments classified in the portfolio of financial assets available for sale.

13.6 Variations of deferred taxes (as an offset to shareholders' equity)

Line items	Total 31/12/2015	Total 31/12/2014
1. Initial value	**6,397**	**833**
2. Additions		
2.1 Deferred taxes recognized during the fiscal year		
a) related to previous fiscal years	0	0
b) due to a change in accounting policies	0	0
c) other	0	6,515
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognized during the fiscal year		
a) reversals	6,335	727

b) due to a change in accounting policies	0	0
c) other	0	225
3.2 Reduction of tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**62**	**6,397**

The variations are due to the deferred taxes recorded in movements to the reserves of shareholders' equity related to the financial instruments classified in the portfolio of financial assets available for sale, and in movements to the reserve of shareholders' equity related to equity investments.

13.7 Other information–Assets due to current taxes – Breakdown

Line items	Total 31/12/2015	Total 31/12/2014
1. Accounts paid to the Tax Authority	14,097	12,416
2. Tax receivables – principal	608	608
3. Tax receivables – interest	290	290
4. Other withholdings	12	10
Total	**15,007**	**13,324**

Assets due to current taxes in 2015 are shown on a "closed" account basis in the balance sheet and on an "open" account basis in the table above.

13.7 Other information–Liabilities due to current taxes – Breakdown

Line items	Total 31/12/2015	Total 31/12/2014
1. Fund for IRES tax	4,578	7,863
2. Fund for IRAP tax	1,080	2,439
3. Fund for stamp duty	0	99
4. Tax fund – substitute tax Law 244/2007	0	0
5. Tax fund - other	0	0
Total	**5,658**	**10,401**

Liabilities for current taxes in 2015 are shown on a "closed" account basis in the balance sheet and on an "open" account basis in the table above.

Section 15 –Other assets –Line item 150

15.1 Other assets: breakdown

Line item	Total 31/12/2015	Total 31/12/2014
01. Other debtors	2,202	3,442
02. Entries in transit	1,732	1,043
03. Entries being processed	20,173	23,117
04. Various entries to be settled	457	573
05. Stipulated loans to be disbursed	14,139	11,464
06. Checks, bills returned unpaid and protested	92	191
07. Assets sold and not cancelled	0	67
08. Assets for expenses on third party goods	904	597
09. Expenses not yet invoiced	281	153
10. Costs to be allocated	0	0
11. Advanced operations on notes	381	98
12. Various open entries	2,602	2,118
13. Accrued income and prepayments	458	653
14. Securities to be settled (sales)	0	1,004
Total	**43,422**	**44,520**

LIABILITIES

Section 1 –payables to banks –Line item 10

1.1 Payables to banks: breakdown by type

Type of operation/Values	Total 31/12/2015	Total 31/12/2014	Variation	% Variation
1. Payables to central banks	**456,877**	**467,111**	**-10,234**	**-2.19%**
2. Payables to banks				
2.1 Bank accounts and demand deposits	4,438	909	3,529	388.36%
2.2 Term deposits	22,943	10,596	12,347	116.53%
2.3 Loans	0	0	0	
2.3.1 Repurchase agreements - payables	0	0	0	
2.3.2 Other	0	0	0	
2.4 Liabilities for commitments to repurchase own shares	0	0	0	
2.5 Other liabilities	0	0	0	
Total	**484,258**	**478,615**	**5,643**	**1.18%**
Fair value - level 1	**0**	**0**	**0**	
Fair value - level 2	**0**	**0**	**0**	
Fair value - level 3	**484,258**	**478,615**	**5,643**	
Total fair value	**484,258**	**478,615**	**5,643**	**1.18%**

Payables to banks are all measured at cost or at amortized cost.

Section 2 –Payables to customers–Line item 20

2.1 Payables to customers: breakdown by type

Type of operation/Values	Total 31/12/2015	Total 31/12/2014	Variation	% Variation
1. Bank accounts and demand deposits	1,530,489	1,211,069	319,420	26.38%
2. Term deposits	181,283	260,988	-79,706	-30.54%
3. Loans	555,426	52,730	502,695	953.33%
3.1 Repurchase agreements – payables	503,850	2,606	501,244	19237.86%
3.2. Other	51,576	50,125	1,451	2.90%
4. Liabilities for commitments to buy back treasury shares	0	0	0	
5. Other liabilities	193	124	69	55.53%
Total	**2,267,390**	**1,524,912**	**742,479**	**48.69%**
Fair value - level 1	**0**	**0**	**0**	
Fair value - level 2	**0**	**0**	**0**	
Fair value - level 3	**2,267,390**	**1,524,912**	**742,479**	
1. Bank accounts and demand deposits	**2,267,390**	**1,524,912**	**742,479**	**48.69%**

Payables to customers are all measured at cost or at amortized cost.
Line 3.2 "Loans - Others" for 51,576 thousand Euro includes transactions with CassaDepositi e Prestitis.p.a.

Section 3 –Outstanding securities–Line item 30

3.1 Outstanding securities: breakdown by type

Type of security/values	Total 31/12/2015				Total 31/12/2014			
	Balance sheet value	Fair value			Balance sheet value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								
1. Bonds	528,131	0	0	528,131	726,330	0	0	726,330
1.1 structured	7,764	0	0	7,764	3,042	0	0	3,042
1.2 other	520,368	0	0	520,368	723,288	0	0	723,288
2. Other securities	4,620	0	0	4,620	9,844	0	0	9,844
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	4,620	0	0	4,620	9,844	0	0	9,844
Total	**532,752**	**0**	**0**	**532,752**	**736,174**	**0**	**0**	**736,174**

The table indicates deposits consisting of securities that also include, in addition to bonds, outstanding and matured certificates of deposit to be repaid.

All of the liabilities are measured at cost or at amortized cost, with the exception of entries that are the object of specific hedges of the interest rate risk on which the effect of the Swap was capitalized.

Liabilities are indicated net of the repurchased bonds.

The aggregate decreased with respect to the previous fiscal year by203,422 thousand Euro (-27.63%).

3.3 Outstanding securities: Securities subject to specific hedges

Type of operation/Values	Total 31/12/2015	Total 31/12/2014
1. Securities subject to specific fair value hedges:		
a) interest rate risk	18,021	86,866
b) exchange rate risk	0	0
c) various risks	0	0
2. Securities subject to specific cash flow hedges:		
a) interest rate risk	0	0
b) exchange rate risk	0	0
c) other	0	0
Total	**18,021**	**86,866**

The table indicates outstanding securities that are the object of specific hedges.

Securities issued by the Bank for which the hedge decision was made subsequent to the issue, or for which there is the intention to maintain the hedge for the entire contractual duration of the issue, were the object of specific hedges of the fair value of the interest rate risk.

Section 6 - Hedges–Line item 60

6.1 Hedges: breakdown by type of hedge and by hierarchical level

Line item	Fair value 31/12/2015			Notional value 31/12/2015	Fair value 31/12/2014			Notional value 31/12/2014
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives	**0**	**0**	**500**	**22,406**	**0**	**0**	**500**	**13,451**
1) Fair value	0	0	500	22,406	0	0	500	13,451
2) Cash flows	0	0	0	0	0	0	0	0
3) Foreign investments	0	0	0	0	0	0	0	0
B. Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1) Fair value	0	0	0	0	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
Total	**0**	**0**	**500**	**22,406**	**0**	**0**	**500**	**13,451**

The table indicates the negative balance sheet value (fair value) of hedge contracts, for hedges using the hedge accounting instrument.

A series of bonds issued by the Bank were hedged by means of hedge accounting, in order to hedge the relative interest rate risk.

6.2 Hedges: breakdown by hedged portfolio and by type of hedge

Operations/Type of hedge	Fair Value						Financial flows		Foreign Investments
	Specific					Generic	Specific	Generic	
	Interest rate risk	Exchange rate risk	Credit risk	Price risk	Various risks				
1. Financial assets available for sale	0	0	0	0	0	0	0	0	0
2. Receivables	0	0	0	0	0	0	0	0	0
3. Financial assets held through maturity	0	0	0	0	0	0	0	0	0
4. Portfolio	0	0	0	0	0	0	0	0	0
5. Other transactions	0	0	0	0	0	0	0	0	0
Total assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	0	0	0	0	0	500	0	0	0
2. Portfolio	0	0	0	0	0	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**0**	**500**	**0**	**0**	**0**
1. Expected transactions	0	0	0	0	0	0	0	0	0
2. Portfolio of financial assets and liabilities	0	0	0	0	0	0	0	0	0

Section 10 –Other liabilities –Line item 100

10.1 Other liabilities: breakdown

Line items	Total 31/12/2015	Total 31/12/2014
01. Various tax entries	4,453	3,124
02. Entries transferred among branch offices	4,162	4,050
03. Differences receivables on offsets of third party portfolio	32,462	32,674
04. Suppliers	2,804	2,866
05. Entries being processed and other creditors	33,147	30,158
06. Accrued liabilities and deferred income	809	457
07. Borrower accounts for stipulated loans to be disbursed	14,139	11,464
08. Securities to be settled (purchases)	49,011	0
Total	**140,988**	**84,793**

Section 11 –Employee severance pay–Line item 110

11.1 Employee severance pay: annual variations

Line items	Total 31/12/2015	Total 31/12/2014
A. Initial value	**3,894**	**3,315**
B. Additions		
B.1 Allocations during the fiscal year	977	844
B.2 Other additions	93	675
C. Reductions		
C.1 Payments made	188	95
C.2 Other reductions	1.150	844
D. Final value	**3,625**	**3,894**
Total	**3,625**	**3,894**

Line B.1 "Allocation during fiscal year" includes severance pay matured during the fiscal year in the amountof 977 thousand Euro.
Line B.2 "Other additions" includes"Interest Cost", for 47 thousand euro and Branch Transfer for 46 thousand Euro.
Line C.1 "Payments made" includes the "Benefit Paid" for IAS purposes of employee severance pay in the amount of 188 thousand Euro.
Line C.2 "Other reductions" includes the employee severance pay transferred to the Supplementary Pension Fund for Employees (an external fund) or INPS Treasury for977 thousand Euroand Actuarial Gain/Losses for 174 thousand Euro.

Section 12 –Risk and expenses fund–Line item 120

12.1 Risk and expenses fund: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Funds for company pensions	0	0
2. Other risk and expense funds	911	1,022
2.1 lawsuits	89	89
2.2 personnel costs	356	389
2.3 other	466	544
Total	**911**	**1,022**

The table indicates a decrease of111 thousand Euro (-10.86%).

Line 2.2 "Personnel costs" includes costs referring to "Loyalty bonuses" for employees. Line 2.3 "Other" includes the profit fund available to the Board of Directors for charity and mutual aid and other funds.

12.2 Risk and expense funds: annual variations

Line items	Pension funds	Other funds	Total 31/12/2015
A. Initial value	**0**	**1,022**	**1,022**
B. Additions			
B.1 Allocation during fiscal year	0	500	**500**
B.2 Additions due to the passage of time	0	0	**0**
B.3 Additions due to modifications of the discount rate	0	0	**0**
B.4 Other additions	0	0	**0**
C. Reductions			
C.1 Use during the fiscal year	0	611	**611**
C.2 Reductions due to modifications of the discount rate	0	0	**0**
C.3 Other reductions	0	0	**0**
D. Final value	**0**	**911**	**911**

Section 14 Shareholders' equity – Line items 130, 150, 160, 170, 180, 190 and 200

14.2 Share capital–Number of shares: annual variations

Line items/Type	Ordinary	Other
A. Outstanding shares at the start of the fiscal year	**9,777**	**0**
- entirely unrestricted	9,777	0
- with restrictions	0	0
A.1 Treasury shares (-)	0	0
B.2 Outstanding shares: initial value	**9,777**	**0**
B. Additions		
B.1 New issues		
- for payment:	3,928	0
- mergers	0	0
- conversion of bonds	0	0
- exercise of warrants	0	0
- other	3,928	0
- on a gratuitous basis:	0	0
- to employees	0	0
- to directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	0
B.3 Other variations	0	0
C. Reductions		
C.1 Derecognition	385	0
C.2 Buy backs of treasury shares	0	0
C.3 Sales of companies	0	0
C.4 Other variations	0	0
D. Outstanding shares: final value	**13,320**	**0**
D.1 Treasury shares (+)	0	0

D.2 Outstanding shares at the end of the fiscal year	13,320	0
- entirely unrestricted	13,320	0
- with restrictions	0	0

14.3 Share capital: other information –annual variations

Line items	Amounts	Number of shares	Number of shareholders
A. Initial value	**2,992**	**9,777**	**3,160**
B. Additions			
B.1 New shareholders	423	1,382	106
B.2 From revaluations	0	0	0
B.3 From successions	13	42	14
B.4 From other additions	766	2,504	0
C. Reductions			
C.1 Redemptions	44	145	55
C.2 Partial redemptions	60	197	0
C.3 From successions	13	43	12
C.4 From other reductions	0	0	0
D. Final value	**4,076**	**13,320**	**3,213**

14.4 Retained earnings: other information –breakdown of shareholders' equity

Line items	Total 31/12/2015	Total 31/12/2014
1. Share capital	4,076	2,992
2. Premiums on issue of new shares	582	255
3. Reserves	247,701	239,485
3.1 ordinary/extraordinary reserves	200,751	192,987
3.2 Statutory reserve	46,947	46,495
3.3 Reserves - First Time Adoption I.A.S.	3	3
4. (Treasury shares)	0	0
5. Valuation reserves	13,685	30,436
5.1 Financial assets available for sale	-721	12,994
5.2 Property, plant and equipment	0	0
5.3 Intangible assets	0	0
5.4 Hedging foreign investments	0	0
5.5 Hedging cash flows	0	0
5.6 Exchange rate differences	0	0
5.7 Noncurrent assets in the course of divestment	0	0
5.8 Actuary profit (loss) on defined benefit plans	-854	-1,008
5.9 Share of the valuation reserves of equity investments measured at shareholders' equity	4,423	7,614
5.10 Special revaluation laws	10,836	10,836
6. Equity instruments	0	0
7. Fiscal year profit (loss)	5,000	4,900
Total	**271,044**	**278,068**

14.4 Retained earnings: other information–division and use of fiscal year profit

Line items	Amount	Accounting classification of capital
Ordinary/Legal Reserve	3,055	Increase of Liability line item 160 (Tier 1)
Reserve pursuant to Article 6, Legislative Decree 38/2005	636	Increase of Liability line item 160 (Tier 1)
Statutory Reserve	573	Increase of Liability line item 160 (Tier 1)
Shareholders for dividends	86	
Shareholders for gratuitous revaluation of shares	0	Increase of Liability line item 180 (Tier 1)
Mutual aid fund to promote and develop cooperation, Law 59/1992	150	
Available to the Board of Directors for charity and mutual aid	500	
Total	**5,000**	

14.6 Other information–Schedule regarding the origin, level of availability and potential distribution of line items of shareholders' equity (art. 2427, sub-section1 n. 7 bis, Italian Civil Code)

In accordance with Article 2427, sub-section 7-bis of the Italian Civil Code, the table below indicates the breakdown of shareholders' equity, according to the origin and level of availability and potential distribution of the various entries

Line items	Amount	Possibility of use	Available share	Summary of uses made in the last three fiscal years	
				To cover losses	For other reasons
Share capital	4,076	B - C	4,076		231
Share premium reserve	582	B - C	582		16
Fund for general bank risks	0		0		
Valuation reserves:					
- revaluation reserve pursuant to Law 576/75	12	A - B - C	12		
- revaluation reserve pursuant to Law 72/83	695	A - B - C	695		
- revaluation reserve pursuant to Law 413/91	273	A - B - C	273		
- Available for Sale revaluation reserve	-721	B	-721		
- reserve from equity investments	4,423	B	4,423		
Retained earnings:					
- indivisible legal/statutory reserve	247,701	B	247,701		
- reserve from transition to International Accounting Standards	9,855	B	9,855		
TOTAL	**266,898**		**266,898**		
Non distributable share			265.917		
Residual distributable share			981		

Key: A = to increase share capital - B = to cover losses - C = to distribute to shareholders

Other information

1. Guarantees given and commitments

Operations	Amount 31/12/2015	Amount 31/12/2014
1) Financial guarantees given to:	84,831	86,450
a) Banks	14,575	12,419
b) Customers	70,256	74,031
2) Commercial guarantees given to:	14,252	9,031
a) Banks	270	442
b) Customers	13,982	8,589
3) Irrevocable commitments to disburse funds given to:	58,394	35,263
a) Banks	45,006	0
i) for certain use	45,006	0
ii) for uncertain use	0	0
b) Customers	13,387	35,263
i) for certain use	4,010	14,976
ii) for uncertain use	9,378	20,287
4) Underlying commitments for credit derivatives: sales of protection	0	0
5) Assets pledged as collateral for third party obligations	0	0
6) Other commitments	50	50
Total	**157,527**	**130,794**

2. Assets pledged as collateral for won liabilities and commitments

Portfolio	Amount 31/12/2015	Amount 31/12/2014
1. Financial assets held for trading	0	0
2. Financial assets measured at fair value	0	0
3. Financial assets available for sale	900,867	2,598
4. Financial assets held through maturity	0	0
5. Receivables from banks	0	0
6. Receivables from customers	0	0
7. Property, plant and equipment	0	0

The table indicates the value of securities pledged as collateral for repurchase agreements.

List of securities pledged as collateral for repurchase agreements

Description	Isin	Par value	Balance sheet value
BOT 14/01/2016 365 GG.	IT0005075681	35,000	35,004
BOT 29/02/2016 182 GG.	IT0005125635	150,000	150,033
BPEL 11-16 4,15%	XS0645915330	210	213
BTP 15/05/2018 0,25%	IT0005106049	135,000	135,553
BTP 15/09/2022 1,45%	IT0005135840	40,000	41,223
BTP 15/10/2018 0,30%	IT0005139099	40,000	40,261
BTP 01/11/2020 0,65%	IT0005142143	30,000	30,074
CTZ 27/02/2017	IT0005089955	70,000	70,030
ICCREA 15-18 TV	IT0005087330	2,085	2,051
Total		**502,295**	**504,441**

List of securities pledged as collateral for Eurosystem operations

Description	Isin	Par value	Balance sheet value	Attributed value
BTP ITALIA 22.04.2017 I/L	IT0004917958	80,000	82,537	81,020
CCT 01/07/09-16 YV	IT0004518715	95,005	95,334	94,845
BTP ITALIA 22.10.2016 IL	IT0004863608	179,923	184,245	182,691
BTP ITALIA 12.1.2017 il	IT0004969207	33,000	34,310	33,979
Total		**387,928**	**396,426**	**392,535**

To following Notes are to be added to the above listed securities:

- Pontormo RMBS Class A4 Notes - Isin IT0004867849 par value 93,473,456.00 with a value attributed by the ECB of 78,756,368.94, and a Credit Line of 16,015,052.23.

4. Management and trading on behalf of third parties

Type of services	Amount
1. Trading financial instruments on behalf of customers	**0**
a) purchases	0
settled	0
not settled	0
b) sales	0
settled	0
not settled	0
2. Asset management	**7,527**
a) individual	7,527
b) collective	0
3. **Custody and management of securities**	**2,650,161**
a) third party securities on deposit: related to bank performance as depository bank (excluding asset management)	0
1. securities issued by the bank that prepares the balance sheet	0
2. other securities	0
b) third party securities on deposit (excluding asset management): other	640,982
1. securities issued by the bank that prepares the balance sheet	524,186
2. other securities	116,796
c) third party securities deposited with third parties	610,439
d) treasury securities deposited with third parties	1,398,740
4. **Other operations**	**0**

5. Financial assets object of on-balance sheet netting or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial assets (a)	Amount of financial liabilities netted on-balance sheet (b)	Net amount of financial assets registered in the balance sheet (c = a - b)	Correlated amounts not netted on-balance sheet		Net amount as at 31/12/2014 (f = c - d - e)	Net amount as at 31/12/2013
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,258	0	1,258	0	1,600	**-342**	**-170**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan Securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total at 31/12/2015	**1,258**	**0**	**1,258**	**0**	**1,600**	**-342**	**0**
Total at 31/12/2014	**2,130**	**0**	**2,130**	**0**	**2,300**		**-170**

Financial assets–List of operations subject to netting agreements - Derivatives:

Counterparty	Derivative used	Deposit received	Net amount
Banca IMI s.p.a.	781	800	**-19**
Banca MPS s.p.a.	477	800	**-323**
Total	**1,258**	**1,600**	**-342**

6. Financial liabilities object of on-balance sheet netting, or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial liabilities netted on-balance sheet (b)	Net amount of financial assets registered in the balance sheet (c = a - b)	Correlated amounts not netted on-balance sheet		Net amount as at 31/12/2015 (f = c - d - e)	Net amount as at 31/12/2014
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	0	0	0	0	0	**0**	**0**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan Securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total at 31/12/2015	**0**	**0**	**0**	**0**	**0**	**0**	
Total at 31/12/2014	**0**	**0**	**0**	**0**	**0**		**0**

Part C – INCOME STATEMENT

Section 1 –Interest - Line items 10 and 20

1.1 Earned interest and similar income: breakdown

Line items/Technical forms	Debt securities	Loans	Other operations	Total 31/12/2015	Total 31/12/2014	Variation	% variation
1. Financial assets held for trading	23	0	0	23	23	0	-1.14%
2. Financial assets available for sale	9,392	0	0	9,392	13,990	-4,598	-32.87%
3. Financial assets held through maturity	0	0	0	0	0	0	
4. Receivables from banks	0	526	0	526	1,508	-981	-65.09%
5. Receivables from customers	0	61,230	0	61,230	63,313	-2,082	-3.29%
6. Financial assets measured at fair value	0	0	0	0	0	0	
7. Hedges	0	0	1,580	1,580	2,409	-829	-34.43%
8. Other assets	0	0	80	80	9	71	800.55%
Total	**9,415**	**61,757**	**1,659**	**72,832**	**81,252**	**-8,420**	**-10.36%**

The column "Loans", item 5 "Receivables from customers" includes earned interest and similar income matured during the fiscal year referring to impaired exposure as of the balance sheet reference date in the amount of 5,947 thousand Euro.

1.2 Earned interest and similar income: differences related to hedges

Line items	Total 31/12/2015	Total 31/12/2014
A. Positive differences relating to hedges:	1,609	3,050
B. Negative differences relating to hedges:	30	641
C. Balance (A-B)	**1,580**	**2,409**

The table indicates positive interest income in the amount of 1,580thousand Euro, deriving from the difference between earned interest (1,609 thousand euro) and payable interest (30 thousand Euro). These differences are the consequence of the transformation from a fixed to a variable interest rate of a series of bonds issued by the Bank which, speculatively, were combined with mirror fixed interest rate (IRS) hedges.

1.3 Earned interest and similar income: other information

1.3.1 Earned interest on financial assets in foreign currency

Line items/Values	Total 31/12/2015	Total 31/12/2014
Earned interest on financial assets in foreign currency	73	109

1.3.2 Earned interest on financial leasing

Line items/Values	Total 31/12/2015	Total 31/12/2014
Earned interest on financial leasing	60	82

1.4 Interest payable and similar expenses: breakdown

Line items/Technical forms	Liabilities	Securities	Other operations	Total 31/12/2015	Total 31/12/2014	Variation	% Variation
1. Payables to central banks	-336	0	0	-336	-603	267	-44.31%
2. Payables to banks	-124	0	0	-124	-134	9	-7.06%
3. Payables to customers	-15,537	0	0	-15,537	-20,260	4,723	-23.31%
4. Outstanding securities	0	-18,366	0	-18,366	-21,315	2,949	-13.84%
5. Financial liabilities from trading	0	0	0	0	0	0	
6. Financial liabilities measured at fair value	0	0	0	0	0	0	
7. Other liabilities and funds	0	0	0	0	0	0	
8. Hedges	0	0	0	0	0	0	
Total	**-15,997**	**-18,366**	**0**	**-34,363**	**-42,311**	**7,948**	**-18.79%**

1.6 Interest payable and similar expenses: other information

1.6.1 Interest payable on liabilities in foreign currency

Line items/Values	Total 31/12/2015	Total 31/12/2014
Interest payable on financial liabilities in foreign currency	-62	-75

Section 2 - Commissions - Line items 40 and 50

2.1 Commission income: breakdown

Type of services /values	Total 31/12/2015	Total 31/12/2014	Variation	% variation
a) guarantees given	264	354	-89	-25.30%
b) credit derivatives	0	0	0	
c) management, intermediation and consulting services:	1,879	1,517	362	23.89%
1 trading financial instruments	0	1	-1	-79.46%
2 trading foreign currencies	585	592	-7	-1.19%
3 asset management	39	16	23	140.45%
3.1 individual	39	16	23	140.45%
3.2 collective	0	0	0	
4 custody and management of securities	106	111	-4	-3.97%
5 depository bank	0	0	0	
6 securities placement	235	138	97	70.41%
7 receipt and transmission of orders	212	277	-65	-23.37%
8 consulting activity	0	0	0	
8.1 on investments	0	0	0	
8.2 on financial structure	0	0	0	
9 distribution of third party services	701	382	320	83.70%
9.1 asset management	0	0	0	
9.1.1. individual	0	0	0	
9.1.2 collective	0	0	0	
9.2 insurance products	496	74	422	571.88%
9.3 other products	206	308	-102	-33.23%
d) collection and payment services	6,754	6,217	537	8.64%
e) servicing securitizations	59	52	8	14.71%
f) factoring services	0	0	0	
g) fiscal year tax collection and payee services	0	0	0	
h) asset management of multilateral exchange systems	0	0	0	
i) maintenance and management of bank accounts	12,725	12,576	149	1.19%
j) other services	931	808	122	15.14%
Total	**22,611**	**21,523**	**1,089**	**5.06%**

2.2 Commission income: distribution channels of products and services

Channels/Values	Total 31/12/2015	Total 31/12/2014
a) at its own branches:	**975**	**536**
1. asset management	39	16
2. securities placement	235	138
3. third party services and products	701	382
b) off-site offer:	**0**	**0**
1. asset management	0	0
2. securities placement	0	0
3. third party services and products	0	0
c) other distribution channels	**0**	**0**
1. asset management	0	0
2. securities placement	0	0
3. third party services and products	0	0

2.3 Commission expenses: breakdown

Services/Values	Total 31/12/2015	Total 31/12/2014	variation	% variation
a) guarantees received	0	0	0	
b) credit derivatives	0	0	0	
c) management and intermediation services:	-86	-110	24	-22.04%
1. trading financial instruments	0	0	0	2891.59%
2. trading foreign currency	-71	-97	27	-27.43%
3. asset management	-15	-12	-2	19.36%
3.1 own portfolio	0	0	0	
3.2 delegated by third parties	-15	-12	-2	19.36%
4. custody and management of securities	0	0	0	
5. placement of financial instruments	0	0	0	
6. off-site offer of financial instruments, products and services	0	0	0	
d) collection and payment services	-1,448	-1,519	71	-4.67%
e) other services	0	0	0	
Total	**-1,533**	**-1,628**	**95**	**-5.84%**

Section 3 - Dividends and similar income – Line item 70

3.1 Dividends and similar income: breakdown

Line items/Income	Total 31/12/2015		Total 31/12/2014	
	Dividends	Income from shares of mutual funds	Dividends	Income from shares of mutual funds
A. Financial assets held for trading	0	0	0	0
B. Financial assets available for sale	1	0	0	0
C. Financial assets measured at fair value	0	0	0	0
D. Equity investments	0	0	0	0
Total	**1**	**0**	**0**	**0**

Section 4 - Net trading income – Line item 80

4.1 Net trading income: breakdown

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net income [(A+B) - (C+D)]
1. Financial assets from trading	**0**	**1,788**	**0**	**0**	**1,788**
1.1 Debt securities	0	734	0	0	734
1.2 Equity instruments	0	0	0	0	0
1.3 Shares of mutual funds	0	0	0	0	0
1.4 Loans	0	0	0	0	0
1.5 Other	0	1,054	0	0	1,054
2. Financial liabilities from trading	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0
2.2 Liabilities	0	0	0	0	0
2.3 Other	0	0	0	0	0
3. Financial assets and liabilities: exchange rate differences	**0**	**0**	**0**	**0**	**0**
4. Derivative instruments	**0**	**0**	**0**	**147**	**-147**
4.1 Financial derivatives	0	0	0	147	-147
- On debt securities and interest rates	0	0	0	147	-147
- On equity instruments and equity indexes	0	0	0	0	0
- On foreign currencies and gold	0	0	0	0	0
- Other	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0
Total	**0**	**1,788**	**0**	**147**	**1,641**

The table indicates the economic result from the portfolio of assets held for trading.

Section 5 - Net hedging income - Line item 90

5.1 Net hedging income: breakdown

Income components/Values	Total 31/12/2015	Total 31/12/2014
A. Income related to:		
A.1 Hedges of fair value	526	2.181
A.2 Hedged financial assets (fair value)	0	0
A.3 Hedged financial liabilities (fair value)	0	0
A.4 Hedges of cash flows	0	0
A.5 Assets and liabilities in foreign currency	0	0
Total income from pledged assets (A)	**526**	**2,181**
B. Expenses related to:		
B.1 Hedges of fair value	0	0
B.2 Hedged financial assets (fair value)	0	0
B.3 Hedged financial liabilities (fair value)	-524	-2.137
B.4 Hedges of cash flows	0	0
B.5 Assets and liabilities in foreign currency	0	0
Total expenses of hedged assets (B)	**-524**	**-2.137**
C. Net hedging income (A-B)	**3**	**45**

The table indicates the net income from hedges. Therefore, the gross income components recognized in the income statement are indicated that derive from the measurement of the difference between the liabilities that are hedged and the relative hedging contract.

Section 6 - Gains (Losses) from disposal/repurchase - Line item 100

6.1 Gains (Losses) from disposal/repurchase: breakdown

Line items/Income components	Total 31/12/2015			Total 31/12/2014		
	Gains	Losses	Net income	Gains	Losses	Net income
Financial assets						
1. Receivables from banks	0	0	0	0	0	0
2. Receivables from customers	0	0	0	0	0	0
3. Financial assets available for sale	30,964	0	30,964	21,279	0	21,279
3.1 Debt securities	30,964	0	30,964	21,279	0	21,279
3.2 Equity instruments	0	0	0	0	0	0
3.3 Shares of mutual funds	0	0	0	0	0	0
3.4 Loans	0	0	0	0	0	0
4. Financial assets held through maturity	0	0	0	0	0	0
Total assets	**30,964**	**0**	**30,964**	**21,279**	**0**	**21,279**
Financial liabilities						
1. Payables to banks	0	0	0	0	0	0
2. Payables to customers	0	0	0	0	0	0
3. Outstanding securities	70	0	70	0	57	-57
Total liabilities	**70**	**0**	**70**	**0**	**57**	**-57**

The table indicates the economic result deriving from the divestment of financial assets other than those held for trading.

With respect to assets available for sale in line item 3.1, there was a net positive income of 30,964 thousand Euro, of which gains on Italian Government Securities for 29,581 thousand Euro and losses on other securities issued by banks in the amount of 1,383 thousand Euro.

The loss deriving from the repurchase of outstanding securities, point 3 of Financial Liabilities, in the amount of 70 thousand Euro, originates from the repurchase of own bonds.

Section 8 –Net adjustments/write-backs of value due to impairment–Line item 130

8.1 Net adjustments of value due to impairment of receivables: breakdown

Operations/Income components	Value adjustments			Write-backs of value				Total 31/12/2015	Total 31/12/2014
	Specific		From portfolio	Specific		From portfolio			
	Derecognition	Other		From interest	Other write-backs	From interest	Other write-backs		
A. Receivables from banks									
- loans	0	0	0	0	0	0	0	**0**	**0**
- debt securities	0	0	0	0	0	0	0	**0**	**0**
Impaired receivables purchased									
- loans	0	0	0	0	0	0	0	**0**	**0**
- debt securities	0	0	0	0	0	0	0	**0**	**0**
Other receivables									
- loans	0	-41,172	0	0	5,501	0	411	**-35,260**	**-33,041**
- debt securities	0	0	0	0	0	0	0	**0**	**0**
C. Total	**0**	**-41,172**	**0**	**0**	**5,501**	**0**	**411**	**-35,260**	**-33,041**

The table summarizes value adjustments and write-backs of value recognized due to the impairment of receivables from customers.
In particular, the column "Other" includes specific write-downs of impaired receivables subject to "analytical" measurement, while the column "From portfolio" includes adjustments quantified exclusively on receivables in bonis.

Another breakdown of adjustments/write-backs of value of receivables - Line item 130 of the income statement:

Description of the portfolio	Type	Method	2015 Amount	2014 Amount
Non-performing – Net value of adjustments/write-backs of value	Specific	Analytical	-31,586	-25,449
Watchlist – Net value of adjustments/write-backs of value	Specific	Analytical	-923	-9,270
Watchlist – Net value of adjustments/write-backs of value	Specific	Flat-rate	-2,899	-286
Restructured – Net value of adjustments/write-backs of value	Specific	Analytical	0	1,300
Restructured – Net value of adjustments/write-backs of value	Specific	Flat-rate	819	-113
Overdue/overdrawn – Net value of adjustments/write-backs of value	Specific	Flat-rate	-1,081	1,548
In Bonis – Net value of adjustments/write-backs of value	Portfolio	Flat-rate	411	-772
Total – Net value of adjustments/write-backs of value			**-35,260**	**-33,041**

8.4 Net impairment adjustments to other financial transactions: breakdown

Operations/Profit components	Value adjustments			Value recoveries				Total 31/12/2015	Total 31/12/2014
	Specifics		Portfolio	Specifics		Portfolio			
	Write-offs	Other		From interest	Other recoveries	From interest	Other recoveries		
A. Guarantees issued	0	-1,681	0	0	222	0	0	-1,459	-852
B. Credit derivatives	0	0	0	0	0	0	0	0	0
C. Commitments to lend funds	0	0	0	0	0	0	0	0	0
D. Other operations	0	0	0	0	0	0	0	0	0
E. Total	**0**	**-1,681**	**0**	**0**	**222**	**0**	**0**	**-1,459**	**-852**

Adjustments of guarantees given as per point "A" are referred to actions on the BCC Guaranty Fund of Cooperative Credit Depositors, which constitute charges for the members.

Section 9 Administrative costs - Line item 150

9.1 Personnel costs: breakdown

Type of expense/Values	Total 31/12/2015	Total 31/12/2014
1) Employees	-22,154	-20,336
a) salaries and wages	-15,817	-14,460
b) social security contributions	-3,911	-3,416
c) severance pay	0	0
d) pension costs	0	0
e) allocation to employee severance pay	-49	-172
f) allocation to pension fund and similar obligations:	0	0
- to a defined contribution plan	0	0
- to a defined services plan	0	0
g) payments to external complementary pension funds	-1,622	-1,423
- to a defined contribution plan	-1,622	-1,423
- to a defined services plan	0	0
h) costs deriving from payment agreements based on its own equity instruments	0	0
i) other employee benefits	-755	-866
2) Other personnel	-575	-430
3) Directors and Statutory Auditors	-300	-325
4) Retired personnel	0	0
5) Recovery of expenses for personnel temporarily transferred to other companies	0	0
6) Recovery of expenses for third party personnel temporarily transferred to the company	0	0
Total	**-23,029**	**-21,092**

The table indicates an increase of the aggregate in the amount of 1,937 thousand Euro (+9.18%).

9.2 Average number of employees by category

Description	31/12/2015 Values	31/12/2014 Values
Employees	**296**	**273**
a) Managers	3	3
b) Middle management employees	64	53
c) Remaining employees	229	217
Other personnel	**12**	**9**
Total	**308**	**282**

Precise number of employees by category

Description	31/12/2015 Values	31/12/2014 Values
Employees	**308**	**278**
a) Managers	3	3
b) Middle management employees	64	53
c) Remaining employees	241	222
Other personnel	**12**	**10**
Total	**320**	**288**

9.4 Personnel costs: other employee benefits

Type of costs / Values	Total 31/12/2015	Total 31/12/2014
1) Meal vouchers for employees	-492	-446
2) Loyalty bonus for employees	-31	-36
3) Other employee costs	-232	-384
Total	**-755**	**-866**

9.5 Other administrative costs: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014	Variation	% Variation
1. Insurers and security	-1,205	-1,171	-34	2.94%
2. Advertising and entertainment	-1,790	-1,719	-70	4.09%
3. Rent for real property	-1,177	-1,081	-96	8.85%
4. Maintenance, repairs, transformation of real and personal property	-3,501	-3,226	-275	8.54%
5. Electricity, heating and cleaning services	-1,009	-937	-71	7.62%
6. Telex, telephone and postage	-1,106	-1,217	111	-9.10%
7. Costs for data processing	-2,099	-2,212	113	-5.13%
8. Stamped paper and stationary	-409	-254	-155	60.92%
9. Fees to outside professionals	-1,214	-825	-388	47.07%
10. Expenses for write-backs of receivables	0	0	0	0.00%
11. Technical assistance and maintenance of software products	-2,430	-2,162	-269	12.43%
12. Information and registry searches	-2,140	-1,726	-414	23.99%
13. Charitable contributions allocated to the income statement	0	0	0	
14. Expenses for treasury assets	-74	-89	15	-16.85%
15. Travel and transportation costs	-580	-361	-219	60.52%
16. Indirect taxes	-4,471	-4,691	220	-4.69%
17. Other costs	-3,850	-838	-3,012	359.41%
Total	**-27,055**	**-22,510**	**-4,545**	**20.19%**

The line item “Other costs” includes:

Contribution in favor of the Resolution – Ordinary	746
Contribution in favor of the Resolution fund - Extraordinary	2,239
Total	**2,985**

Section 10 – Net allocations to risks and expense funds – Line item 160

10.1 Net allocations to risks and expense funds: composition

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Allocations to pending litigation	0	-8
2. Allocations to interest expenses on IRES for taxation year 2009	0	0
3. Other allocations	0	0
4. Write-backs of provisions for outstanding disputes	0	24
Total	**0**	**16**

Section 11 - Net adjustments/write-backs of value for property, plant and equipment - Line item 170

11.1 Net adjustments of value for property, plant and equipment: breakdown

Assets/Income component	Depreciation (a)	Adjustments of value due to impairment (b)	Write-backs of value (c)	Net income (a+b-c)
A. Property, plant and equipment				
A.1 Owned	-3,061	0	0	**-3,061**
- for functional use	-3,061	0	0	**-3,061**
- for investment	0	0	0	**0**
A. 2 Acquired in financial leasing	0	0	0	**0**
- for functional use	0	0	0	**0**
- for investment	0	0	0	**0**
Total	**-3,061**	**0**	**0**	**-3,061**

Section 12 - net adjustments/write-backs of value to intangible assets - Line item 180

12.1 Net value adjustments to intangible assets: breakdown

Assets/Income component	Amortization (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net income (a+b-c)
A. Intangible assets				
A.1 Owned	-84	0	0	**-84**
- generated internally by the company	0	0	0	**0**
- other	-84	0	0	**-84**
A.2 Acquired in financial leasing	0	0	0	**0**
Total	**-84**	**0**	**0**	**-84**

Section 13 - Other management income and expenses - Line item 190

13.1 Other management expenses: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Contingent liabilities and non-existent assets	-101	-362
2. Use of the Guarantee Fund for BCC's depositors	-430	-29
3. Depreciation of third party assets	-155	-110
Total	**-686**	**-501**

13.2 Other management income: breakdown

Line items/Values	Total 31/12/2015	Total 31/12/2014
1. Recovery of expenses	3,180	4,434
4. Contingent assets and non-existent liabilities	198	509
5. Other income	47	48
Total	**3,425**	**4,991**

Section 14 - Gains (Losses) from equity investments - Line item 210

14.1 Gains (losses) from equity investments: breakdown

Income component /Values	Total 31/12/2015	Total 31/12/2014
A. Income		
1. Revaluations	609	814
2. Gains from disposal	0	0
3. Write-backs of value	0	0
4. Other income	36	36
B. Expenses:		
1. Write-downs	0	0
2. Value adjustments from impairment	0	0
3. Losses from disposals	0	0
4. Other expenses	0	0
Net income	**645**	**850**

Line A.1 "Revaluations" includes the following transactions:

- Revaluation of Cabel Leasing s.p.a. in the amount of 32 thousand Euro for the fiscal year profit achieved by the subsidiary;
- Revaluation of Cabel Holding s.p.a. in the amount of 509 thousand Euro for the fiscal year profit achieved by the subsidiary;
- Revaluation of Cabel Industry s.p.a. in the amount of 68 thousand Euro for the fiscal year profit achieved by the subsidiary;

Line A.4 "Other income" includes the dividend from the company Cabel Industry s.p.a.

Section 17 - Gains (Losses) from the disposal of investments - Line item 240

17.1 Gains (losses) from disposal of investments: breakdown

Income components / Values	Total 31/12/2015	Total 31/12/2014
A. Property, plant and equipment		
- Gains from disposal	0	0
- Losses from disposal	0	0
B. Other assets		
- Gains from disposal	8	6
- Losses from disposal	0	0
Net income	**8**	**6**

Section 18 - Fiscal year income taxes on current operations - Line item 260

18.1 Fiscal year income taxes on current operations: breakdown

Income components /Values	Total 31/12/2015	Total 31/12/2014
1. Current taxes (-)	-3,575	-8,960
2. Variation of current taxes of previous fiscal years (+/-)	0	0
3. Reduction of current taxes for fiscal year (+)	0	0
3 bis. Reduction of current taxes for fiscal year for tax credits as per Law n. 214/2011 (+)	0	0
4. Variation of pre-paid taxes (+/-)	2,818	7,191
5. Variation of deferred taxes (+/-)	88	265
6. Fiscal year income taxes (-) (1+/-2+3+/-4+/-5)	**-669**	**-1,504**

Current taxes are measured in accordance with current tax legislation.
For purposes of IRES, current taxes were calculated considering provisions regarding mutual aid cooperatives, introduced by Law 311/2004.

Summary of fiscal year income taxes, by type of tax

Income components /Values	Total 31/12/2015
- Ires	-45
- Irap	-624
- Other taxes	0
Total	**-669**

18.2 Reconciliation between theoretical tax burden and effective tax burden on the balance sheet

Line items/Values	Ires	Tax rate	Irap	Tax rate
(A) Gain (Loss) from current operations before taxes	5,669		5,669	
(B) Income taxes – Theoretical burden	1,559	27.50%	316	5.57%
Reductions of tax base	32,963	27.50%	20,685	5.57%
Additions to tax base	35,707	27.50%	37,655	5.57%
Tax base	8,414		22,639	
Income taxes – Effective tax burden	2,314	27.50%	1,261	5.57%
Pre-paid/deferred taxes	-2,269	27.50%	-637	5.57%
Total taxes	**45**		**624**	
Overall tax	**669**			
Effective tax rate	**11.81%**			

Section 20 –Other information

Mutual aid

It is certified that the conditions for being a cooperative bank exist and remain.
For such purpose, in accordance with what is provided for by Article 2512 of the Italian Civil Code and by Article 35 of Italian Legislative Decree 385/1993 and the related Supervisory Regulations, during the course of fiscal year 2015, the Bank satisfied the pre-requisites on prevalent operations with shareholders.
It is certified that “risk assets” for shareholders and zero weighted assets exceeded 50% of the total during the course of fiscal year 2015. Specifically, at the reporting date of the 2014 Financial Statements, the above ratio was 69.461%.

Part D – OVERALL PROFITABILITY

Analytical schedule of overall profitability – Year 2015

	Line items	Gross amount	Income tax	Net amount
10	**Fiscal Year Profit (Loss)**	**X**	**X**	**5,000**
	Other income components without reversal to income statement			
20	Property, plant and equipment	0	0	0
30	Intangible assets	0	0	0
40	Defined benefit assets	213	59	154
50	Noncurrent assets in the course of divestment	0	0	0
60	Share of the valuation reserves from measurement of equity investments	0	0	0
	Other income components with reversal to income statement			
70	Hedging foreign investments:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
80	Exchange rate differences:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
90	60. Hedging cash flows:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
100	Financial assets available for sale:	-20,361	-6,647	-13,715
	a) variations of fair value	-740	-245	0
	b) reversal to the income statement	-19,621	-6,402	0
	- adjustments due to impairment	0	0	0
	- gains/losses from use	-19,621	-6,402	0
	c) other variations	0	0	0
110	Noncurrent assets in the course of divestment:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
120	Share of the valuation reserves from measurement of equity investments:	-3,236	-44	-3,191
	a) variations of fair value	34	0	0
	b) reversal to the income statement	0	0	0
	- adjustment due to impairment	0	0	0
	- gains/losses from use	0	0	0
	c) other variations	-3,269	-45	0
130	**Total other income components**	**-23,384**	**-6,633**	**-16,751**
140	**Overall profitability (10+130)**			**-11,751**

The international accounting standards allow financial instruments to be allocated to different portfolios to which accounting criteria are applied that result in the allocation of income or expenses directly to special reserves of shareholders' equity without passing from the income statement. The schedule indicates the overall result considering income components that matured and were realized during the fiscal year that were recognized directly in shareholders' equity and which sterilize the components that already maturated and were thus recognized in shareholders' equity in previous fiscal years, but which are subject to a second and definitive allocation to the income statement (reversal) when actually realized.

Analytical schedule of overall profitability – Year 2014

	Line items	Gross amount	Income tax	Net amount
10	**Fiscal Year Profit (Loss)**	**X**	**X**	**4,900**
	Other income components without reversal to income statement			
20	Property, plant and equipment	0	0	0
30	Intangible assets	0	0	0
40	Defined benefit plans	-626	-172	-454
50	Noncurrent assets in the course of divestment	0	0	0
60	Share of the valuation reserves from measurement of equity investments	0	0	0
	Other income components with reversal to income statement			
70	Hedging foreign investments:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
80	Exchange rate differences:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
90	60. Hedging cash flows:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
100	Financial assets available for sale:	19,957	6,513	13,444
	a) variations of fair value	20,357	6,644	0
	b) reversal to the income statement	-400	-130	0
	- adjustments due to impairment	0	0	0
	- gains/losses from use	-400	-130	0
	c) other variations	0	0	0
110	Noncurrent assets in the course of divestment:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	c) other variations	0	0	0
120	Share of the valuation reserves from measurement of equity investments:	0	0	0
	a) variations of fair value	0	0	0
	b) reversal to the income statement	0	0	0
	- adjustment due to impairment	0	0	0
	- gains/losses from use	0	0	0
	c) other variations	0	0	0
130	**Total other income components**	**19,332**	**6,341**	**12,991**
140	**Overall profitability (10+130)**			**17,891**

International accounting standards allow allocating financial instruments to different portfolios to which accounting standards are applied that result in the allocation of costs or income directly to special reserves of shareholders' equity without going through the income statement. The chart shows the overall result, considering income items matured and realized in the fiscal year that were recognized directly in shareholders' equity, sterilizing the components that already matured and thus which had been recognized in shareholders' equity in previous fiscal years, but which are the object of a second and definitive allocation to the income statement (reversal) at the time effectively realized.

Part E – INFORMATION ON RISKS AND THE RELATIVE HEDGING POLICIES

Introduction

The Bank carries out its activities according to sound and prudent management principles, with a moderate risk propensity, in respect of stability requirements connected to the banking business.
Overall risk propensity is measured synthetically by identifying, within the scope of the Bank's asset resources ("own funds"), a capital component that is not eligible for risk assumption (unexpected losses), held for medium-long term to cover capital against impact in the event of unexpected stress events.
The Bank's internal control system ensure implementation of corporate strategies and policies and is composed of all the regulations, procedures and organizational structures aimed at compliance with sound and prudent management principles.
Corporate Bodies have the primary responsibility for ensuring, in line with their respective specific competencies, the completeness, adequacy, efficiency and reliability of the internal control system.
The Bank has implemented a traditional type of governance model that entails a Board of Directors, a Board of Statutory Auditors and General Management.
The Board of Directors is responsible for Bank strategic supervision and management, along with General Management, and the Board of Statutory Auditors is responsible for monitoring activities.
The Board of Directors defines the business model by approving an annual strategic business plan and budget, aware of the risks to which this model exposes the Bank and comprehending the processes by means of which such risks are identified and measured. The Board of Directors defines and approves strategic policies and periodically reviews them, decides on risk propensity and the relative tolerance levels as well as the risk management policies, ensuring that the Bank's structure is consistent with the business carried out and with the business model adopted.
Risk government policies are set forth in specific regulations/policies that are subject to approval by the Board of Directors.
Uptake of new products and services, launching of new activities, introduction into new markets and, in general, all more significant activities are always subject to approval by the Board of Directors.
Periodically, the Board of Directors verifies that the risks assumed by the Bank in terms of capital adequacy, liquidity and risk-return ratio for management activities are consistent with the risk propensity defined in strategic planning and with regulatory levels.
Furthermore, the Board of Directors verifies compliance with operating limits defined for the assumption of the various Types of risk. The Board of Directors ensures consistency between the strategic plan, the business model, the Risk Appetite Framework, the ICAAP process, the Budget and the corporate organization and the internal control system, taking in consideration the evolution of the internal and external conditions within which the Bank operates.
In particular, during 2015 the "Risk Appetite Framework Policy" was reviewed, updating the Typesof risk that the Bank intends assuming, the risk objectives, any tolerance thresholds and any operational limits.
The Board of Directors is aided by the Risk Committee, a committee within the Board itself that provides the Board with advisory support and proposal regarding risks and the internal control system.
General Management fully comprehends corporate risks and is responsible for implementing the strategic policies and risk management policies defined by the Board of Directors. In particular, General Management proposes the operating limits with respect to the assumption of the various Types of risk, taking into account the stress tests carried out by the various designated function, in accordance with the Bank's internal policies.
For the purpose of facilitating the development and awareness at all company levels, of a risk control culture, General Management plans training programs for Bank personnel, based on the proposals made.
The Board of Statutory Auditors carries out periodical inspections to ascertain the completeness, adequacy, efficiency and reliability of the internal control system.
In carrying out its tasks, the Board of Statutory Auditors is provided with appropriate information from the other Corporate Bodies and control functions. The regular presence of the Board of Statutory Auditors at BoD meetings, which are held twice weekly, represents a guarantee with respect to timely information of the Control Body regarding management issues.
Sound and prudent bank management is censure by an appropriate corporate organization that provides for a complete and functional internal control system.
In particular, the Bank's internal control system is composed of three different levels:
- First level controls (line): aimed at ensuring that operations are carried out correctly. These controls are performed by operating structures or incorporated into the procedures and information technology systems, or carried out during back office activities.
- Second level controls on risks and conformity, also aimed at ensuring, among other things:
- correct implementation of the risk management process;
- respect of operating limits assigned to the various functions;

- conformity of corporate operations to standards, including self-governance regulations.
Second level controls as assigned to the Risk Management Service, the Compliance Service and the Anti-Money Laundering Service. Through specific agreements the services are systematically performed by Internal Auditing. The functions designated to controls are separate from production functions; they contribute to defining the risk management policies and the risk management process.
- Third level controls (internal auditing): aimed at identifying violations of procedures and regulations, and at periodically evaluating the completeness, adequacy, efficiency and reliability of the internal control system and the information technology system.

This activity is carried out by the Internal Audit Service.

Corporate control functions in charge of second and third level controls have the authority, resources and competencies required to carry out their tasks.

In conformity with Vigilance provisions, the company organizational structure requires that company control functions report back to the Board of Directors in terms of both hierarchy and functions.

Control functions have access to all the activities carried out by the Bank, both in the central offices and in peripheral offices, as well as to any information relevant to carry out controls.

In accordance with Law 231/01, there is a Vigilance Committee, which is a collective body in charge of assessing the efficiency of organizational measures adopted by the Bank to avoid involvement in sanctionable actions pursuant to Law 231 of 2001.

As set forth in the Organizational Model, the committee periodically reports to the Board of Directors.

Section 1 – Credit risk

Qualitative information

1. General information

The Bank’s business model has always been based prevalently on credit intermediation activities and aimed at supporting families and businesses in local areas, in accordance with the management policies defined by the Board of Directors and in respect of the provisions of the Articles of Association.

Lending is principally destined to retail, small and small-medium businesses, because these are customer types that need a contact reference capable of understanding and satisfying their needs; lending to the corporate sector is a negligible part of our activity.

The Board of Directors defines credit policies to safeguard the quality of lending both during the first approval for disbursement and during subsequent management of the relationship, taking into due account the Bank’s economic/financial situationand the economic context of reference.

The policies adopted over the last years have been strategically oriented towards fractioning of credit and diversification of the lending portfolio in order to mitigate the impact of the current economic crisis on the Bank’s overall credit risk.

The credit policies adopted by the Board of Directors have contributed to the implementation, on the part of designated structures, of greater accuracy both when opening a credit line and when subsequently managing the credit relationship.

During the initial stage, particular attention is paid to the quality of the business projects underlying the loan request; in particular, the company’s income generating prospects and the consequent capacity to repay are evaluated.

Management and monitoring of disbursed loans are aimed at timely re-modulation of the loan agreement based on variations in the economic and financial situations of the counterparties and the identification of possible trend anomalies. Monitoring activities are aimed at preventing the effects of the deterioration of creditworthiness as well as at intervening quickly with corrective actions to remove anomalies (for example, recurrence of overdrafts, increase in unpaid installments, acceptance of portfolios for customers already outstanding). Management of granted loans is based on principles of extreme prudence and therefore, signals of trends that are not in line with correct operation are immediately analyzed, in order to implement necessary measures.

Commercial policies are pursued by the branches, both in the geographical areas where the Bank is traditionally present, in order to constantly consolidate its position, and in new markets, with the aim of acquiring new market shares and facilitating the growth of the credit intermediation activity.

2. Credit risk management policies

2.1 Organizational aspects

The factors that generate credit risk are tied to the possibility that an unexpected variation in the creditworthiness of a counterparty, to which the Bank has an exposure, may generate a corresponding unexpected variation of the current value of the respective credit exposure.

Therefore, credit risk is not limited only to the counterparty’s insolvency, but also includes the mere deterioration of its creditworthiness.

Taking on credit risk and risk management is governed by formalizing the underlying process, detailing the roles of corporate bodies, the operations of all subjects involved, defining first level controls and rendering explicit the roles of all control functions. The Credit Area heads the organizational structure that oversees process execution. During 2015, the new electronic credit line procedure was implemented in all the branches. The Problem Debts Management Office manages, at a corporate level and according to methods defined by internal regulations, every single problem debt and loans that present anomalous situations, regardless of their classification as performing ornon performing, with the exception of non-performing loans that are managed by the Legal and Litigation Services Office. Supports the Network in carrying out peripheral monitoring activities on single anomalies and problem loans, as well as in defining and implementing corrective actions aimed at ensuring sound administration of the credit process. This activity is aimed at favoring an anticipatory management of credit risk and implementing management strategies aimed at improving the Bank's credit quality. The corporate organization system assigns management of relationships classified as Probable Default and Non-Performing respectively to the Problem Debt Monitoring Office and the Legal and Litigation Services Office. Impaired loans are managed based on Service regulations and in accordance with the specific impaired loan assessment policy. The Credit Control Office oversees the credit risk monitoring process, in order to detect, even in advance, possible critical evolutions; this activity is carried out within the scope of second instance first level controls and with the aim of providing credit manager and the Problem Debt Management function with all the information required to take necessary measures, and the Risk Management function with all the information required to carry out second level control on credit risks.
Within the scope of the risk taking and management procedures adopted, the first safeguard filter takes place in the Branch office, through constant and ongoing dialogue with the customers, by means of both internal and external information sources and with the aid of information technology procedures.
During the credit preliminary assessment and review processes, the Bank analyzes the customer's financial needs and the documents required to carry out an adequate assessment of the creditworthiness.
The decision to grant a loan is therefore based both on the analysis of all the information regarding the economic entity, and on the basis of direct knowledge of the customer and the relative economic. All preliminary activities regarding the operational process that lead up to disbursement and periodic review of the loan, are developed with the aim of granting a congruous loan to each individual applicant (and/or group), providing for the most appropriate types of loan and a adequate remuneration for the risk taken.
Within the scope of the "Credit Risk Regulations", the Board of Directors has defined the decision-making autonomy of each body delegated to granting loans. Observance of the powers authorized by the Board of Directors is guaranteed by automatic controls provided for in the IT procedure recently implemented with the new "Easy Loans" application used to manage the preliminary process for loan disbursement.

2.2 Management, measurement and control systems

Risk management, measurement and control systems are developed in an organizational framework that involves the entire credit process cycle, from the initial preliminary stage, to the periodical reviews up to revocation and recovery.
The Bank also carries out quantitative and qualitative analyses for periodic Credit Risk measurement and control. In particular, quantitative assessments make use of various instruments that provide economic, financial and capital information regarding the customer.
The Credit Area ensures supervision and coordination of the operative stages of the credit process, carries out the credit application and decision processes within the scope of its powers, and performs the first level controls within its area of competence.
In support of these activities, the Bank has adopted specific procedures for the stages regarding credit application/deliberation, renewal of credit lines and monitoring of credit risk.
In these stages, the Bank uses qualitative and quantitative methods to measure creditworthiness, supported by information technology procedures subject to periodic verification and maintenance.
Line of credit application, deliberation and review processes are regulated by a decision-making process supported by the "Electronic Line of Credit Procedure", which allows verifying (on behalf of all the departments involved in credit management) the status of each borrower or potential borrower. This procedure also allows reconstructing the credit deliberation process by tracking the various steps of the process and the types of analyses carried out.
Two review levels are provided for, in order to keep the procedures slim: one is a simplified review, with limited formalities, which is reserved to the renewal of small credit lines with a regular performance; the other is an ordinary review applied to all other situations.
The definition of classification, measurement and management criteria for impaired positions and of the methods to be implemented to monitor loan performance aims also at implementing a systematic control procedure on loan positions by the Risk Control Office, in close collaboration with the branch structure.
This activity is supported by an electronic procedure that allows for periodic extrapolation of all relations that may show signs of anomalous performance, both internally and externally.

Hence, constant monitoring of the reports provided by the procedure, along with the measurement of other types of events allows for rapid intervention as soon as irregular positions arise, in order to take the necessary measures for problem loans.
All trust positions are also subject to periodic review of each individual counterparty or group of connected customers.
The Risk Manager is responsible for second level controls; this function carries out controls aimed at periodically ascertaining that credit granting, monitoring and classification of credit exposures, the process for recovery and calculation of provisions for impaired loans, are all carried out in compliance with internal and supervisory regulations, and that they are efficacious and reliable as regards the capacity for timely detection and notification of problem loans, and for ensuring the adequacy of value adjustments and the relative writing-off.
Credit risk, like other risks, is mapped in the RAF process, defined by specific objectives and tolerance thresholds. Hence, the Risk Management function monitors credit risk management processes, periodically checking and verifying compliance to risk objectives, operating limits and the risk indicators defined by the Board of Directors, according to the methods and schedules defined in the RAF Regulations and in the risk management processes. Furthermore, this function provides advance opinions regarding RAF compliance of significant credit transactions (so-called OMR), as defined in the specific regulations approved by the BoD, requesting, if necessary and based on the nature of the transactions, the opinion of other functions involved in the risk management process. The entire credit and counterparty risk management process (risk measurement, application, disbursement, performance monitoring, exposure monitoring, review of lines of credit, classification of risk positions, actions in the event of problem loans, classification criteria, assessment and management of impaired loans) is formalized in the internal regulations.
The Bank continues to use an “ordinal” classification management system for creditworthiness which, in a nut-shell, aims at attributing an univocal rating to borrowing customers, on the basis of a series of qualitative and quantitative considerations.
On this matter, please bear in mind that the evaluations resulting from the application constitute a limit to the use of powers associated to loan authorizations.
The Bank adopts standards methods to determine the minimum capital requirement for credit risk.
As regards the internal capital adequacy evaluation process (ICAAP), the Bank uses the so-called Granularity Adjustment simplified algorithm (ref. Annex B, Title III, Chapter 1 Circ. 285/2013) to quantify internal capital vis-à-vis concentration risk for exposure to single counterparties or groups of connected customers.
Within the scope of the ICAAP analysis performed on a quarterly basis, the Bank performs stress tests with reference to credit and concentration risks through sensitivity analyses that evaluate the effects of specific events on the same risks. The Bank performs the stress test and, with specific reference to credit risk, recalculates the internal capital required against the new risk level of the loan portfolio redefined on the basis of any increase of the incidence of impaired exposures on company lending. The Bank also determines the impact on overall capital (Own Funds) deriving from the reduction of expected income due to the increase in write-downs of receivables.
With reference to operations on securities markets, the Bank’s Finance Area implements measurements and controls both during acquisition of the financial instruments and after, when the composition of the fund is periodically analyzed by asset class / IAS/IFRS portfolio, the specific or counterparty risk level is identified and calculated and compliance with the limits and powers assigned is verified. The results of these analyses are discussed periodically by the Finance Committee within the scope of which the Risk Management Office sets forth its valuations in accordance with the Risk Appetite Framework.

2.3 Techniques for mitigating credit risk

The main levers for mitigating credit risk are represented by the system of guarantees that accompany loan exposure, by a limited degree of concentration on specific borrowers, as well as an adequate level of diversification of loans by type and by industry.
In particular, with reference to concentration risk, please note that within the scope of its “credit policies”, the Bank has set forth a series of limits regarding credit exposure towards single counterparties or groups of connected customers and towards counterparties belonging to the same economic sector. These limits are constantly monitored by the Risk Management Services.
The methods used to manage guarantees and the relative operating processes are set forth in the Bank’s internal regulations.
The guaranty management process is incorporated in the IT system, which may be accessed to obtain all related information.
In order to mitigate credit risk, the Bank uses collateral security and personal guarantees. In particular, the main types of real guarantees used are mortgages on property and financial pledges.
The IT management application allows monitoring the entire mortgage guarantee acquisition, assessment, verification and realization efficaciously, identifying all inherent information. The procedure also allows periodically “updating”

the current value of the guarantee itself and monitoring the consistency of the value of the guaranty with respect to the risk. ,
The ratio between the loan and the value of the collateral property is monitored constantly in order to intervene appropriately in the event of drops in the real estate market.
Loans are also protected against fluctuations in security market prices by various organizational processes and the policies applied to monitoring financial pledges.
Personal guarantees consist mainly of sureties given by individuals or companies, or guarantees issued by specialized bodies (for example, Confidi, a credit guarantee consortium) and by Financial institutes (for example: Government guarantee through MediocreditoCentralepursuant to Law 662/1996).
To date, the Bank does not use credit derivatives to cover or transfer the risk for credits in portfolio.
The above controls are performer by centralized structures that are separate from those that disburse and review the loan; the Internal Auditing Office ensures that assets are managed properly and prudently by means of periodic controls.
No significant changes were registered with respect to the information provided above during the course of the fiscal year.

2.4 Impaired financial assets

As regards credit classification, the Bank applies criteria that are conformant to international accounting standards and Vigilance Provisions.
To classify exposures, with specific reference to impaired loans, the Bank refers to regulations issued by the Vigilance Authority, integrated by internal provisions that set forth criteria and regulations for the classification of credits within the scope of the various risk categories.
During 2015, Bank of Italy issued the 7th Update of Circular n. 272/2008, which revised previous classifications for impaired credits and introduced the so-called forbearance concept, transposing the definitions introduced by the Implementing Technical Standards (abbreviated to ITS) issued by the European Banking Authority (EBA). The update aims to reduce the existing discretionary margins in accounting and prudential definitions applied in the various member countries, and facilitate data comparability at a EU level.
In particular, the regulations requires the identification, as regards both performing and non-performing loans, call for identification of loan disbursement relations respectively defining the categories of “Forborne performing exposures” (performing loans granted) and “Non-performing exposures with forbearance measures” (impaired loans granted).
The regulations define as “forbearance measures” changes to the original contract terms and conditions or total or partial loan refinancing, granted to a debtor who is or is about to enter into difficulty in terms of respecting financial obligations.
In terms of classification of impaired loans, the Bank has also transposed the changes made to definitions introduced by the 7th Update of Bank of Italy Circular n. 272/2008. Specifically, impaired financial assets are divided into the categories “non-performing”, “probable default” and “overdue/overdrawn exposures”, based on the following criteria:
▪ **Non-performing:**the overall on-balance sheet and off-balance sheet exposures vis-à-vis a customer in a state of insolvency (even if not judicially ascertained) or in essentially comparable situations, regardless of any loss forecasts formulated by the Bank.
▪ **Probable default (“unlikely to pay”):**classification in this category is, first of all, the result of the Bank’s judgment regarding the unlikeliness that, without recourse to measures such as enforcement of guarantees, the debtor fully pays back the credit (the principal and/or the amount of interest payable). This evaluation must be made aside from the presence of any amounts (or installments) overdue and not paid. Therefore, it is not necessary to wait for an explicit sign of anomaly (failure to pay), if there are elements that imply a situation of probable default on the part of the debtor (for example, a crisis in the debtor’s industry sector).
▪ **Overdue and/or overdrawn exposures:**cash loans, other than those classified as non-performing or probable defaults, which, at the date of reference of the notification have been overdue or overdrawn for over 90 days.
Overdue and/or overdrawn exposures may be determined with reference to either an individual customer or a single transaction; the Bank adopts the “by debtor” approach, as described here below.
Overdue or overdrawn positions must be characterized by the continuity of the condition. In particular, as regards exposures with repayment in installments, the unpaid installment bearing the greatest delay is used for the purpose of the necessary calculations.
If more than one exposure that has been overdue or overdrawn for over 90 days refer to the same customer, the longest overdue position on which calculations are based. As regards the opening of “revocable” current-account credit facilities where the credit ceiling has been exceeded (also due to the capitalization of interest), the days of overdraft are calculated starting from the first day of missed payment of the interest that determines overdraft, or starting from the date of the first request to repay the principal, whichever of the two comes first.

Overall exposure vis-à-vis a debtor must be considered overdue and/or overdrawn if, at the date of reference of the notification, the larger of the two following values is equal to or greater than the 5% threshold:

a) average of the overdue and/or overdrawn amounts on the entire exposure, measured on a daily basis over the last previous quarter;

b) amount overdue and/or overdrawn on the entire exposure referred to the date of reference of the notification.

Consequently, credits classified according to the previous categories (particularly "doubtful loans" and "restructured loans") have been reclassified in the new categories.

Within the scope of the three categories of impaired loans, in conformity with the regulations, "Non-performing exposures with forbearance measures" are identified.

Therefore, the classification "forborne non-performing" is not a category of impaired loans in itself, but is instead an additional attribution, applicable to positions in any one of the above-mentioned three categories.

Given the regulatory amendments described above, during 2015 the Bank rendered the management and monitoring processes for both performing and impaired loans compliant, and modified its own internal regulations. Information regarding impaired loans has been integrated into the information technology system with the aid of specific instruments that support management of irregular exposures and track their conditions.

Based on specific irregularity indicators, monitored by means of both information technology procedures and internal evaluations, and in light of the provisions contained in specific internal regulations that govern exposure classification and variations of the relative exposure "status", the Credit Control Office monitors the risk classification of exposure positions and formulates proposals to the corporate structures of reference for possible status changes or recalculation of loss forecasts.

With respect to *in bonis* loans, for management purposes, the Bank has defined a sub-class of credits called "under observation", in which exposures showing a not fully regular trend are classified

The Problem Debts Management Office is responsible for managing positions classified as probable defaults, promoting initiatives aimed at safeguarding the Bank's credit claims.

Non-performing loans are managed by the Legal and Litigation Services office, which evaluate the actions to be taken to maximize credit recovery, also taking action vis-à-vis any guarantors and realizing any guarantees.

The possibility of payment of impaired loans is calculated based on criteria defined by the Board of Directors and contained in the specific evaluation policy.

Quantitative information

A. Credit quality

A.1 Exposure to impaired and in bonis receivables: amount, value adjustments, dynamics, economic and territorial distribution

A.1.1 Distribution of exposure to financial receivables by the portfolio to which they belong and by type of credit quality (balance sheet value)

Portfolio/quality	Non performing	Probable default	Impaired overdue positions	In bonis overdue positions	Not impaired assets	Total 31/12/2015
1. Financial assets available for sale	0	0	0	0	1,294,097	1,294,097
2. Financial assets held through maturity	0	0	0	0	0	0
3. Receivables from banks	0	0	0	0	216,561	216,561
4. Receivables from customers	121,226	115,012	25,032	80,783	1,667,855	2,009,908
5. Financial assets measured at fair value	0	0	0	0	0	0
6. Financial assets in the course of divestment	0	0	0	0	0	0
Total 31/12/2015	**121,226**	**115,012**	**25,032**	**80,783**	**3,178,513**	**3,520,566**
Total 31/12/2014	**106,271**	**106,944**	**17,029**	**108,448**	**2,611,176**	**2,949,869**

The table shows the classification by credit quality for the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds, amounting to 10,441 thousand Euro.
The values shown are the balance sheet values, therefore, net of the relative write-downs.

A.1.2 Distribution of exposure to financial receivables by the portfolio to which they belong and by credit quality (gross and net values)

Portfolio/type	Impaired assets			In bonis assets			Total (net exposure
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Financial assets available for sale	0	0	0	1,294,097	0	1,294,097	**1,294,097**
2. Financial assets held through maturity	0	0	0	0	0	0	**0**
3. Receivables from banks	0	0	0	216,561	0	216,561	**216,561**
4. Receivables from customers	394,035	132,765	261,270	1,752,273	3,635	1,748,638	**2,009,908**
5. Financial assets measured at fair value	0	0	0	X	X	0	**0**
6. Financial assets in course of divestment	0	0	0	0	0	0	**0**
Total 31/12/2015	**394,035**	**132,765**	**261,270**	**3,262,931**	**3,635**	**3,259,296**	**3,520,566**
Total 31/12/2014	**323,803**	**93,558**	**230,245**	**2,723,010**	**3,386**	**2,719,624**	**2,949,869**

The table indicates classification by type of receivable of the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds amounting to 10.441 thousand Euro.
The values shown are the balance sheet values, therefore, net of the relative write-downs.

A.1.2 BisExposure to impaired and in bonis receivables: amount, value adjustments, dynamics, economicand territorial distribution–Distribution of exposure to receivables for assets with poor credit quality

Quality portfolios	Assets with evidently poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	0	0	593
2. Hedges	0	0	1,377
Total	**0**	**0**	**1,970**

A.1.3 Cash and off balance sheet exposure to banks: gross and net values and exposure ranges

Typeof exposure/values	Gross exposure					Specific value adjustments	Portfolio value adjustments	Net exposure
	Impaired assets				In bonis assets			
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Over 1 year				
A. CASH EXPOSURES								
a) Non performing	0	0	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0	0	0
b) Probable defaults	0	0	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0	0	0
c) Impaired overdue exposures	0	0	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0	0	0
d) In bonis overdue exposures	0	0	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0	0	0
e) Other in bonis exposures	0	0	0	0	304,441	0	0	304,441
- of which: forbearance	0	0	0	0	0	0	0	0
TOTAL A	**0**	**0**	**0**	**0**	**304,441**	**0**	**0**	**304,441**
B. OFF BALANCE SHEET POSITIONS								
a) Impaired	0	0	0	0	0	0	0	0
b) In bonis	0	0	0	0	16,838	0	0	16,838
TOTAL B	0	0	0	0	16,838	**0**	**0**	**16,838**
TOTAL A+B	**0**	**0**	**0**	**0**	**321,279**	**0**	**0**	**321,279**

The cash values indicated are taken from the balance sheet, net of relative impaired receivables. In addition to Asset line item 60, parts of Asset line items 20 and 40 were included, amounting to 87,879 thousand Euro.

A.1.6 Cash and off balance sheet exposure to customers: gross and net values and exposure ranges

Type of exposure/values	Gross exposure					Specific value adjustments	Portfolio value adjustments	Net exposure
	Impaired assets				In bonis assets			
	Up to 3 months	From 3 months to 6 months	From 6 months to 1 year	Over 1 year				
A. CASH EXPOSURES								
a) Non performing	0	0	0	221,718	0	100,492	0	121,226
- of which: forbearance	0	0	0	0	0	0	0	0
b) Probable defaults	64,146	6,307	33,914	40,653	0	30,007	0	115,012
- of which: forbearance	51,335	4,036	16,822	3,891	0	19,615	0	56,469
c) Impaired overdue exposures	1,781	2,329	14,779	8,409	0	2,266	0	25,032
- of which: forbearance	0	62	0	0	0	5	0	57
d) In bonis overdue exposures	0	0	0	0	80,920	0	137	80,783
- of which: forbearance	0	0	0	0	4,791	0	8	4,783
e) Other in bonis exposures	0	0	0	0	2,877,570	0	3,497	2,874,073
- of which: forbearance	0	0	0	0	34,669	0	59	34,610
TOTAL A	**65,927**	**8,636**	**48,693**	**270,780**	**2,958,490**	**132,765**	**3,635**	**3,216,126**
B. OFF BALANCE SHEET POSITIONS								
a) Impaired	10,275	0	0	0	0	0	0	10,275
b) In bonis	0	0	0	0	92,759	0	0	92,759
TOTAL B	**10,275**					**0**	**0**	**103,033**

The table indicates the breakdown of accounts receivable from customers by type of receivable. Specifically, all financial assets regarding customers are reported, taken from balance sheet line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds amounting to 10,526 thousand Euro, as well as securities issued by banks in the amount of 87,879 thousand Euro.

A.1.7 Cash exposure to customers: dynamics of gross impaired accounts

Variables/Categories	Non performing	Probable defaults	Impaired Overdue/overdrawn accounts
A. Initial gross exposure	**172,070**	**120,740**	**18,194**
- of which: accounts disposed of but not derecognized	0	0	0
B. Additions			
B.1 entries from receivables in bonis	8,278	41,780	21,439
B.2 transfers from other categories of impaired accounts	28,716	7,233	323
B.3 other additions	18,371	21,020	341
C. Reductions			
C.1 transfers to receivables in bonis	0	8,728	4,080
C.2 derecognition	462	0	0
C.3 collections	5,221	8,483	961
C.4 income from disposals	0	0	0
C.5.losses from disposals	0	0	0
C.6 transfers to other categories of impaired accounts	0	0	0
C.7 other reductions	1	0	261
D. Final gross exposure	**221,718**	**145,020**	**27,297**
- of which: accounts disposed of but not derecognized	0	0	0

A.1.8 Exposure to customers: dynamics of adjustments to overall value

Variables/Categories	Non performing	Probable defaults	Impaired overdue/overdrawn accounts
A. Initial overall adjustments	**65,798**	**25,776**	**1,164**
- of which: exposure disposed of but not derecognized	0	0	0
B. Additions			
B.1 value adjustments	34,654	5,437	1,081
B.1.bis losses from disposals	0	0	0
B.2 transfers from other categories of impaired accounts	8,786	475	21
B.3 Other additions	793	11,833	818
C. Reductions	0	0	0
C.1 write-backs of value from measurement	2,534	0	0
C.2 write-backs of value from collections	534	2,433	0
C.2.bis income from disposals	0	0	0
C.3 derecognition	462	0	0
C.4 transfers to other categories of impaired accounts	8	8,775	493
C.5 Other reductions	6,001	2,306	326
D. Final overall adjustments	**100,492**	**30,007**	**2,266**
- of which: exposure disposed of but not derecognized	0	0	0

A.2 Classification of exposure based on external and internal ratings

A.2.1 Distribution of cash and off balance sheet exposure by class of external rating

Exposures	Class of external rating						Without a rating	Total 31/12/2015
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Cash exposure	**0**	**0**	**1,414,826**	**27,813**	**705**	**0**	**2,077,222**	**3,520,566**
B. Derivatives								
B.1 Financial derivatives	0	187	845	0	0	0	345	**1,377**
B.2 Credit derivatives	0	0	0	0	0	0	0	**0**
C. Security given	**0**	**0**	**0**	**0**	**0**	**0**	**99,083**	**99,083**
D. Commitments to issue funds	**0**	**0**	**0**	**0**	**0**	**0**	**9,428**	**9,428**
E. Other	**0**	**0**	**0**	**0**	**0**	**0**	**374**	**374**
Total	**0**	**187**	**1,415,671**	**27,813**	**705**	**0**	**2,186,451**	**3,630,828**

Class 1 = AAA/AA-
Class 2 = A+/A-
Class 3 = BBB+/BBB-
Class 4 = BB+/BB-

Class 5 = B+/B-
Class 6 = Lower than B-
The exposure considered was taken from the balance sheets present in the previous tables A.1.3 (exposure to banks) and A.1.6 (exposure to customers), as well as hedges.

A.3 Distribution of secured exposure by type of guarantee

A.3.1 Secured credit exposure to banks - part 1

Line items	Net exposure value	Collateral(1)			
		Real property for mortgage loans	Real property for financial leasing	Securities	Other collateral
1. Secured cash credit exposure:					
1.1 totally secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
1.2 partially secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
2. Secured off balance sheet credit exposure:					
2.1 totally secured	0	0	0	0	0
- of which impaired	0	0	0	0	0
2.2 partially secured	0	0	0	0	0
- of which impaired	0	0	0	0	0

A.3.1 Secured credit exposure to banks - part 2

Line items	Personal security (2)									Total (1)+(2)
	Derivatives on receivables					Endorsement receivables				
	CLN	Other derivatives								
		Governments and Central Banks	Other public Entities	Banks	Other Parties	Governments and Central Banks	Other public Entities	Banks	Other Parties	
1. Secured cash credit exposure:										
1.1 totally secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
1.2 partially secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
2. Secured off balance sheet credit exposure:										
2.1 totally secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**
2.2 partially secured	0	0	0	0	0	0	0	0	0	**0**
- of which impaired	0	0	0	0	0	0	0	0	0	**0**

A.3.2 Secured credit exposure to customers - part 1

Line items	Net exposure value	Collateral (1)			
		Real property for mortgage loans	Real property for financial leasing	Securities	Other collateral
1. Secured cash credit exposure:					
1.1 totally secured	1,477,685	1,174,914	0	19,389	7,617
- of which impaired	231,851	192,449	0	709	133
1.2 partially secured	77,390	664	0	5,607	1,583
- of which impaired	8,969	664	0	396	216
2. Secured off balance sheet credit exposure:					
2.1 totally secured	37,686	1,101	0	2,276	2,102
- of which impaired	6,796	1,099	0	81	60
2.2 partially secured	11,206	4,554	0	981	141
- of which impaired	1,203	579	0	10	101

A.3.2 Secured credit exposure to customers - part 2

Line items	Personal security (2)									Total (1)+(2)
	Derivatives on receivables					Endorsement receivables				
	CLN	Other derivatives								
		Governments and central banks	Other public entities	Banks	Other parties	Governments and central banks	Other public entities	Banks	Other parties	
1. Secured cash credit exposure:										
1.1 totally secured	0	0	0	0	0	0	22,040	233	248,112	**1,472,306**
- of which impaired	0	0	0	0	0	0	1,829	233	33,046	**228,398**
1.2 partially secured	0	0	0	0	0	0	18,789	0	19,874	**46,516**
- of which impaired	0	0	0	0	0	0	1,348	0	4,273	**6,897**
2. Secured off balance sheet credit exposure:										
2.1 totally secured	0	0	0	0	0	0	295	0	31,912	**37,686**
- of which impaired	0	0	0	0	0	0	295	0	5,261	**6,796**
2.2 partially secured	0	0	0	0	0	0	230	0	3,006	**8,912**
- of which impaired	0	0	0	0	0	0	0	0	508	**1,197**

B. Distribution and concentration of credit exposure

B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) - part 1

Exposure/Counterparty	Governments			Other public entities		
	Net exposure	Specific value adjustments	Adjustment portfolio value	Net exposure	Specific value adjustments	Adjustment portfolio value
A. Cash exposure						
A.1 Non performing	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.2 Probable defaults	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.3 Impaired overdue exposures	0	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.4 In bonis exposures	1,205,685	0	0	2,701	0	0
- of which: forbearance	0	0	0	0	0	0
TOTAL A	**1,205,685**	**0**	**0**	**2,701**	**0**	**0**
B. "Off balance sheet" exposures						
B.1 Non performing	0	0	0	0	0	0
B.2 Probable defaults	0	0	0	0	0	0
B.3 Other impaired assets	0	0	0	0	0	0
B.4 In bonis exposures	0	0	0	0	0	0
TOTAL B	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A+B) 31/12/2015	**1,205,685**	**0**	**0**	**2,701**	**0**	**0**
TOTAL (A+B) 31/12/2014	**772,858**	**0**	**0**	**3,200**	**0**	**0**

B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) – part 2

Exposure/Counterparties	Finance companies			Insurance companies		
	Net exposure	Specific value adjustments	Portfolio value adjustments	Net exposure	Specific value adjustments	Portfolio value adjustments
A. Cash exposure						
A.1 Non performing	212	353	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.2 Probable defaults	1	0	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.3 Impaired overdue exposures	17	1	0	0	0	0
- of which: forbearance	0	0	0	0	0	0
A.4 In bonis exposures	63,979	0	8	15,615	0	26
- of which: forbearance	0	0	0	0	0	0
TOTAL A	**64,210**	**355**	**8**	**15,615**	**0**	**26**
B. "Off balance sheet" exposures						
B.1 Non performing	0	0	0	0	0	0
B.2 Probable defaults	0	0	0	0	0	0
B.3 Other impaired assets	0	0	0	0	0	0
B.4 In bonis exposures	1,350	0	0	0	0	0
TOTAL B	**1,350**	**0**	**0**	**0**	**0**	**0**
TOTAL (A+B) 31/12/2015	**65,560**	**355**	**8**	**15,615**	**0**	**26**
TOTAL (A+B) 31/12/2014	**55,092**	**1**	**10**	**15,241**	**0**	**0**

B.1 Cash and "off balance sheet" credit exposure to customers (balance sheet value) - part 3

Exposure/Counterparty	Non finance companies			Other parties		
	Net exposure	Specific value adjustments	Portfolio adjustment value	Net exposure	Specific value adjustments	Portfolio adjustment value
A. Cash exposure						
A.1 Non performing	83,296	84,058	0	37,718	16,081	0
- of which: forbearance	0	0	0	0	0	0
A.2 Probable defaults	83,473	22,834	0	31,538	7,173	0
- of which: forbearance	39,102	14,129	0	17,367	5,486	0
A.3 Impaired overdue exposures	13,466	1,219	0	11,549	1,045	0
- of which: forbearance	57	5	0	0	0	0
A.4 In bonis exposures	952,317	0	2,021	714,559	0	1,580
- of which: forbearance	26,149	0	45	13,245	0	23
TOTAL A	**1,132,552**	**108,111**	**2,021**	**795,364**	**24,300**	**1,580**
B. "Off balance sheet" exposures						
B.1 Non performing	3,470	0	0	0	0	0
B.2 Probable defaults	5,293	0	0	29	0	0
B.3 Other impaired assets	1,414	0	0	69	0	0
B.4 In bonis exposures	78,676	0	0	3,342	0	0
TOTAL B	**88,853**	**0**	**0**	**3,440**	**0**	**0**
TOTAL (A+B) 31/12/2015	**1,221,404**	**108,111**	**2,021**	**798,804**	**24,300**	**1,580**
TOTAL (A+B) 31/12/2014	**1,150,348**	**77,440**	**1,748**	**801,753**	**16,117**	**1,628**

Exposure/Counterparty	Totalnet exposure	Totalspecific value adjustments	Total portfolio value adjustments
A. Cash exposure			
A.1 Non performing	121.226	100.492	0
- of which: forbearance	0	0	0
A.2 Probable defaults	115.012	30.007	0
- of which: forbearance	56.469	19.615	0
A.3 Impaired overdue exposures	25.032	2.266	0
- of which: forbearance	57	5	0
A.4 In bonis exposures	2.954.855	0	3.635
- of which: forbearance	39.394	0	67
TOTAL A	**3.216.126**	**132.765**	**3.635**
B. "Off balance sheet" exposures			
B.1 Non performing	3.470	0	0
B.2 Probable defaults	5.322	0	0
B.3 Other impaired assets	1.483	0	0
B.4 In bonis exposures	83.368	0	0
TOTAL B	**93.643**	**0**	**0**
TOTAL (A+B) 31/12/2015	**3.309.769**	**132.765**	**3.635**
TOTAL (A+B) 31/12/2014	**2.798.492**	**93.558**	**3.386**

The cash exposure for receivables indicated in the table (3,216,126 thousand Euro) is measured in the financial statements net of impaired receivables, and with an indication of specific value adjustments and to the portfolio.
Specifically, it indicates all financial assets regarding customers taken from balance sheet line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 10,543 thousand Euro, and securities issued by banks in the amount of 87,879 thousand Euro.

B.2 Territorial distribution of cash and "off balance sheet" exposure to customers (balance sheet value) - part 1

Exposure/Geographical area	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure										
A.1 Non performing	121,226	99,973	0	519	0	0	0	0	0	0
A.2 Probable default	115,008	30,007	5	0	0	0	0	0	0	0
A.3 Impaired overdue exposures	25,031	2,266	0	0	0	0	0	0	0	0
A.4 In bonis assets	2,951,049	3,628	3,462	6	345	1	0	0	0	0
TOTAL (A)	**3,212,314**	**135,874**	**3,467**	**525**	**345**	**1**	**0**	**0**	**0**	**0**
B. "Off balance sheet" exposures										
B.1 Non performing	3,470	0	0	0	0	0	0	0	0	0
B.2 Probable default	5,322	0	0	0	0	0	0	0	0	0
B.3 Impaired overdue exposures	1,483	0	0	0	0	0	0	0	0	0
B.4 In bonis assets	83,368	0	0	0	0	0	0	0	0	0
TOTAL (B)	**93,643**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2015	**3,305,957**	**135,874**	**3,467**	**525**	**345**	**1**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2014	**2,797,072**	**96,493**	**1,176**	**450**	**245**	**0**	**0**	**0**	**0**	**0**

Exposure/Geographic area	TOTAL	
	Net exposure	Overall value adjustments
A. Cash exposure		
A.1 Non performing	121,226	100,492
A.2 Probable defaults	115,012	30,007
A.3 Impaired overdue exposures	25,032	2,266
A.4 In bonis assets	2,954,855	3,635
TOTAL (A)	**3,216,126**	**136,400**
B. "Off balance sheet" exposure		
B.1 Non performing	3,470	0
B.2 Probable defaults	5,322	0
B.3 Other impaired assets	1,483	0
B.4 In bonis assets	83,368	0
TOTAL (B)	**93,643**	**0**
TOTAL (A + B) 31/12/2015	**3,309,769**	**136,400**
TOTAL (A + B) 31/12/2014	**2,798,492**	**96,944**

Cash exposure for receivables indicated in the table (3,216,126 thousand Euro) are those measured in the financial statements net of impaired receivables, distributed territorially according to the area of the counterparty's residence. Specifically, it indicates all financial assets regarding customers taken from line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 10,543 thousand Euro, and securities issued by banks in the amount of 87,879 thousand Euro.

B.2 Territorial distribution of cash and "off balance sheet" exposure to customers (balance sheet value) - part 2

Exposure/Geographic area	NORTHWEST ITALY		NORTHEAST ITALY		CENTRAL ITALY		SOUTHERN ITALY AND ISLANDS	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure								
A.1 Non performing	207	1,003	897	1,657	119,533	96,884	588	429
A.2 Probable defaults	331	30	1,815	164	112,757	29,803	104	9
A.3 Impaired overdue exposures	0	0	711	64	24,301	2,200	19	2
A.4 In bonis assets	21,803	37	23,514	40	2,895,447	3,534	10,285	18
TOTAL (A)	**22,342**	**1,070**	**26,938**	**1,926**	**3,152,038**	**132,420**	**10,996**	**458**
B. "Off balance sheet" exposure								
B.1 Non performing	0	0	0	0	3,470	0	0	0
B.2 Probable defaults	0	0	0	0	5,322	0	0	0
B.3 Other impaired assets	0	0	0	0	1,483	0	0	0
B.4 In bonis assets	223	0	0	0	83,138	0	8	0
TOTAL (B)	**223**	**0**	**0**	**0**	**93,412**	**0**	**8**	**0**
TOTAL (A + B) 31/12/2015	**22,564**	**1,070**	**26,938**	**1,926**	**3,245,450**	**132,420**	**11,004**	**458**
TOTAL (A + B) 31/12/2014	**14,460**	**305**	**27,027**	**260**	**2,745,582**	**95,785**	**10,003**	**143**

Exposure/Geographic area	TOTAL ITALY	
	Net exposure	Overall value adjustments
A. Cash exposure		
A.1 Non performing	121,226	99,973
A.2 Probable defaults	115,008	30,007
A.3 Impaired overdue exposures	25,031	2,266
A.4 In bonis assets	2,951,049	3,628
TOTAL (A)	**3,212,314**	**135,874**
B. "Off balance sheet" exposure		
B.1 Non performing	3,470	0
B.2 Probable defaults	5,322	0
B.3 Other impaired assets	1,483	0
B.4 In bonis assets	83,368	0
TOTAL (B)	**93,643**	**0**
TOTAL (A + B) 31/12/2015	**3,305,957**	**135,874**
TOTAL (A + B) 31/12/2014	**2,797,072**	**96,493**

The cash exposure for receivables indicated in the table (3,212,314 thousand Euro) are those measured in the financial statements net of impaired receivables, distributed territorially according to the area of the counterparty's residence.

Specifically, it indicates all financial assets regarding customers taken from line items "20 - Financial assets held for trading", "40 - Financial assets available for sale", and "70 - Receivables from customers". Equity instruments and shares of mutual funds in the amount of 10,543 thousand Euro, and securities issued by banks in the amount of 87,879 thousand Euro, and for "non Italy" customers in the amount of 3,812 thousand Euro.

B.3 Territorial distribution of cash and "off balance sheet" exposure to banks (balance sheet value) - part 1

Exposure/Geographic areas	ITALY		OTHER EUROPEAN COUNTRIES		AMERICA		ASIA		RESTOF THE WORLD	
	Net exposure	Overall value adjustment	Net exposure	Overall value adjustment	Net exposure	Overall value adjustment	Net exposure	Overall value adjustment	Net exposure	Overall value adjustment
A. Cash exposure										
A.1 Non performing	0	0	0	0	0	0	0	0	0	0
A.2 Probable defaults	0	0	0	0	0	0	0	0	0	0
A.3 Impaired overdue exposures	0	0	0	0	0	0	0	0	0	0
A.4 In bonis assets	294,437	0	9,744	0	45	0	166	0	49	0
TOTAL (A)	**294,437**	**0**	**9,744**	**0**	**45**	**0**	**166**	**0**	**49**	**0**
B. "Off balance sheet" exposure										
B.1 Non performing	0	0	0	0	0	0	0	0	0	0
B.2 Probable defaults	0	0	0	0	0	0	0	0	0	0
B.3 Other impaired assets	0	0	0	0	0	0	0	0	0	0
B.4 In bonis assets	16,014	0	825	0	0	0	0	0	0	0
TOTAL (B)	**16,014**	**0**	**825**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2015	**310,451**	**0**	**10,568**	**0**	**45**	**0**	**166**	**0**	**49**	**0**
TOTAL (A + B) 31/12/2014	**249,028**	**0**	**17,091**	**0**	**950**	**0**	**37**	**0**	**88**	**0**

Exposure/Geographical area	TOTAL	
	Net exposure	Overall value adjustment
A. Cash exposure		
A.1 Non performing	0	0
A.2 Probable defaults	0	0
A.3 Impaired overdue exposures	0	0
A.4 In bonis assets	304,441	0
TOTAL (A)	**304,441**	**0**
B. "Off balance sheet" exposure		
B.1 Non performing	0	0
B.2 Probable defaults	0	0
B.3 Other impaired assets	0	0
B.4 In bonis assets	16,838	0
TOTAL (B)	**16,838**	**0**
TOTAL (A + B) 31/12/2015	**321,279**	**0**
TOTAL (A + B) 31/12/2014	**267,195**	**0**

The values of cash exposure to banks (304,441 thousand Euro) are taken from the balance sheet, net of impaired receivables. In addition to Asset line item 60, parts of Asset line items 20 and 40 were included in the amount of 87,879 thousand euro.

The data are distributed territorially according to the country of the counterparty's residence.

B.3 Territorial distribution of cash and "off balance sheet" credit exposure to banks (balance sheet value) - part 2

Exposure/Geographic area	NORTHWEST ITALY		NORTHEAST ITALY		CENTRAL ITALY		SOUTHERN ITALY AND ISLANDS	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure								
A.1 Non performing	0	0	0	0	0	0	0	0
A.2 Probable defaults	0	0	0	0	0	0	0	0
A.3 Impaired overdue exposures	0	0	0	0	0	0	0	0
A.4 In bonis assets	61,705	0	18,427	0	214,305	0	0	0
TOTAL (A)	**61,705**	**0**	**18,427**	**0**	**214,305**	**0**	**0**	**0**
B. "Off balance sheet" exposure								
B.1 Non performing	0	0	0	0	0	0	0	0
B.2 Probable defaults	0	0	0	0	0	0	0	0
B.3 Other impaired assets	0	0	0	0	0	0	0	0
B.4 In bonis assets	781	0	0	0	15,233	0	0	0
TOTAL (B)	**781**	**0**	**0**	**0**	**15,233**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2015	**62,486**	**0**	**18,427**	**0**	**229,538**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2014	**29,890**	**0**	**9,905**	**0**	**209,234**	**0**	**0**	**0**

Exposure/Geographical area	TOTAL	
	Net exposure	Overall value adjustment
A. Cash exposure		
A.1 Non performing	0	0
A.2 Probable defaults	0	0
A.3 Impaired overdue exposures	0	0
A.4 In bonis assets	294,437	0
TOTAL (A)	**294,437**	**0**
B. "Off balance sheet" exposure		
B.1 Non performing	0	0
B.2 Probable defaults	0	0
B.3 Other impaired assets	0	0
B.4 In bonis assets	16,014	0
TOTAL (B)	**16,014**	**0**
TOTAL (A + B) 31/12/2015	**310,451**	**0**
TOTAL (A + B) 31/12/2014	**249,028**	**0**

The values of cash exposure (294,437 thousand Euro) are taken from the balance sheet, net of impaired receivables. In addition to asset line item 60, parts of Asset line items 20 and40 were included in the amount of 87,879 thousand Euro, and net non "Italian" exposure in the amount of 10,003 thousand Euro was excluded.
The data are distributed territorially according to the macro-area of the counterparty's residence.

B.4 Large risks (according to regulatory legislation)

Line items/Values	31/12/2015			31/12/2014		
	Number	Balance sheet value	Weighted value	Number	Balance sheet value	Weighted value
a. Large risks	7	2,049,932	171,216	8	1,155,656	154,481
b. Zero weighted risks	2	1,365,825	0	2	921,180	0
TotalLarge Risks (A-B)	**5**	**684,107**	**171,216**	**6**	**234,475**	**154,481**

C. Securitizations

Qualitative information

This section provides information on the characteristics of the securitization done by the Bank in accordance with Law 130/1999. This law regulates the assignment "in block" of receivables by an "originator" bank to a vehicle company created especially for this purpose, known as a "Special Purpose Vehicle – SPV", which issues securities that can be placed in the market "Asset Backed Securities – ABS", in order to finance the purchase of the receivables assigned by the originator.

General information regarding the Pontormo Funding s.r.l. securitization

During 2015 the Special Purpose Vehicle Pontormo Funding s.r.l. was wound-up subsequent to the anticipated conclusion of the securitization set up on 08/10/2007, characterized by its “multi-originator” nature (the securitized mortgages were transferred to the Special Purpose Vehicle from various institutes -Banca di CreditoCooperativo di Fornacette, Banca di CreditoCooperativo di Castagneto, Banca di CreditoCooperativo di Viterbo, Banca di CreditoCooperativo di Cambiano, the “Originator Banks”). Here below are the main steps of the closure of the transaction:

- On 20 April 2015, the Special Purpose Vehicle company sold the residual portfolio of mortgage loans to the respective “Originator” banks, in compliance with the provisions of the “Retransfer Agreement, with economic effect as of 31 March 2015, in order to use income from the sale of the credit portfolio and any other amount held by the Vehicle Company to reimburse the outstanding amount of the Senior and Junior Notes, along with the interest accrued and due on both types of Note;
- On 20 April 2015, the companyPontormo Funding s.r.l., and the Swap counterparty undersigned a Swap Amendment and Termination Deed in order to terminate the Swap undersigned within the scope of the initial transaction in advance;
- Execution of the above contracts was approved by all the Senior Noteholders and all the Junior Noteholdersby undersigning the voluntary Written Resolution on 17 April 2015. The Representative of the Noteholders(“RON”) also gave explicit consent to execution of the Written Resolution by means of the Consent Letter;
- On 21 April 2015, (the Final Payment Date), the Vehicle Company, in accordance with the priority of payment (“Pre-Enforcement Priority of Payment”), fully redeemed the residual amount of the Senior Notes, including interest accrued (first settling all amounts due to the parties participating in the transaction and privileged with respect to the Senior Note). In the same manner and based on the priority of payment, the Junior Notes were redeemed on the same date;
- On 27 April 2015, the accounts opened at the Bank of New York were closed, after the respective balances were cancelled.
- Finally, on 14 May 2015, all the parties involved in the securitization transaction undersigned the Termination Agreement that established the termination of all the agreements, and that expressly calls for releases all the guarantees issued in accordance to the Italian Law Deed of Pledge rights and English Law Deed of Charge rights, thereby definitively freeing the issuing company of any and all obligations;
- On 7 June 2015, the Company winding up procedure was started, and brought to a close on 16 December 2015 following approval of the Final Liquidation Financial Statementsby the Shareholders’ Meeting called for that specific purpose.

The transaction was closed, in that the values contained in the vehicle had become small amounts no longer sufficient to continue the operation. On the same date of termination, the residual value of the securitized mortgage loans of BCC Cambianoamounted to 303,419.03 Euro for 17 mortgage loans.

Servicing activity

The "originators" Banks also acted as Servicer, each for their own accumulation of assigned receivables;the Banca di CreditoCooperativo di Cambianotherefore used its own Servicing Office dedicated to collection management, as required by the instructions of the Supervisory Authority.

Servicing commissions amounted to 14.89 Euro and are allocated to line item 40 of the income statement.

Detail of collections recorded during the year 2015 (in thousands of Euro):

Collection of principal on assigned loans	341
Collection of interest on assigned loans	2
Totalcollections	**343**

Quantitative information

C.1 Exposure from principal “own” securitizations divided by type of securitized asset and by type of exposure - part 1

Type of underlying asset/Exposure	Cash exposures					
	Senior		Mezzanine		Junior	
	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs
C. Not derecognized from the balance sheet						
C.1 Pontormo Funding s.r.l.	0	0	0	0	0	0

C.1 Exposure from principal "own" securitizations divided by type of securitized asset and by type of exposure - part 2

Type of underlying asset/Exposure	Guarantees issued					
	Senior		Mezzanine		Junior	
	Net exposure	Adj./value write-back	Net exposure	Adj./value write-back	Net exposure	Adj./value write-back
C. Not derecognized						
C.1 Pontormo Funding s.r.l.	0	0	0	0	0	0

C.1 Exposure from principal "own" securitizations divided by type of securitized asset and by type of exposure - part 3

Type of underlying asset/Exposure	Credit lines					
	Senior		Mezzanine		Junior	
	Net exposure	Adj./value write-back	Net exposure	Adj./value write-back	Net exposure	Adj./value write-back
C. Not derecognized from the balance sheet						
C.1 Pontormo Funding s.r.l.	0	0	0	0	0	0

C.2 Exposure from principal "third party" securitizations divided by type of securitized asset and by type of exposure - part 1

Type of underlying asset/Exposure	Cash exposure					
	Senior		Mezzanine		Junior	
	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs
Type of asset	0,00	0,00	0,00	0,00	0,00	0,00

C.2 Exposure from principal "third party" securitizations divided by type of securitized asset and by type of exposure - part 2

Type of underlying asset/Exposure	Guarantees issued					
	Senior		Mezzanine		Junior	
	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs
Type of asset	0	0	0	0	0	0

C.2 Exposure from principal "third party" securitizations divided by type of securitized asset and by type of exposure - part 3

Type of underlying asset/Exposure	Credit lines					
	Senior		Mezzanine		Junior	
	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs	Balance sheet value	Adj./value write-backs
Type of asset	0	0	0	0	0	0

C.5 Servicer assets –own securitization: collection of securitized credits and repayment of notes issued by the vehicle company

Vehicle company	Securitized assets (at the end of the reporting period)		Collection of receivables during the year		Percent of notesrepaid (at the end of the reporting period)					
					Senior		Mezzanine		Junior	
	Impaired	In bonis	Impaired	In bonis	Impaired assets	In bonis assets	Impaired assets	In bonis assets	Impaired assets	In bonis assets
Pontormo Funding s.r.l.	0	0	0	341	0	0	0	0	0	0

Notes:
- The amount referring to securitized assets is expressed at the par value of assigned receivables.
- The amount referring to collected receivables during the year is only the principal.

E. Sales

Qualitative and quantitative information

E.1 Financial assets sold but not fully derecognized: balance sheet value and entire value - part 1

Technical forms/Portfolio	Financial assets held for trading			Financial assets measured at fair value			Financial assets available for sale		
	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)
A. Cash assets									
1. Debt securities	0	0	0	0	0	0	504,441	0	0
2. Equity instruments	0	0	0	0	0	0	0	0	0
3. Mutual funds	0	0	0	0	0	0	0	0	0
4. Loans	0	0	0	0	0	0	0	0	0
B. Derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total 31/12/2015	**0**	**0**	**0**	**0**	**0**	**0**	**504,441**	**0**	**0**
Of which impaired	0	0	0	0	0	0	0	0	0
Total 31/12/2014	**0**	**0**	**0**	**0**	**0**	**0**	**2,598**	**0**	**0**
Of which impaired	0	0	0	0	0	0	0	0	0

E.1 Financial assets sold but not fully derecognized: balance sheet value and entire value - part 2

Technical forms/Portfolio	Financial assets held through maturity			Receivables from banks			Receivables from customers			Total 31/12/2015	Total 31/12/2014
	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)	Recognized in full (balance sheet value)	Partially recognized (balance sheet value)	Partially recognized (entire value)		
A. Cash assets											
1. Debt securities	0	0	0	0	0	0	0	0	0	504,441	2,598
2. Equity instruments	0	0	0	0	0	0	0	0	0	0	0
3. Mutual funds	0	0	0	0	0	0	0	0	0	0	0
4. Loans	0	0	0	0	0	0	0	0	0	0	340
B. Derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total 31/12/2015	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**504,441**	**0**
Of which impaired	0	0	0	0	0	0	0	0	0	0	0
Total 31/12/2014	**0**	**0**	**0**	**0**	**0**	**0**	**340**	**0**	**0**	**0**	**2,938**
Of which impaired	0	0	0	0	0	0	0	0	0	0	0

E.2 Financial liabilities for financial assets sold but not derecognized: balance sheet value

Liabilities/Assets portfolio	Financial assets held for trading	Financial assets measured at fair value	Financial assets available for sale	Financial assets held through maturity	Receivables from banks	Receivables from customers	Total 31/12/2015	Total 31/12/2014
1. Payables to customers								
a) for assets recognized in full	0	0	503,850	0	0	0	503,850	2,606
b) for assets partially recognized	0	0	0	0	0	0	0	0
2. Payables to banks								
a) for assets recognized in full	0	0	0	0	0	0	0	0
b) for assets partially recognized	0	0	0	0	0	0	0	0
Total 31/12/2015	**0**	**0**	**503,850**	**0**	**0**	**0**	**503,850**	**0**
Total 31/12/2014	**0**	**0**	**2,606**	**0**	**0**	**0**	**503,850**	**2,606**

E.3 Sales with liabilities that have recourse exclusively on the transferred assets (Part 1)

Technical forms/Portfolio	Financial assets held for trading		Financial assets measured at fair value		Financial assets available for sale		Financial assets held through maturity (fair value)	
	Recognized in full	Partially recognized	Recognized in full	Partially recognized	Recognized in full	Partially recognized	Recognized in full	Partially recognized
A. Cash assets	**0**	**0**	**0**	**0**	**504,441**	**0**	**0**	**0**
1) Debt securities	0	0	0	0	504,441	0	0	0
2) Equity instruments	0	0	0	0	0	0	0	0
3) Mutual funds	0	0	0	0	0	0	0	0
4) Loans	0	0	0	0	0	0	0	0
B. Derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total assets	**0**	**0**	**0**	**0**	**504,441**	**0**	**0**	**0**
C. Associated liabilities	**0**	**0**	**0**	**0**	**503,850**	**0**	**0**	**0**
1) Payables to customers	0	0	0	0	503,850	0	0	0
2) Payables to banks	0	0	0	0	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**503,850**	**0**	**0**	**0**
Net value	**0**	**0**	**0**	**0**	**592**	**0**	**0**	**0**

E.3 Sales with liabilities that have recourse exclusively on the transferred assets (Part 2)

Technical forms/Portfolio	Receivables from banks (fair value)		Receivables from customers (fair value)		Total		Total 31/12/2015	Total 31/12/2014
	Recognized in full	Partially recognized	Recognized in full	Partially recognized	Recognized in full	Partially recognized		
A. Cash assets	**0**	**0**	**0**	**0**	**504.441**	**0**	**504.441**	**2.598**
1) Debt securities	0	0	0	0	504.441	0	504.441	2.598
2) Equity instruments	0	0	0	0	0	0	0	0
3) Mutual funds	0	0	0	0	0	0	0	0
4) Loans	0	0	0	0	0	0	0	0
B. Derivative instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total assets	**0**	**0**	**0**	**0**	**504.441**	**0**	**504.441**	**2.598**
C. Associated liabilities	**0**	**0**	**0**	**0**	**503.850**	**0**	**503.850**	**2.606**
1) Payables to customers	0	0	0	0	503.850	0	503.850	2.606
2) Payables to banks	0	0	0	0	0	0	0	0
Total liabilities	**0**	**0**	**0**	**0**	**503.850**	**0**	**503.850**	**2.606**
Net value	**0**	**0**	**0**	**0**	**592**	**0**	**592**	**-7**

With reference to receivables from customers and payables to customers, the “fair value” used in the table is equivalent to the amortized cost.

Section 2 –Market risk

2.1 Interest rate risk and price risk – regulatory trading portfolio

Qualitative information

A. General information

The primary activity of the Bank is trading financial instruments exposed to interest rate risk.
The strategy underlying its trading activity corresponds both to treasury needs and to the objective of enhancing the risk/yield profile of portfolio investments in terms of the interest rate risk and the counterparty's credit risk.
The Bank does not assume speculative positions in derivative instruments, in accordance with the Bank of Italy's Supervisory Regulations and the Bank's By-laws.
Trading regards exclusively operations involving bonds.

B. Management procedures and measurement methods of the interest rate risk and price risk

The Finance Area Regulations establish both operating limits (both in terms of portfolio value as well as the breakdown by type of security) and limits for exposure to interest rate risk (in terms of financial duration).

Quantitative information

1. Regulatory trading portfolio: distribution by residual duration (re-pricing date) of cash financial assets and liabilities and financial derivatives–All currencies

Type/Residual duration	On demand	Up to 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 year through 5 years	Beyond 5 years 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with an early repayment option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	0	0	0	0	**0**
1.2 Other assets	0	0	0	0	0	0	0	0	**0**
2. Cash liabilities									
2.1 Repurchase agreements on debt	0	0	0	0	0	0	0	0	**0**
2.2 Other liabilities	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	593	0	0	**593**
+ short-term positions	0	0	0	0	0	0	0	0	**0**

2.2 Interest rate risk and price risk–bank portfolio

Qualitative information

A. General information, management procedures and measurement methods of interest rate risk and price risk

Interest rate risk is created by an imbalance between the due dates (re-pricing) of asset and liability items belonging to the bank portfolio. This latter is composed of all the financial instruments, assets and liabilities, not included in the trading portfolio in accordance with the regulatory provisions outlined in section 2.1.
General Management is responsible for setting forth the guidelines for banking book management, in compliance with the strategic policies defined by the Board of Directors, and monitoring banking book management trends.
The Management Control Office proposes possible banking book interest rate risk management and mitigation measures to General Management.
Interest rate risk mitigation is pursued by means of integrated management of bank assets and liabilities and is aimed at stabilizing interest income and safeguarding the economic value of the bank portfolio.
In particular, management of the securities portfolio is based principally on maintaining the Banks liquidity reserves.
The main sources of interest rate risk consist in fixed rate items. Assets are principally represented by securities in the AFS sector (BTP) and mortgage loans; while liabilities are represented by fixed rate bonds whose risk is hedged by fixed interest rate (IRS) operations for issues with more prolonged maturities.
The interest rate risk inherent in the bank portfolio is monitored by the Bank on a monthly basis by an Asset Liability Management analysis conducted by the Financial Risk Committee.

B. Hedging offair value

The Bank did not carry out any fair value hedging operations, with the exception of implicit hedging deriving from integrated management of bank assets and liabilities.

C. Hedging of cash flow

The Bank did not carry out any cash flow hedging operations.

Quantitative information

1. Bank portfolio: distribution by residual duration (by re-pricing date) of financial assets and liabilities–All currencies

Type/Residual duration	On demand	Up to 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 year through 5 years	Beyond 5 year through 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early repayment option	0	0	0	0	0	0	0	0	**0**
- other	0	285,245	349,499	161,110	406,935	78,889	12,418	0	**1,294,097**
1.2 Loans to banks	50,806	165,755	0	0	0	0	0	0	**216,561**
1.3 Loans to customers									
- bank accounts	370,360	3,649	3,881	4,681	13,823	3	0	0	**396,397**
- other loans									
- with early repayment option	865	58,308	7,071	0	0	0	0	0	**66,244**
- other	1,061,226	131,587	74,818	64,575	202,166	7,305	5,590	0	**1,547,267**
2. Cash liabilities									
2.1 Payables to customers									
- bank accounts	1,471,435	73,307	53,590	26,639	27,520	75	0	0	**1,652,566**
- other liabilities									
- with early repayment option	0	0	0	0	0	0	0	0	**0**
- other	59,399	373,957	95,058	3,449	58,457	7,344	17,161	0	**614,824**
2.2 Payables to banks									
- bank accounts	6,038	0	0	0	0	0	0	0	**6,038**
- other liabilities	0	478,220	0	0	0	0	0	0	**478,220**
2.3 Debt Securities									
- with early repayment option	0	0	0	0	0	0	0	0	**0**
- other	1,466	68,195	44,782	92,364	289,959	35,985	0	0	**532,752**
2.4 Other liabilities									
- with early repayment option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 with underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
3.2 without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	40,824	4,952	3,577	5,000	0	0	0	**54,353**
+ short-term positions	0	40,812	4,947	3,569	5,000	0	0	0	**54,328**
4. Other off balance operations									
+ long-term positions	1,850	4,984	823	292	1,473	5	0	0	**9,428**
+ short-term positions	9,428	0	0	0	0	0	0	0	**9,428**

Notes:
Long and short-term position in “other derivatives”, point 3.2 is expressed in notional values.

2.3 Exchange rate risk

Qualitative information

A. General information, management procedures and methods to measure the Exchange rate risk

The exchange rate risk represents the risk of suffering losses on operations in foreign currency, due to the effect of negative variations to foreign currencies. During the fiscal year, the Bank’s assets in foreign currency did not have

speculative positions. In any case, the Bank limits its net position in foreign currency to not more than 2% of regulatory capital, as provided by the regulations of the Bank of Italy for credit cooperative banks.
The Bank is marginally exposed to the Exchange rate risk due to assets used to serve customers.
Exposure to exchange rate risk is measured using a methodology that faithfully follows what is provided by the Supervisory Regulations.
Measurement is based on the calculation of the “net position in foreign exchanges”, i.e. the balance of all assets and liabilities (in financial statements and “off balance sheet”) related to each foreign currency, including operations in Euro indexed to the exchange rate trend of foreign currency.
The organizational structure provides that the management of the exchange rate risk is delegated to the Foreign Office for assets used to service customers and to the Securities Treasury Office for financial instruments, whereas the measurement of exposure is attributed to the Risk Management Office based on the data provided by the Management Control Office.
The “net position in foreign exchanges” as at the reference date amounted to 810,273.22 equal to 0.311% of regulatory capital. It is within the 2.00% threshold established by the Supervisory Instructions of the Bank of Italy that can be held by credit cooperative banks. There are no forward exchange transactions.

B. Hedging of exchange rate risk

Hedging of exchange rate risk is carried out through a careful policy of substantially balancing the recognized currency positions. The Bank’s primary objective is prudent exchange rate risk control; therefore, operations entailing direct assumption of this risk are managed by appropriate hedging strategies.

Quantitative information

1. Distribution by denominated currency of assets, liabilities and derivatives

Line items	Currency				
	US dollars	Swiss francs	British pound sterling	Japanese yen	Other currency
A. Financial assets					
A.1 Debt securities	0	0	0	0	0
A.2 Equity instruments	0	0	0	0	0
A.3 Loans to banks	161	107	185	166	279
A.4 Loans to customers	9,853	561	402	0	0
A.5 Other financial assets	0	0	0	0	0
B. Other assets	**95**	**87**	**123**	**18**	**80**
C. Financial liabilities					
C.1 Payables to banks	4,896	739	0	0	276
C.2 Payables to customers	5,213	15	118	189	73
C.3 Debt securities	0	0	0	0	0
C.4 Other financial liabilities	0	0	0	0	0
D. Other liabilities	**0**	**0**	**0**	**0**	**0**
E. Financial derivatives					
- Options					
+ Long-term positions	0	0	0	0	0
+ Short-term positions	0	0	0	0	0
- Other derivatives					
+ Long-term positions	18,325	0	0	0	0
+ Short-term positions	18,324	0	0	0	0
Total assets	**28,434**	**754**	**710**	**184**	**359**
Total liabilities	**28,433**	**753**	**118**	**189**	**349**
Imbalance (+/-)	**0**	**1**	**592**	**-5**	**10**

2.4 Derivative instruments

A. Financial derivatives

A.1 Regulatory trading portfolio: notional values at end and mid-term

Underlying assets /Typeof derivative	Total 31/12/2015		Total 31/12/2014	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates				
a) Options	593	0	740	0
b) Swap	0	0	0	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
2. Equity instruments and equity indexes	0	0	0	0
a) Options	0	0	0	0
b) Swap	0	0	0	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
3. Foreign currencies and gold	0	0	0	0
a) Options	0	0	0	0
b) Swap	0	0	0	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
4. Goods	0	0	0	0
5. Other underlying assets	0	0	0	0
Total	**593**	**0**	**740**	**0**
Average values	**689**	**0**	**61**	**0**

A.2 Bank portfolio: notional values at end period

A.2.1 Hedges

Underlying assets/Typeof derivative	Total 31/12/2015		Total 31/12/2014	
	Over the counter	Central counterparties	Over the counter	Central counterparties
1. Debt securities and interest rates				
a) Options	0	0	0	0
b) Swap	18,000	0	85,000	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
2. Equity instruments and equity indexes	0	0	0	0
a) Options	0	0	0	0
b) Swap	0	0	0	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
3. Foreign currencies and gold	0	0	0	0
a) Options	0	0	0	0
b) Swap	0	0	0	0
c) Forward	0	0	0	0
d) Futures	0	0	0	0
e) Other	0	0	0	0
4. Goods	0	0	0	0
5. Other underlying assets	0	0	0	0
Total	**18,000**	**0**	**85,000**	**0**
Average values	**58,538**	**0**	**98,385**	**0**

A.3 Financial derivatives: positive gross fair value – division by product

Portfolios/Typeof derivative	Positive fair value			
	Total 31/12/2015		Total 31/12/2014	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio				
a) Options	593	0	740	0
b) Interest rate swap	0	0	0	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	0	0	0	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
B. Bank portfolio – hedges				
a) Options	0	0	0	0
b) Interest rate swap	1,032	0	3,226	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	345	0	504	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
C. Bank portfolio - other derivatives				
a) Options	0	0	0	0
b) Interest rate swap	0	0	0	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	0	0	0	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
Total	**1,970**	**0**	**4,470**	**0**

A.4 Financial derivatives: negative gross fair value – division by product

Underlying assets/Typeof derivative	Negative fair value			
	Total 31/12/2015		Total 31/12/2014	
	Over the counter	Central counterparties	Over the counter	Central counterparties
A. Regulatory trading portfolio				
a) Options	0	0	0	0
b) Interest rate swap	0	0	0	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	0	0	0	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
B. Bank portfolio – hedges				
a) Options	0	0	0	0
b) Interest rate swap	180	0	0	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	319	0	500	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
C. Bank portfolio - other derivatives				
a) Options	0	0	0	0
b) Interest rate swap	0	0	0	0
c) Cross currency swap	0	0	0	0
d) Equity swap	0	0	0	0
e) Forward	0	0	0	0
f) Futures	0	0	0	0
g) Other	0	0	0	0
Total	**500**	**0**	**500**	**0**

A.5 Over the counter financial derivatives – regulatory trading portfolio: notional values, positive and negative gross fair value by counterparties – contracts that are not part of netting agreements

Contracts that are not part of a netting agreement	Governments and Central Banks	Other public entities	Banks	Finance companies	Insurance companies	Non finance companies	Other parties
1) Debt securities and interest rates							
- notional value	0	0	593	0	0	0	0
- positive fair value	0	0	593	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0
2) Equity instruments and equity indexes							
- notional value	0	0	0	0	0	0	0
- positive fair value	0	0	0	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0
3) Foreign currency and gold							
- notional value	0	0	0	0	0	0	0
- positive fair value	0	0	0	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0
4) Other values							
- notional value	0	0	0	0	0	0	0
- positive fair value	0	0	0	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0

A.7 Over the counter financial derivatives – bank portfolio: notional values, positive and negative gross fair value by counterparties – contracts that are not part of netting agreements

Contracts that are not part of a netting agreement	Governments and Central Banks	Other public entities	Banks	Finance companies	Insurance companies	Non finance companies	Other parties
1) Debt securities and interest rates							
- notional value	0	0	18,000	0	0	0	0
- positive fair value	0	0	1,032	0	0	0	0
- negative fair value	0	0	180	0	0	0	0
- future exposure	0	0	25	0	0	0	0
2) Equity instruments and equity indexes							
- notional value	0	0	0	0	0	0	0
- positive fair value	0	0	0	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0
3) Foreign currency and gold							
- notional value	0	0	18,544	0	0	17,413	688
- positive fair value	0	0	318	0	0	27	0
- negative fair value	0	0	17	0	0	296	7
- future exposure	0	0	182	0	0	171	7
4) Other values							
- notional value	0	0	0	0	0	0	0
- positive fair value	0	0	0	0	0	0	0
- negative fair value	0	0	0	0	0	0	0
- future exposure	0	0	0	0	0	0	0

A.9 Residual life of over the counter financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Beyond1 year and up to 5 years	Beyond 5 years	Total 31/12/2015
A. Regulatory trading portfolio				
A.1 Financial derivatives on debt securities and interest rates	0	0	593	**593**
A.2 Financial derivatives on equity instruments and equity indexes	0	0	0	**0**
A.3 Financial derivatives on exchange rates and gold	0	0	0	**0**
A.4 Financial derivatives on other values	0	0	0	**0**
B. Bank portfolio				
B.1 Financial derivatives on debt securities and interest rates	13,000	5,000	0	**18,000**
B.2 Financial derivatives on equity instruments and equity indexes	0	0	0	**0**
B.3 Financial derivatives on exchange rates and gold	36,644	0	0	**36,644**
B.4 Financial derivatives on other values	0	0	0	**0**
Total 31/12/2015	**49,644**	**5,000**	**593**	**55,238**
Total 31/12/2014	**98,879**	**13,000**	**740**	**112,619**

Section 3 – Liquidity risk

Qualitative information

A. Generalinformation, management procedures and methods to measure liquidity risk

Liquidity risk is managed principally by the Treasury and Own Portfolio Office, the Management Control Office and Risk Management, with the aim of verifying the Bank's capacity to efficiently face liquidity requirements and avoid situations of excessive and/or insufficient liquidity, with the consequent need to invest and/or find funds at unfavorable rates with respect to market rates.
The overall model implemented by the Bank to manage and monitor liquidity risk is divided into three separate sectors, according to the perimeter of reference, the time span and the frequency analysis:
- management of intraday liquidity, that is management of daily adjustment of liabilities and receivables on various settlement, payment and compensations systems in which the Bank participates;
- management of operating funds, that is the management of decidedly unstable events that impact the Bank's liquidity standing, principally with the objective of maintaining the Bank's capacity to meet ordinary and extraordinary payment obligations, in a cost-effective manner;

- management of structural liquidity, that is, management of all the bank portfolio events that impact the Bank's overall liquidity position on the medium-term, aiming primarily to maintain an appropriate balance between assets and liabilities on the medium and long-term.

Significant support for liquidity risk management is provided by the monitoring activities carried out by the Risk Management Office, based on a management model that measures the effect of investment/financing operations based on the distribution by transaction expiry. Operations are measured using Asset and Liability Management methods, which allow evaluating and assessing both Bank cashflow requirements/surplus generated by unbalances between cash inflow and cash outflow, and the structural balance deriving from the correct composition by maturity of cash sources and lending.

In line with domestic and International best practices and in compliance with vigilance provisions, the model adopted by the Bank to manage operating liquidity is based on the "Maturity Mismatch" approach, which presupposes the construction of a "maturity ladder" (a timeframe of maturity dates) and the allocation of sure and estimated flows over the various periods of the ladder, in order to calculate the cumulative gap for each maturity bracket.

Within the scope of its liquidity policy and in accordance with the tolerance threshold decided by the Board of Directors, the Bank has defined a series of alerts to manage both operating liquidity and structural liquidity.

As regards operating liquidity management, the limits are defined in terms of the absolute cumulative gap values on the various maturities.

The Bank continuously monitors the Counterbalancing Capacity (CBC) value, intended as the availability of assets that may be reimbursed, sold or used in refinancing transactions with the interbanking system and that therefore allow generating cash funds rapidly and efficiently.

The limit adopted by the Bank to monitor structural liquidity is instead defined in terms of the ratio between liabilities and assets with maturities in excess of one year. The aim of using this limit is that of guaranteeing a structural liquidity profile that is consistent with the strategy of financing medium/long-term assets with liabilities that have the same duration.

The Bank has also prepared and implemented a "Liquidity Risk Management and Governance Manual" and a "Contingency Liquidity Plan", which are instruments used to mitigate liquidity risks.

The document details the persons and structures responsible for implementing extraordinary funding policies, as required, as well as any actions to be taken to remedy the extraordinary event situation, in compliance with the regulatory requirements provided for by vigilance regulations.

In the Contingency Liquidity Plan, the Bank has defined a series of risk indicators that are constantly monitored in order to anticipate possible stress or liquidity crisis situations.

During 2015, the Bank has further implemented the Liquidity Coverage Ratio (LCR) indicator, in accordance with Commission Delegated Regulation (EU) n. 575 dated 26 June 2013 of the European Parliament (CRR Regulations), as well as the additional indications and recommendations of the European Banking Authority on this subject.

As regards the Net Stable Funding Ratio (NSFR), the Bank has implemented a management-type measurement, according to the provisions of the Basel 3 Framework.

In order to improve liquidity management, the Bank adheres to the New Collateralized Interbank Market (or New MIC). The New MIC is the e-MID market segment destined to deposits in Euro with maturity dates ranging from one day to one year, which makes use of the guaranty system managed by Cassa di Compensazione e Garanzia (CC&G or central counterparty clearing).

As mentioned in other sections of the Explanatory Notes, the Bank set up a self-securitization transaction in order to increase its financing capacity within the system. This transaction was called "Pontormo RMBS" and was perfected in 2012 with the intentof obtaining securities that could be lodged with the European Central Bank for refinancing operations. The operation was finalized with the sale of a portfolio of performing real estate mortgage loans by the Bank, as one of the various originators, and undersigning by the same originator of the Notes issued by the special purpose vehicle company.

For the sake of completeness of the information provided, the details of the transaction are set forth in the respective section.

Quantitative information

1. Time period distribution by residual contract duration of financial assets and liabilities – All currencies

Line items/Time periods	On demand	Beyond 1 day through 7 days	Beyond 7 days through 15 days	Beyond 15 daysthrough 1 month	Beyond 1 montht hrough 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 yearthrough 5 years	Beyond 5 years	Indefinite duration	Total
Cash assets											
A.1 Government Bonds	225	0	56,007	6,001	192,630	4,259	310,004	547,058	89,500	0	1,205,685
A.2 Other debt securities	0	0	1	17,965	4,164	707	26,821	38,752	0	0	88,411
A.3 Shares of mutual funds	6,660	0	0	0	0	0	0	0	0	0	6,660
A.4 Loans	452,256	24,935	23,927	173,593	120,941	89,937	117,740	562,907	660,234	0	2,226,470
- Banks	50,807	20,000	0	140,754	5,000	0	0	0	0	0	216,561
- Customers	401,449	4,935	23,927	32,838	115,941	89,937	117,740	562,907	660,234	0	2,009,908
Cash liabilities											
B.1 Deposits and bank accounts	1,591,452	88,317	17,389	192,836	198,822	143,682	26,625	492,449	75	0	2,751,648
- Banks	6,038	50,018	1,929	905	109	0	0	425,259	0	0	484,258
- Customers	1,585,414	38,299	15,460	191,931	198,713	143,682	26,625	67,191	75	0	2,267,390
B.2 Debt securities	1,352	669	57	626	49,964	45,517	97,973	300,662	35,932	0	532,752
B.3 Other liabilities	193	65,707	0	176,438	161,843	90,187	0	464,743	0	0	959,109
"Off balance sheet" transactions											
C.1 Financial derivatives with an exchange of principal	0	-49,016	0	5	7	5	8	0	0	0	-48,991
- Long-term positions	0	0	0	9,087	18,738	4,952	3,577	0	0	0	36,353
- Short-term positions	0	49,016	0	9,081	18,731	4,947	3,569	0	0	0	85,344
C.2 Financial derivatives without an exchange of principal	593	0	0	0	366	0	0	-272	0	0	688
- Long-term positions	593	0	0	0	375	0	0	0	0	0	968
- short-term positions	0	0	0	0	8	0	0	272	0	0	280
C.3 Deposits and loans to be received	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0
C.4 Irrevocable commitments to issue funds	-1,068	-199	7	21	-3,263	-359	-1,449	3,435	2,875	0	0
- Long-term positions	1,850	1	7	21	171	823	244	3,435	2,875	0	9,428
- Short-term positions	2,918	200	0	0	3,435	1,182	1,693	0	0	0	9,428
C.5 Financial guarantees issued	0	0	122	15	103	629	1,235	11,589	37,376	0	51,069
C.6 Financial guarantees received	0	0	0	0	0	0	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0
C.8 Credit derivatives without an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0

List guarantees – situation with Eurosystem as at 31/12/2015

Isin	Security	Par value	Fair value	ECB assessment	ECB differences	Specifics
IT0004917958	BTP ITALIA 22.04.2017 IL	80,000,000.00	82,537,490.50	81,020,087.28	-1,517,403.22	On balance sheet
IT0004518715	CCT 01/07/09-16 TV	95,005,000.00	95,333,926.31	94,845,238.89	-488,687.42	On balance sheet
IT0004863608	BTP ITALIA 22.10.2016 IL	179,923,000.00	184,244,859.54	182,690,625.33	-1,554,234.21	On balance sheet
IT0004969207	BTP ITALIA 12.11.2017 IL	33,000,000.00	34,309,794.65	33,979,315.10	-330,479.55	On balance sheet
IT0004867849	PONTORMO RMBS NOTES CLASS A4	93,473,456.00	93,473,456.00	78,756,368.94	-14,717,087.06	Off balance sheet
	Total	**481,401,456.00**	**489,899,527.00**	**471,291,635.54**	**-18,607,891.46**	
	Refinancing with Eurosystem- use	455,000,000.00		-455,276,583.31		
	Credit line			**16,015,052.23**		

List of deposits with euro system as at 31/12/2015

Amount	Rate	Maturity
65,000,000.00	0.05000	26/09/2018
100,000,000.00	0.15000	26/09/2018
260,000,000.00	0.05000	26/09/2018
30,000,000.00	0.05000	06/01/2016
455,000,000.00	**0.07198**	

List of guarantees – situation with CassaCompensazione e Garanziaand other parties as at 31/12/2015

Isin	Security	Par value	Fair value
IT0005075681	BOT 14/01/2016 365 GG.	35,000,000.00	35,004,305.00
IT0005125635	BOT 29/02/2016 182 GG.	150,000,000.00	150,033,000.00
XS0645915330	BPEL 11-16 4,15%	210,000.00	213,266.82
IT0005106049	BTP 15/05/2018 0,25%	135,000,000.00	135,552,541.50
IT0005135840	BTP 15/09/2022 1,45%	40,000,000.00	41,222,896.00
IT0005139099	BTP 15/10/2018 0,30%	40,000,000.00	40,260,724.00
IT0005142143	BTP 01/11/2020 0,65%	30,000,000.00	30,073,517.02
IT0005089955	CTZ 27/02/2017	70,000,000.00	70,030,240.00
IT0005087330	ICCREA 15-18 TV	2,085,000.00	2,050,617.72
	Total	**502,295,000.00**	**504,441,108.06**

INFORMATION ON THE SELF-SECURITIZATION TRANSACTION DURING THE2015 FISCAL YEAR – PONTORMO RMBS

General information

In 2015, the company Pontormo RMBS s.r.l. (hereinafter: Company or SPV) closed its fourth year of activity. The exclusive object of the Company is the realization of one or more securitizations of receivables by means of the purchase of monetary receivables, both existing as well as future, financed by the issue of securities in accordance with article 1(1)(b) of Italian Law n. 130/99 (the so-called “Securitization law). During its first year of activity, in 2012, the Company, which was incorporated on 20 June 2012 in accordance with the aforementioned Securitization law (and which has been registered since 19 October 2012 at n. 35038.9 in the List of securitization vehicles in accordance with Article 11 of Bank of Italy’s Measure of 29 April 2011), realized the Pontormo RMBS securitization transaction (hereinafter: Securitization) involving Banca di CreditoCooperativo di Cambianos.c.p.a. as Servicer, Originator and Note-Holder along with four other banking institutions: Banca di Pisa e FornacetteCreditoCooperativoS.c.p.a. ("Banca Pisa"), Banca di ViterboCreditoCooperativoS.c.p.a. ("BancaViterbo"), BancaPopolare di LajaticoS.c.p.a. ("BP Lajatico"), and Banca di CreditoCooperativo di Castagneto Carducci("BCC Castagneto").
During 2015, the rating assigned to Class ANotes did not vary, remaining constant at AA- for Standard & Poor’s and AA+ for Fitch.
As regards the Vehicle Company, during the 2015 fiscal year, there were no events worthy of note or of comment.
The objectives of the transaction, the main characteristics of the Notes issued, a selection of quantitative information relative to the 2015 fiscal year and a description of the accounting registration in the Bank’s financial statements are provided here following.

Objectives and structure of the transaction

The Bank’s objective, in initiating the Securitization in 2012, was to transform part of the assets used (mortgage loans) in an asset backed security type of note (Pontormo RMBS Class A), to be used in a series of activities aimed at further facilitating any needs for liquidity, specifically:

- short/medium term liquidity through transactions with Eurosystem;
- medium term liquidity through Private REPOs (at 2-3 years);
- refinancing transactions on the New Collateralized Interbank Market (New Mic);
- if no market opportunities arise, and consistently with the average weighted cost of the Bank’s funding, the sale of the ABS on the market.

In addition, the transaction was done considering the possible and conceivable trend of the sources of funding over the next few years.By means of the self-securitization and an ABS instrument (with underlying loans issued by the Bank) having a high credit rating (AA+ both for FITCH as well as S&P, with respect to the Italian sovereign debt rating which is Baa2 for Moody's, BBB+ for S&P and A- for Fitch, and which are thus lower ratings), the objective was achieved of transforming part of the assets, which were otherwise not liquid, into a financial instrument having a transparent rating that is potentially eligible as well as negotiable.

This transaction stands out due to its “multi-originator” nature because five banks participated, each of which, by means of a sales contract stipulated on 17 October 2012, sold a portfolio of loans (each of which was separate and independent with respect to the others). In addition to the Banca di Credito Cooperativo di Cambiano s.c.p.a., the banks are: Banca di Pisa e Fornacette Credito Cooperativo S.c.p.a. ("Banca Pisa"), Banca Popolare di Lajatico S.c.p.a. ("BP Lajatico"), Banca di Credito Cooperativo di Castagneto Carducci S.c.p.a. ("BCC Castagneto"), and Banca di Viterbo S.c.p.a. ("BCC Viterbo").

Thetransferred loans consist of a portfolio of receivables in accordance with the Securitization law, classified as “*in bonis”* in conformity with outstanding supervisory regulations, and derive from mortgage loans secured by voluntary mortgages on real property.

Le above-mentioned banks act as Servicer of their own portfolios transferred to the Vehicle Company.

The SPV paid the selling banks the price of 428,519,593.37 Euro as consideration for the purchase of the receivables, corresponding to the total of the individual purchase prices for the receivables, as specified below:

- BCC Fornacette: 73,416,631.74 Euro;
- BCC Castagneto: 24,858,533.52 Euro;
- BP Lajatico: 48,810,332.01 Euro;
- **BCC Cambiano: 198,073,181.26 Euro**;
- BancaViterbo: 83,360,914.84 Euro.

Moreover, pursuant to the respective transfer agreements, Banca Pisa, BP Lajatico and BCC Castagneto committed to transfer to the Company three additional portfolios of *in bonis* receivables for a presumed final price of 137,431,519.59 Euro, equivalent to the total amount of the individual purchase prices, as follows: BCC Castagneto, 24,642,633.75 Euro; Banca Pisa, 79,292,455.54 Euro and BP Lajatico, 33,496,430.30 Euro (AdditionalPortfolios).

The table below summarizes the overall forecasted values referred to the mortgage loans:

Originator	Forecast value of loans at 29/06/2012	% share of each Bank
Banca Pisa Portfolio	152,709,087.28	26.98%
BCC Castagneto Portfolio	49,501,167.27	8.75%
BP Lajatico Portfolio	82,306,762.31	14.54%
BCC Cambiano Portfolio	**198,073,181.26**	**35.00%**
BancaViterbo Portfolio	83,360,914.84	14.73%
Total	**565,951,112.96**	**100.00%**

On 28 February 2013, the transfer of three additional portfolios of receivables was perfected, for a final price of 130,741,000 Euro, equivalent to the total amount of the individual purchase prices, as specified below:

- Banca Pisa, 76,254,000 Euro;
- BCC Castagneto, 23,348,000 Euro;
- BP Lajatico, 31,139,000 Euro.

Inexchange for the price paid, there was a Notes Increase with respect to Class A1, A2, A3, B1, B2 and B3 Notes (issued partly paid), in accordance with the Terms and Conditions of the Notesand the Notes Subscription Agreement, upon payment by the respective subscribers of the Partly Paid Notes Installment.

In particular, the subscribers undertook to pay the Partly Paid Notes Further Installment for the following amounts:

Subscriber	Notes	Partly Paid Notes Further Installment
Banca Pisa	Class A1	59,800,000
BCC Castagneto	Class A2	18,300,000
BP Lajatico	Class A3	24,400,000
BCC Fornacette	Class B1	16,454,000
BCC Castagneto	Class B2	5,048,000
BP Lajatico	Class B3	6,739,000
		130,741,000

This was done by offsetting the amounts with the price due by the SPV for the purchase of the three above-mentioned additional portfolios of receivables.

In general, purchase of the portfolio was financed by the SPV by means of the issue, on 10 December 2012, pursuant to articles 1 and 5 of the Securitization law, the following classes of Notes:

Senior – (Class "A" Notes)

- 119,800,000 Euro Class A1;
- 38,800,000 Euro Class A2;
- 64,600,000 Euro Class A3;
- **155,400,000 Euro Class A4;**
- 65,400,000 Euro Class A5.

Junior – (Class "B" Notes)

- 37,604,000 Euro Class B1;
- 12,224,000 Euro Class B2;
- 20,237,000 Euro Class B3;
- **48,763,000 Euro Class B4;**
- 20,524,000 Euro Class B5.

Specificallyclasses A1, A2, A3, B1, B2 and B3 were issued as partly paid notes, and therefore with a nominal value expressed on the basis of the amounts of the initial forecast loans. Subsequent to the additional sale, the nominal value was partially reduced (due to the differential between the forecast value and the sale price) and integrated for the share corresponding to the loans sold.

Subscriber	Isin	Class	Tranching Senior	Rating at issue	Nominalat issue	Further nominal value post sale
Banca Pisa	IT0004867823	Class A1*	78.50%	AA+	119,800,000	117,400,000
BCC Castagneto	IT0004867831	Class A2*	78.50%	AA+	38,800,000	37,800,000
BP Lajatico	IT0004867856	Class A3*	78.50%	AA+	64,600,000	62,700,000
BCC Cambiano	**IT0004867849**	**Class A4**	**78.50%**	**AA+**	**155,400,000**	**155,400,000**
BancaViterbo	IT0004867864	Class A5	78.50%	AA+	65,400,000	65,400,000
		Class A Notes	**78.50%**		**444,000,000**	**438,700,000**
Banca Pisa	IT0004867872	Class B1*			37,604,000	36,965,000
BCC Castagneto	IT0004867880	Class B2*			12,224,000	11,929,000
BP Lajatico	IT0004867914	Class B3*			20,237,000	19,780,000
BCC Cambiano	**IT0004867898**	**Class B4**			**48,763,000**	**48,763,000**
BancaViterbo	IT0004867906	Class B5			20,524,000	20,524,000
		Class B Notes			**139,352,000**	**137,961,000**

Subscriber	Isin	Class	Tranching Senior	Rating at 31/12/2014	Further nominal value post sale	Outstanding amount at 31/12/2015	Outstanding amount post sale 05/02/2016
Banca Pisa	IT0004867823	Class A1*	78.50%	AA+ / AA-	117,400,000	67,746,448	63,428,005
BCC Castagneto	IT0004867831	Class A2*	78.50%	AA+ / AA-	37,800,000	20,108,800	18,789,120
BP Lajatico	IT0004867856	Class A3*	78.50%	AA+ / AA-	62,700,000	32,768,892	29,639,834
BCC Cambiano	**IT0004867849**	**Class A4**	**78.50%**	**AA+ / AA-**	**155,400,000**	**93,473,457**	**88,335,926**
BancaViterbo	IT0004867864	Class A5	78.50%	AA+ / AA-	65,400,000	36,024,614	33,614,315
		Class A Notes	**78.50%**		**438,700,000**	**250,122,211**	**233,807,200**
Banca Pisa	IT0004867872	Class B1*			36,965,000	36,965,000	36,965,000
BCC Castagneto	IT0004867880	Class B2*			11,929,000	11,929,000	11,929,000
BP Lajatico	IT0004867914	Class B3*			19,780,000	19,780,000	19,780,000
BCC Cambiano	**IT0004867898**	**Class B4**			**48,763,000**	**48,763,000**	**48,763,000**
BancaViterbo	IT0004867906	Class B5			20,524,000	20,524,000	20,524,000
		Class B Notes			**137,961,000**	**137,961,000**	**137,961,000**

*: PartlyPaid Notes.

Asregards the data shown in the table, please note that on 05/02/2015 in accordance with the respective contracts, all flows pertinent to the last quarter of 2015, including redemption of a fraction of Class A Notes, were cashsettled.
Therefore, the table shows both the outstanding values at al 31/12/2015 and those resulting from the relative redemption that took place during the 2016 fiscal year.

Class“A” notes were then listed with the Irish Stock Exchange and have been given AA+ ratings by the rating agency Fitch Italia S.p.A. and AA- by the rating agency Standard & Poor’s Credit Market Services Italy S.r.l. whereas the Class “B” were neither listed nor rated.
All“A” notes were then listed with the Irish Stock Exchange and have been given AA+ ratings by the rating agency Fitch Italia S.p.A. and AA- by the rating agency Standard & Poor’s Credit Market Services Italy S.r.l. whereas the Class “B” were neither listed nor (swap).

The notes subscribed to by BCC Cambianoare Class A4 (senior) and B4 (junior), with the following characteristics:

Class	A4
Currency:	Euro
Amount at issue:	155,400,000
Rate:	Euribor 6M + spread 0.50%
Coupon:	quarterly
Legal duration:	February 2071
Redemption:	amortization linked to recovery of the underlying receivables
Rating at 31/12/14:	“AA+” by Fitch and “AA-” by S&P
Listing:	Irish Stock Exchange
ISIN:	IT0004867849
Applicable law:	Italian law.
Subscriber:	BCC Cambiano

Class	B4
Currency:	Euro
Amount at issue:	48,763,000
Rate:	Euribor 6M + spread 0.60%
Coupon:	quarterly
Legal duration:	February2071
Redemption:	amortization linked to recovery of the underlying receivables
Rating at 31/12/14:	Unrated
Listing:	nor listed in a stock Exchange
ISIN:	IT0004867898
Applicable law:	Italian law.
Subscriber:	BCC Cambiano

The Notes are managed in dematerialized form by Monte TitoliS.p.A.

The Junior Notes include a cash reserve (the amount of which is specified in the “Reserve Amount”), which in the case of Banca di CreditoCooperativo di Cambianos.c.p.a. is equivalent to 6,061,336.42 Euro and the amount required to fund the reserve for expenses (*Retention Amount*), which at the time of issue corresponded to a share of 28,000.00 Euro for Banca di CreditoCooperativo di Cambianos.c.p.a., out of a total amount of 80,000.00 Euro.

Reserve Amount (3.06% of the provisional amount of the sold loan portfolio)		
	% ofTotal	**€**
Banca Pisa ReserveAmount	26.98%	4,672,424.47
BCC Castagneto ReserveAmount	8.75%	1,515,334.10
BP Lajatico ReserveAmount	14.54%	2,518,052.33
BCC Cambiano ReserveAmount	**35.00%**	**6,061,336.42**
BancaViterbo ReserveAmount	14.73%	2,550,956.73
TotalReserve	**100.00%**	**17,318,104.05**

Retention Amount (reserve for expenses at issue)		
	% of Total	**€**
Banca Pisa	26.98%	21,584.00
BCC Castagneto	8.75%	7,000.00
BP Lajatico	14.54%	11,632.00

BCC Cambiano	**35.00%**	**28,000.00**
BancaViterbo	14.73%	11,784.00
Total	**100%**	**80,000.00**

Thecash reserve corresponds to 3.06% of the initial contribution of assigned loans, and is a guarantee for Senior Noteholders(who in this case are the same as the originators; therefore there is an implicit guarantee also on behalf of Banca di CreditoCooperativo di Cambianos.c.p.a., which holds class "A4" notes). It is also provided that such reserve remain available to the vehicle in the form of cash, or in a form that can be liquidated on a quarterly basis on the payment date of the notes (it contributes to the amount of available funds on a quarterly basis for the servicing of senior Noteholders), or is used in other liquid and low risk assets in compliance with the prudential standards established by the rating agencies (*eligible assets*), and properly set forth in a contract.
Thereserve is an integral part of the junior note and will therefore be repaid to the originator banks once the senior note has been redeemed, or upon the closure of the self-securitization.
TheRetention Amount is an expense fund available to the vehicle, used by the structure for the vehicle's management costs. At each quarterly settlement, on the basis of the documented costs sustained, this expense account/fund is replenished until it is the equivalent of the pre-established total amount of 80,000.00 Euro, of which the 28,000.00 Euro mentioned above represent the share for which Banca di CreditoCooperativo di Cambianos.c.p.a. was responsible at the time of subscription.
The Notes are repaid on the same date as the payment of interest, in accordance with recovery of the underlying receivables, available funds and the order of priority of payments. The *interest period* becomes effective starting from a payment date (inclusive) through the following payment date (exclusive) and interest is calculated on the basis of the actual number of days that have passed, divided by 360. Further, an additional return is provided for class "B" notes, payable on each payment date in accordance with available funds and the order of priority of payments.
The characteristics of the class "A" notes allow them to be used for loan transactions with the European Central Bank.

Selected quantitative informationat 31/12/2015

Aselection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 31 December 2015.

Securitized assets

At the close of 2015, self-securitized receivables were equivalent to their purchase price, net of the amounts received as at the transfer date of 31 December 2015, and the amounts to be received for collections during the fiscal year but not yet transferred by the Servicers and increate by accuse interest due as at 31 December 2015.

	31/12/2015
Securitized receivables in bonis	354,365,773
Receivables for interest accrued by not yet received	117,059
Total	**354,482,832**

At 31/12/2015, no accounts were classified as "impaired", while difficult loans amounted to 542,685 Euro (non relative to the Banca di CreditoCooperativo di Cambianos.c.r.l. portfolio), equal to 0.15% of the total.

Assets transferred by Banca di CreditoCooperativo di Cambianos.c.p.a. had the following characteristics:

	31/12/2015
Residual capital	131,009,102
Number of loans	1,852
Average residual life (years)	14,70
Weighted average rate	1.52%
Average amount of the loans	70,739
Current LTV	0.64

Cash flow of receivables with respect to reductions and additions during the 2014 fiscal year are set forth below.

Description	Balance at 31/12/2014	Increases for penalties	Increases for accrued interest	Reductions for amounts received (**)	Balance at 31/12/2015
Receivables in bonis	414,428,328			(60,062,554)	354,365,773
Interest for the period on overdue installments	175,592		(58,533)	-	117,059
Interest for the period	-		8,372,310	(8,372,310)	-

Penalties	-	101,539	-	(101,539)	-
Accrued interest	744,480	-	579,132	(744,480)	579,132
Total	**415,348,4006**	**101,539**	**8,892,909**	**(69,280,883)**	**355,061,964 (*)**

(*) This item includes accrued interest not overdue equal to 579,132 Euro.
(**) Reductions due to receipts include the amounts received by the Servicers at 31/12/2014 pertaining to the fiscal year, to be transferred to the Company's bank accounts, amounting to2,643,094 Euro.

Thefollowing table indicates the outstanding securitized assets as at 31 December 2014, classified on the basis of their residual life.

	Total Portfolio		BCC Cambiano Portfolio	
	Balance at 31/12/2015	Percentage impact %	Balance at 31/12/2015	Percentage impact %
Up to 3 months	148,283	0.04%	16,943	0.01%
From 3 to 6 months	115,908	0.03%	57,577	0.05%
From 6 to 12 months	743,989	0.21%	261,781	0.20%
From 12 to 60 months	27,699,534	7.82%	11,400,071	8.70%
Over 60 months	325,658,059	91.90%	119,272,730	91.04%
Total	**354,365,773**	**100.00%**	**131,009,102**	**100.00%**

Representation in the financialstatementsofBanca di Credito Cooperativo di Cambiano at31/12/2015
Detail of the amounts allocated to Assets line item 70 gross of write-downs:

Description	Amounts
Specifics of Borrowers at amortized cost	131,017,828.04
Receivables from Pontormo RMBS – Cash reserve	6,061,336.42
Receivables from Pontormo RMBS – Reserve for expenses	28,000.00
Receivables from Pontormo RMBS – collected loan principal	5,198,347.60
Receivables from Pontormo RMBS – collected loan interest	500,934.98
Total	**142,806,447.04**

With reference to the above operation, costs were recorded in line item 150b of the income statement "Other administrative expenses" for a total amount of 107,251.49, and income in line item 40 of the income statement "Commissions earned" in the amount of 59,123.21 Euro (Servicing).
Forprudential purposes, the provisions of the Bank of Italy's Circular n. 263/06 subordinate recognition of securitizations on the condition that the credit risk is actually transferred to the transferor. The cited provisions also provide that the accounting treatment of securitizations is irrelevant for purposes of their prudential recognition. Withrespect to the self-securitization realized by the Bank, there was no significant transfer of credit risk. The operation is therefore not recognized for prudential purposes. The prudential requirement is, therefore, equivalent to 8% of the weighted value of the securitized assets, the latter clearly calculated on the basis of the approach used by the Bank to calculate capital requirements with respect to credit risk (standardized method).

Section 4 – Operational risks

Qualitative information

A. General information, management procedures and methods to measure operational risk

Operationalrisk is defined as the possibility of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems, or from external factors. This risk is inherent to banking activity and therefore may be generated by and exist in all company processes.
In general, the main sources of operational risk derive from internal fraud, external fraud, employment relationships and on the job safety, professional obligations towards customers, damage from external events, malfunctioning of information technology system and the execution, delivery and management of processes.
The Bank has defined a series of organizational processes aimed at monitoring and management operational risks, with the aid of the following specific organizational functions:
- Internal Audit, whose activities are aimed, on the one hand, at controlling the regularity of operations and risks trends, and on the other at assessing the overall efficiency of the internal controls system;
- The Control Body, pursuant to Italian Legislative Decree 231/2001, whose composition and functions are defined in specific regulations, within the scope of the organization, management and control model adopted;

- the Risk Management office, which fulfils the requirement of indentifying and measuring the risks typical of the banking business through the constant monitoring of risks taken and of those potentially generated by investment, lending and service policies;
- the Compliance Office, with the role of monitoring and controlling observance of regulations, and providing support for prevention and management of the risk of incurring judicial or administrative sanctions and/or of incurring significant losses as a consequence of violation of external or internal regulations.

Furthermore, the following documents have been prepared and are constantly updated, to safeguard against the insurgence of operational risks:
- the“Operational Continuity Plan”, aimed at protecting the Bank from critical events that may harm operations;
- mapping of the main operating processes (credit, finance and teller), with the aim of leveling operator behavior thereby facilitating the integration of controls.

Particular attention was focusedon information technology risks, which are, by definition, included among operational risks, by setting forth regulations and processes for the identification, assessment and limitation of events originating from, or that could originate from, malfunctioning information technology procedures and/or electronic equipment, such as, for example, network crashes, unavailability of internet banking, and imprecise applications for branch operations.

Finally, within the scope of actions implemented in order to ensure full compliance with the new Bank of Italy regulations provided for in Circular 285, the Bank has undertaken important initiatives connected to completing transposition within organizational profiles and internal regulations of the references contained in Chapter IV – Corporate government, internal controls, management risks, Chapter 4 (information system) and 9 (business continuity) of the aforementioned new regulations.

Withinthis scope, the Bank, acknowledging the importance of managing information technology risks as a tool to guaranty the efficacy and efficiency of measures aimed at safeguarding the Bank’s own information technology systems, has defined, in accordance with the results of the project elaborated within the Cable network and in compliance regulatory principles and provisions currently in force, a method for the analysis of information technology risks and the relative management process that hinges on the Bank’s broader risk management system.

In order to calculate capital requirements for operational risks, the Bank has adopted the Basic Indicator Approach (BIA), which entails that capital hedging this type of risk is equal to 15% of the average of the “relevant indicator” over the previous three years, calculated in accordance with articles 315 and 316 of CRR regulations.

Capital absorption for this type of risk at 31 December 2015 was € 9,574,793.

Quantitative information

Theamount of losses actually verified during the past two fiscal years is set forth below, classified according to the categories provided by regulatory provisions. Their amount, consequent also to the risk assessments conducted on the specific type of risk in review, is not material; in any event there is specific documentation regarding events that resulted in losses.

Typeof event resulting in losses			
Categoriesof the event (Level 1)	**Definition**	**2015**	**2014**
1. Internal fraud	Losses due to unauthorized activities, fraud, embezzlement or violation of laws, regulations or company policy that involve at least one of the Bank's internal resources.		
2. External fraud	Losses due to fraud, embezzlement or the violation of laws by parties not employed by the Bank.	11,234	16,175
3. Employment and workplace safety	Losses deriving from acts that violate laws or agreements with respect to employment or workplace health or safety, from the payment of damages for personal injuries or episodes of discrimination or the failure to apply equal treatment.	3,497	
4. Customers, products and professional practice	Losses due to breaches of professional obligations to customers or from the nature or characteristics of the product or service supplied.		65,363
5. Damages from external events	Losses deriving from external events, such as natural catastrophes, terrorism, or acts of vandalism.		
6. Interruptions of operations and system malfunctions	Losses due to interruptions of operations, to malfunctions or the unavailability of systems.		
7. Performance, delivery and management procedures	Losses due to the failure to complete operations or manage procedures, as well as losses due to relations with commercial counterparties, sellers or suppliers.	67,386	7,952
Total		**82,118**	**89,490**

Publication of public disclosure

Information regarding capital adequacy, risk exposure and the characteristics of the systems implemented to identify, evaluate and manage said risks, as set forth in the "Vigilance Provisions for Banks" (Circular n. 285 of 17 December 2013), under the Heading III "Information to the public", are published on the Bank's Internet site: www.bancacambiano.it.

Part F – INFORMATION ON CAPITAL

Section 1 – Shareholders' equity

A. Qualitative information

Oneof the Bank's consolidated strategic priorities is represented by the consistency and dynamics of capital resources. Capital constitutes the first defense against risks connected to the Bank's overall activities and is the primary parameter of reference used by the Supervisory Authority to assess bank solidity. Capital also contributes to forming the income for the period and adequately covers all of the Bank's technical and financial assets.

Theevolution of corporate capital not only punctually accompanies a growth in size, but also represents a decisive factor in the stages of development. To ensure correct capital dynamics in regular operating conditions, the Bank mostly counts on self-financing operations, that is, reinforcing reserves through the allocation of net income. Indeed, the Bank allocates to indivisible reserves almost all of the net profits for the period. The Bank's shareholders' equity is determined by summing corporate capital, the share premium reserve, retained earnings, valuation reserves and the income for the period, for the amount to the allocated to reserve, as specified in Part B of this Section.

Theconcept of capital that the Bank uses in its evaluations is substantially the concept of "own funds", as set forth in Regulation (EU) n. 575/2013 (CRR), in the three components of Common Equity Tier 1 (CET 1), Tier 1 capital, and Tier 2 capital. In fact, in the bank's opinion, capital thus defined represents the best possible reference for effective management, both in terms of strategy and in terms of current operations. It constitutes the main defense against corporate risks, as required by prudential regulatory provisions, in that it is a financial resource capable of absorbing possible losses generated by the Bank's exposure to the aforementioned risks, acting as a guaranty for depositors and creditors in general.

The reference point for minimum capital requirements is constituted by the obligatory parameters set forth in the aforementioned regulatory standards, based on which the Bank's Common Equity Tier 1 capital should be equivalent to at least 4.5% of the overall risk-weighted assets (CET 1 capital ratio), the Tier 1 capital should represent at least 6% of the total of the above-mentioned weighted assets (Tier 1 capital ratio) and the overall own funds of the Bank should amount to at least 8% of total risk-weighted assets (total capital ratio). The aforementioned risk-weighted assets are determined in relation to the risk profiles of the so-called "first pillar", represented by credit risks and counterparty risks (measured based on the category of the debtor counterparty, the duration and the type of transaction and the personal and real guarantees provided), by market risks on the trading portfolio and by operational risk.

Regulatoryprovisions also require that the Bank maintain additional common equity tier 1 capital resources with respect to the above-mentioned obligatory minimum requirements, destined to be used in adverse market conditions to preserve the minimum capital requirements (capital conservation buffer, equal to 2.5% of total risk-weighted assets).

Please also note that in the month of November 2015, the Bank received notification from Bank of Italy regarding the outcome of the Prudential review procedure (SREP) carried out in accordance with article 97 and subsequent articles of EU Directive n. 36/2013 (CRD IV) and in conformity with the EBA provision contained in the document "Guidelines for common procedures and methodologies for the supervisory review and evaluation process" published on 19 December 2014, regarding the imposition of specific capital requirements in addition to the previously set forth minimum capital requirements.

Aforementioned article 97 of CRD IV sets forth that Bank of Italy must periodically review the organization, strategies, processes and methodologies that supervised banks implement to manage the overall risk to which they are exposed (supervisory review and evaluation process - SREP). Through the SREP, the Authority reviews and evacuate the process used to determine capital adequacy carried out internally, analyzes the bank's risk profiles individually and as a whole, including in stress conditions, and the relative contribution to systemic risk; evaluates the corporate governance system, the efficiency of corporate bodies, the organizational structure and the internal control system; verifies compliance of prudential regulation as a whole. Upon completion of this process, Bank of Italy, pursuant to article 104 of CRD IV, has the power – among others – to request additional capital with respect to regulatory minimum capital requirements, in the face of the overall risk level of the intermediary: the capital ratios quantified taking into account additional requirements are therefore finding ("target ratio").

In light of the evaluation carried out, Bank of Italy has set forth that, as of the notifications delivered on 31 December 2015, the Bank must continue to comply with the following minimum capital coefficients:

▪ Tier 1 capital ratio requirement (CET 1 ratio) equal to 7%, comprehensive of 2.5% as capital conservation buffer. This ratio is binding, pursuant to article 53-bis of the Italian Consolidated Banking Act, in the measure of 6.57% (of which 4.5% is the minimum regulatory requirement and 2.07% is the additional requirement deriving from the outcome of the SREP);

▪ Tier 1 capital ratio requirementequal to 8.77%, comprehensiveof 2.5% as capital conservation buffer.This ratio is binding, pursuant to article 53-bis of the Italian Banking Consolidation Act, in the measure of 8.77% (of which 6% is the minimum regulatory requirement and 2.77% is the additional requirements deriving from the outcome of the SREP);

▪ Total Capital ratio requirementequal to 11.70%, comprehensive of 2.5% as capital conservation buffer.This ratio is binding, pursuant to article 53-bis of the Italian Banking Consolidation Act, in the measure of 11.70% (of which 8% is the minimum regulatory requirement and 3.70% is the additional requirement deriving from the outcome of the SREP).

In calculating the above-mentioned requirements, the Bank of Italy has taken into account, among other things, the internal corporate capital estimated by the Bank in the ICAAP process.

The Bank is also subject to additional prudential limits on corporate operations regarding cooperative credit institutions:

▪ main activity constraintsvis-a-vis members, based on which more than 50% of risk assets must be destined to members or risk-free businesses;

▪ Localsim constraint, based on which it is not possible to earmark more than 5% of own assets outside the local area of competence, generally identified as those municipalities where the Bank has its branch offices and in surrounding municipalities.

Alongsidethe above-mentioned obligatory minimum capital requirements against “Pillar I” risks, supervisory regulations also require that the Bank measure its overall current and future capital adequacy using internal methods, as well as the totality of corporate risks, in the hypothesis of a “stress” situation, including, in addition to “Pillar I” risks (credit, counterparty, market, operational) additional risk factors that weigh on corporate business, such as, specifically, concentration risks, interest rate risks, liquidity risks, risk of excessive financial leverage, etc (“Pillar II”). In fact, the existence of “Pillar II” requirements alongside minimum obligatory requirements broadens the concept of capital adequacy, which takes on a more global connotation, aimed at an overall assessment of capital requirements and of possible available sources, in compliance with the Bank’s own strategic and development objectives.

TheBank has implemented processes and instruments (Internal Capital Adequacy Assessment ICAAP) to verify the adequate capital level required to sustain all types of risks, within the scope of an assessment of exposure, both current and prospective and in a “stress” situation, which takes into account strategies and the evolution of the context of reference.

Hence,the Bank’s objective is to maintain adequate capital coverage in compliance with regulatory requirements; within the scope of the ICAAP process, their evolution is therefore estimated during business programming, in accordance with the objectives set forth by the Board of Directors.

Compliancewith regulatory requirements and the consequent capital adequacy is evaluated quarterly. The aspects subject to review are mainly the “ratios” with respect to the Bank’s financial structure (lending, non-performing receivables, fixed assets, total assets) and the risk hedging degree.

Currentcapital complies with the prudential supervision regulations required for all banks, as well as with specific regulations provided for Cooperative Credit Institutions.

B. Quantitative information

B.1 Shareholders' equity: breakdown

Line items\Values	Amount 31/12/2015	Amount 31/12/2014
1. Capital	4,076	2,992
2. Premiums on issues	582	255
3. Reserves	247,701	239,485
- earnings	247,701	239,485
a) legal	157,236	156,379
b) statutory	83,558	83,106
c) treasury shares	0	0
d) other	6,907	0
- other	0	0
4. Equity instruments	0	0
5. (Treasury shares)	0	0
6. Valuation reserves	13,685	30,436
- Financial assets available for sale	-721	12,994
- Property, plant, equipment	0	0
- Intangible assets	0	0
- Hedging of foreign investments	0	0
- Cash flow hedges	0	0
- Exchange rate differences	0	0
- Noncurrent assets in the course of divestment	0	0
- Actuarial profits (losses) related to defined benefit plans	-854	-1,008
- Shares of valuation reserves related to subsidiaries measured at shareholders' equity	4,423	7,614
- Special revaluation laws	10,836	10,836
7. Fiscal year profit (loss)	5,000	4,900
Total	**271,044**	**278,068**

B.2 Valuation reserves of financial assets available for sale: breakdown

Assets/Values	Total 31/12/2015		Total 31/12/2014	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	356	1,077	19,284	6,291
2. Equity instruments	0	0	0	0
3. Shares of mutual funds	0	0	0	0
4. Loans	0	0	0	0
Total	**356**	**1,077**	**19,284**	**6,291**

B.3 Valuation reserve of financial assets available for sale: annual variations

Line items	Debt securities	Equity instruments	Shares of mutual funds	Loans
1. Initial value	**13,031**	**0**	**-37**	**0**
2. Additions	**1,647**	**0**	**7**	**0**
2.1 Increases of fair value	1,647	0	7	0
2.2 Reversal to the income statement of negative reserves:	0	0	0	0
- from impairment	0	0	0	0
- from use	0	0	0	0
2.3 Other additions	0	0	0	0
3. Reductions	**15,305**	**0**	**63**	**0**
3.1 Reduction of fair value	1,590	0	63	0
3.2 Adjustment from impairment	0	0	0	0
3.3 Reversal to the income statement from positive reserves: from use	13,715	0	0	0
3.4 Other reductions	0	0	0	0
4. Final value	**-627**	**0**	**-94**	**0**

Section 2 – own funds and regulatory ratios

2.1 Own funds

A. Qualitative information

Ownfunds and capital ratios are calculated on the basis of the capital value and the economic result, calculated by applying the regulations on financial statements provided for by the IAS/IFRS International Accounting Standards and considering the new regulations regarding own funds and prudential ratios introduced with the issue of Regulations (EU) n. 575/2013 (CRR) and Directive (EU) n. 36/2013 (CRD IV), as well as the correlated technical and applicative provisions of the EBA, subject of specific regulations delegated by the European Commission.
Ownfunds are a result of the sum of positive and negative components, based on their capital quality: positive components must be fully available to the Bank in order to be able to use them to cover the total capital requirements for supervision of risks.
Il total of own funds, which constitutes the primary defense in terms of prudential supervisory provisions, is constituted by Tier 1 capital and by Tier 2 capital (Tier 2 – T2); in turn, Tier 1 capital is the sum of Common Equity Tier 1 capital (CET 1) and Additional Tier 1 capital (AT1).
Thethree aforementioned aggregates (CET1, AT1 and T2) are the algebraic sum of the positive and negative elements that make them up, considering so-called “prudential filters”, which are all those negative and positive adjustment values on equity tier 1 capital introduced by the Supervisory Authority for the precise purpose of reducing potential equity volatility.
As regards Prudential filters, please note that, with the issue of Circular n. 285 of 17 December 2013 “Vigilance Provisions for Banks”, Bank of Italy set a deadline at 31 January 2014 to exercise the power to derogate from temporary exclusion from CET1 of positive and negative valuation reserves against notes, held by the banks in the portfolio of financial assets available for sale, issued by central Administrations classified in the “Financial assets available for sale” portfolio. This derogation will be applied until the European Commission implements the specific regulations approving IFRS 9 in replacement of IAS 39, in conformity with EU Regulation n. 1606/2002.
Thenew regulatory provisions on own funds and capital requirements is also subject to transitional measures which, in particular, entail:
phase-in of some of the new regulations, generally over a 4-year period (2014-2017);
“grandfathering” regulations that allow for partial eligibility, with gradual exclusion by 2021, of previous core capital and additional capital equity instruments that do not meet the requirements prescribed by the aforementioned Regulation (EU) n. 575/2013 for CET1, AT1 and T2 equity instruments.
Partof the provisions governing the aforementioned transitional stage have been set forth by Bank of Italy in the already mentioned Circular n. 285/2013, within the scope of national options allowed for by Regulation (EU) 575/2013 delegated to national supervisory authorities in the specific area of competence.

Belowis a description of the elements making up, respectively common equity tier 1 capital, additional tier 1 capital and tier 2 capital, specifically:

1. Common Equity Tier 1 Capital (CET1)

Commonequity tier 1 capital, which represents the whole of highest quality capital components, is constituted by the following elements: corporate capital, share issue premiums, retained earnings and capital buffers, valuation reserves and reserves arising on transition to the new IAS/IFRS International Accounting Standards, prudential filters, deductions (interim losses, goodwill and other intangible assets, own shares held even indirectly and/or synthetically and the relative buy-back obligations, significant and non-significant interest in the capital of other entities in the financial sector held even indirectly and/or synthetically, deferred tax assets, securitization exposures and other exposures ponderable at 1250% and deducted from common equity). The quantification of the above-mentioned elements must also take into consideration the effects deriving from the “transitional measures”.

2. Additional Tier 1 Capital (AT1)

Additionaltier 1 capital instruments, and any relative premiums, constitute the equity elements of additional tier 1 capital. Any additional tier 1 instruments, held even indirectly and/or synthetically the relative buy-back obligations, as well as additional capital instruments, held even indirectly and/or synthetically, issued by other financial sector entities, with respect to which significant interest is or is not held, must be deducted from the aforementioned elements. The quantification of the above-mentioned elements must also take into consideration the effects deriving from the “transitional measures”.
This aggregate is not relevant for the Bank, in that the Bank has not issued capital instruments with contractual characteristics that classify them as AT1 instrument.

3. Tier 2 Capital (T2)

Subordinated liabilities with contractual characteristics that classify them as T2 capital, including any relative issue premiums, constitute Tier 2 Capital instruments.
Any own subordinated debt held even indirectly and/or synthetically and the relative buy-back obligations, as well as T2 instruments, held even indirectly and/or synthetically, issued by other financial sector entities, with respect to which significant interest is or is not held, must be deducted from the aforementioned elements.
The quantification of the above-mentioned elements must also take into consideration the effects deriving from the "transitional measures".
This aggregate is not relevant for the Bank, in that the Bank has not issued subordinated liabilities with contractual characteristics that classify the mas T2 instruments.

B. Quantitative information

Line items	Total 31/12/2015	Total 31/12/2014
1. Common Equity Tier 1 (CET1)	260,147	252,620
2. Additional Tier 1 (AT1)	0	0
3. Tier 2 (T2)	0	186
Total regulatory own funds	**260,147**	**252,806**

Line items	Total 31/12/2015
A. Common Equity Tier 1 - CET1 before application of prudential filters	260,637
of which CET1 instruments subject to transitional measures	20,951
B. CET1 prudential filters (+/-)	0
C. CET1 gross of deductions and effects of transitional measures (A +/- B)	**260,637**
D. Deductions from CET1	0
E. Transitional measures – Impact on CET1 (+/-)	-491
F. Total Common Equity Tier 1 (CET1) (C - D +/- E)	**260,147**
G. Additional Tier 1 (AT1) gross of deductions and effects of transitional measures	0
of which AT1 instruments subject to transitional measures	0
H. Deductions from AT1	0
I. Transitional measures – Impact on AT1 (+/-)	0
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**0**
M. Tier 2 (T2) gross of deductions and effects of transitional measures	0
of which T2 instruments subject to transitional measures	0
N. Deductions from T2	0
O. Transitional measures - Impact on T2 (+/-)	0
P. Total Tier 2 (T2) (M - N +/- O)	0
Q. Totalown funds (F + L + P)	**260,147**

2.2 Capital adequacy

A. Qualitative information

The new harmonized regulations for banks and investment companies contained in Regulations (EU) n. 575/2013 (CRR) and in Directive (EU) n. 36/2013 (CRD IV) of 26 June 2013 that transpose the standards defined by the Basel Committee for bank supervision (so-called Basel 3 framework) at a European Union level became applicable starting 1 January 2014.
The regulatory framework is being completed through the issue of the executive measures contained in regulatory or implementary technical standards (respectively "Regulatory Technical Standard – RTS" and "Implementing Technical Standard – ITS") adopted by the European Commission as proposed by the European Banking Authority (EBA) and, in some cases, by the other European Supervisory Authorities (ESA).
In order to implement and facilitate the application of the new European Community regulations and carry out an overall review and simplification of bank supervisory regulations, Bank of Italy issued Circular n. 285/2013 "Supervisory Provisions for Banks", which transposes the provision of CRD IV, indicates the methods used to exercise national discretion granted by the European Community CRR regulations to national authorities and outlines a regulatory framework that is complete, organic, rational and integrated by directly applicable European Community dispositions.
In line with the past, the new regulations are based on three Pillars:
a) The First Pillarattributes relevance to the measurement of risks and capital, providing capital requirements in order to face some of the principal types of risks of banking and financial activity (credit risk, counterparty risk, market risk and operational risk). This Pillar also provides for:

- the obligation to maintain additional capital reserves for the purpose of defending capital and countering the cyclic trend as well as for systematically important institutions;
- new requirements and supervision systems for liquidity risk, both in terms of short-term liquidity (Liquidity Coverage Ratio - LCR) and in terms of rules for structural stability more on the long-term (Net Stable Funding Ratio – NSFR);
- a "leverage ratio", which is the percent relation between equity constituted by Tier 1 capital and the sum of on-balance sheet and off-balance sheet non-weighted exposures; at the moment no obligatory minimum limit to be respected has been set;
b) the Second Pillarrequires financial intermediaries to adopt a strategy and control process for capital adequacy (so-called "Internal Capital Adequacy Assessment Process" - ICAAP), current and prospective and in hypothetical "stress" conditions, to cover all risks relevant to banking activities (credit, counterparty, market, operations, concentration, interest rate, liquidity, etc.) and solid organizational, corporate governance and internal control systems. Moreover, the second pillar framework also provides for control of excessive leverages risks. The Supervisory Body is responsible for monitoring stability, efficiency, sound and prudent management and for verifying the reliability and accuracy of internal assessment results (the so-called "Supervisory Review and Evaluation Process" - SREP), in order to adopt appropriate corrective measures, where required by the situation;
c) theThirdPillarintroduces specific public disclosure requirements regarding capital adequacy, risk exposure and the general characteristics of the relative management, measurement and control systems. The prudential ratios obligatory at the close of these financial statements were calculated using the methods provided for by Regulation (EU) n. 575/2013, adopting:
i) the standardized method to calculate capital requirements with respect to credit risk and counterparty risk (including, for derivative contracts, the current value method and, within this scope, measurement of the risk of credit value adjustment (CVA) per OTC derivatives other than those stipulated with qualified counterparties);
ii) the standardized method to calculate capital requirements with respect to market risk (for the trading portfolio, position risk on debt securities and equity securities, and settlement and concentration risks; with respect to the entire financial statements, exchange risk and position risk on goods);
iii) the "basis" method to calculate operational risk.
In accordance with the aforementioned regulations, banks must always maintain, in relation to all of first pillar risks (credit, counterparty, market, operational):
▪a common equity tier 1 capital (CET 1) amount equal to at least 4.5 percent of risk weighted assets ("CET1 capital ratio");
▪a tier 1 capital (T1) amount equal to at least 6 percent of risk weighted assets ("CET 1 capital ratio") ;
▪an own funds amount equal to at least 8 percent of risk weighted assets ("total capital ratio").
Finally,banks are also required to maintain an additional capital "buffer", in the form of an additional capital reserve, to cover possible stress situations (capital conservation buffer), equivalent to 2.5% of total risk weighted exposure, which reserve may be funded only by common equity tier 1 capital not used to cover obligatory capital requirements (including specific requirements).
Moreover, as already mentioned, starting 31 December 2015 the Bank is obliged to comply with specific capital requirements in addition to the above-mentioned minimum requirements, set forth by Bank of Italy following the prudential review process (SREP) and quantified as specified below:
▪2.07% in addition to the common equity capital ratio, for a binding CET 1 binding ratio equal to 6.57% ("target CET 1 ratio").This requirement, comprehensive of the Capital Conservation Buffer, amounts to 7% overall;
▪2.77% in addition to the tier 1 capital ratio requirement, for a binding TIER 1 ratio equal to 8.77% ("target Tier 1 ratio").This requirement, comprehensive of the Capital Conservation Buffer, amounts to 8.77% overall;
▪3.70% in addition to the total capital ratio, for a binding Total Capital ratio equal to 11.70% ("target Total Capital ratio").This requirement, comprehensive of the Capital Conservation Buffer, amounts to 11.77% overall.
Given all the above factors, self-evaluation of capital adequacy was performed taking into account the separate resultsobtained with reference to measurement of risks and of capital, both current and future and in the hypothesis of stress on current and future values.
The result of the self-evaluation of capital adequacy is summarized in a qualitative judgment with reference to the company situation at the end of the last fiscal year closed and at the end of the current fiscal year (current and future view).
The evaluation of capital adequacy and the formulation of the respective judgment are based on the following indicators considered relevant within the scope of the RAF, limited to the capital profile, in order to define the Bank's risk propensity:
a) Common Equity Tier1 Capital Ratio in relation to obligatory capital requirements;
b) Total Capital Ratio in relation to obligatory capital requirements;
c) Free capital in absolute value, net of Pillar I and II capitalrequirements (including additional requirements) and of the Capital Conservation Buffer;
d) overall internal capital on Own Funds.

For each indicator, based on the values assumed, both for the current and future periods, a specific "adequacy judgment" is formulated, as specified below:

▪adequate;
▪prevalently adequate;
▪inadequate.

This "judgment" is attributed by comparing the values assumed by the indicators, both for the current and future periods, within the scope of the ICAAP process and the intervals defined by the evaluation thresholds identified: for this purpose, obligatory capital requirements are taken into consideration, including the obligation to hold additional reserves for capital conservation and the aforementioned additional requirements (where in excess with respect to the measure of the aforementioned capital conservation buffer).

In particular, for the purpose of attributing the judgment based on the value assumed by the indicator adopted for the current and future periods (during regular business), the bank identifies, for each indicator, the risk tolerance threshold, adopted in the RAF, which discriminates between the judgment of partial adequacy and adequacy. This critical adequacy threshold identifies the value that the indicator adopted must assume to comply with the minimum requirement and fully cover any need identified as a result of the stress test.

B. Quantitative information

Categories/Values	Non weighted amounts		Weighted amounts/requisites	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
A. RISK ASSETS				
A.1 Credit risk and counterparty's credit risk	4,946,321	3,877,487	1,609,712	1,530,885
1. Standard methodology	4,946,321	3,877,487	1,609,712	1,530,885
2. Methodology based on internal ratings	0	0	0	0
2.1 Base	0	0	0	0
2.2 Advanced	0	0	0	0
3. Securitizations	0	0	0	0
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit risk and counterparty risk			128,777	122,471
B.2 Credit value adjustment risk			0	0
B.3 Settlement risk			0	0
B.4 Market risks			27	19
1. Standard methodology			27	19
2. Internal models			0	0
3. Concentration risk			0	0
B.5 Operational risk			9,575	10,769
1. Base method			9,575	10,769
2. Standard method			0	0
3. Advanced method			0	0
B.6 Other calculation items			73	0
B.7 Total prudential requirements			**138,452**	**133,260**
C. RISK ASSETS AND REGULATORY RATIOS				
C.1 Risk weighted assets			**1,730,649**	**1,665,744**
C.2 Common equity tier 1 capital / Risk weighted assets (CET1 capital ratio)			**15.032%**	**15.166%**
C.3 Tier 1 capital / Risk weighted assets (Tier 1 capital ratio)			**15.032%**	**15.166%**
C.4 Total own funds / Risk weighted assets (Total capital ratio)			**15.032%**	**15.177%**

Part G – MERGERS WITH COMPANIES OR BRANCHES OF BUSINESS

Section 1 –Transactions during the fiscal year

During the fiscal year, the Bank purchased a branch of business along with the partial purchase of the Assets and liabilities of BancaInterregionaleS.p.A., as per notary deed undersigned on 20 November 2014, effective as of 1January 2015 and effective delivery of the Branch on 2 January 2015.
In the deeds of sale, the “Branch” of business purchased was identifies as the whole of the goods and relations organized for the performance of the banking activity. Specifically, the branch of business was composed of the branch offices of Pistoia and San Giovanni Valdarno, comprehensive of all payables, receivables, assets, liabilities and any other relation in general of the business activities.
A series of assets (distinguishing signs, authorizations, permits, licenses, current and anticipated tax assets, interbank relations and financial assets available for sale) and liabilities (social and equity rights connected to shareholding in the sold bank, contracts other than those with ordinary customers, contracts with professional figures and assignments to consultants, tax liabilities and liabilities and obligations deriving from non-credit claims) were not included within the scope of the Branch and, consequently, were not purchased.
This operation was carried out within the scope of the interventions, requested by Bank of Italy, aimed at sale of the branch offices of BancaInterregionaleS.p.A. and took the form of the purchase of the bank’s assets and liabilities inherent to the branch offices of Pistoia and San Giovanni Valdarnoby Banca di CreditoCooperativo di Cambianoand, simultaneously, the purchase of the assets and liabilities inherent to the Pisa branch office by Banca di CreditoCooperativo di Pisa e Fornacette.

The detail of the net value of the assets purchased and liabilities taken on is specified in the table below.

Asset line items		Fair value at 01/01/2015
10.	Cash and cash equivalents	418,705
70.	Receivable from customers	66,968,513
110.	Tangible assets	20,092
150.	Other assets	14,762,828
	Totalasset items subject of sale	**82,170,138**
	Receivable from BancaInterregionaleS.p.A.	350,822
	Totalassets	**82,520,960**
Liability and net equity line items		**Fair value at 01/01/2015**
20.	Payable to customers	61,694,389
30.	Outstanding securities	5,940,473
100.	Other liabilities	14,806,665
110.	Personnel severance pay	46,454
120.	Provision for risks and charges: a) other reserves	32,979
	Totalliabilities	**82,520,960**

Receivables from the originating bank represent the difference between the value of asset and liability line items subject to transfer.
The purchase transaction gave rise to a goodwill value equal to € 2,100,000 as shown at the bottom of the tables in Section 12 of the Explanatory Notes.
As provided for in the International IFRS3 accounting principles, the assets and liabilities purchased were measured at fair value. This evaluation did not bring to light differences with respect to the value that the same assets and liabilities presented in the financial statements of the originating Bank.

All the purchase values were calculated based on the information provided below:

Receivable from customers

As regards receivables from customers deriving from the purchase of BancaInterregionaleS.p.A. assets and liabilities, the relative purchase value at 2 January 2015 was considered representative of the fair value of the same assets and liabilities in consideration of interest rates, prevalently variable and tied to market parameters, relative to short-term operations and of the amortized cost measurement, carried out by the originating bank, for medium and long-term operations.
As regards impaired loans purchased, they were recorded at amortized cost, comprehensive of value adjustments calculated during preparation of the closing financial statements of the originating bank, representative of the fair value of said exposures.

Receivables from customers subject of purchase by the Bank are detailed in the tables below (values expressed in thousands of Euro):

Type of operation /values	Non performing	Probable default	Past due	Bonis	TOTAL
1. Current accounts	2,948	3,989	173	22,005	29,114
2. Repurchase agreements	0	0	0	0	0
3. Mortgage loans	1,986	4,842	575	27,278	34,681
4. Credit cards, personal loans and salary-backed loans	0	0	0	0	0
5. Financial leasing	0	0	0	0	0
6. Factoring	0	0	0	0	0
7. Other operations	0	262	0	2,911	3,173
8. Securities	0	0	0	0	0
8.1 Structured	0	0	0	0	0
8.2 Other securities	0	0	0	0	0
Total	**4,934**	**9,093**	**748**	**52,194**	**66,969**

Typeof exposure/values	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposures	% of hedging
Non performing	9,022	4,089	0	4,934	45.32%
Probable default	9,503	409	0	9,094	4.30%
Past due	768	21	0	748	2.67%
Performing	52,853	0	659	52,193	1.25%
Total	**72,146**	**4,518**	**659**	**66,969**	**7.18%**

Tangible assets

Tangible assets purchased are composed of furnishings and various systems. Taking into account the exclusively operational nature of the business activities, the balance sheet value was considered representative of fair value.

The tangible assets purchased by the Bank are detailed in the table below (values expressed in thousands of Euro):

Asset/Value	Original cost	Amortization fund	Net value
Furnishings	64	55	9
Other	102	92	11
Total	**166**	**146**	**20**

Payable to customers

Payables to customers were purchased at nominal value, which represents the fair value.

The composition of payables to customers purchased by the Bank is detailed in the table below (data expressed in thousands of Euro):

Type of operation/Value	Fair value at 01/01/2015
1. Current accounts and demand deposits	45,291
2. Time deposits	16,391
3. Loans	0
3.1 Repurchase agreements	0
3.2. Other	0
4. Payables for commitment to repurchase own capital instruments	0
5. Other payables	12
Total	**61,694**

Outstanding securities at amortized cost

As regards outstanding securities at amortized cost purchased within the scope of the transactions, the same considerations made above for medium and long-term receivables at amortized cost hold true.Specifically, taking into account the brief residual life of the majority of bond loans taken on by the Bank and the conditions of said loads, linked or in any event close to market parameters, the Bank has decided to not record a specific value for loans in question. The Bank has also decided to confirm allocation in the portfolio at amortized cost.

The composition of purchased outstanding securities is detailed in the table below (data expressed in thousands of Euro):

Type of security/Value	Balance sheet value	Fair value		
		Level 1	Level 2	Level 3
A. Securities				
1. Bonds	5,441	0	0	5,441
1.1 structured	0	0	0	0
1.2 other	5,441	0	0	5,441
2. Other securities	499	0	0	499
2.1 structured	0	0	0	0
2.2 other	499	0	0	499
Total	**5,940**	**0**	**0**	**5,940**

Personnel severance pay

Personnel severance pay purchased within the scope of the transaction represents the debt accrued by the originating bank at the date of transfer towards employees in the Branch. This fund regards 17 employees and amounts to a total of 46 thousand Euro.

Provision for risks and charges

The Bank recorded the provision constituted by the originating bank relative to holidays and paid leaves of absence accrued and not taken by personnel transferred within the scope of the transaction for sale of the business branch under this Liabilities line item in the Financial Statements.

Taking into account the specific nature of the transaction and of the items that were not included within the parameter of the Branch, no further potential liabilities for the incorporated bank were found.

The composition of the purchased Provision for risks and charges is detailed in the table below (data expressed in thousands of Euro):

Line items/Values	Balance
1. Provisions for pensions	0
2. Other provisions for risks and charges	33
2.1 Legal controversies	0
2.2 personnel charges	0
2.3 Other	33
Total	**33**

Section 2 –Transactions after the close of the fiscal year

After the close of the fiscal year and up to the date of approval of the draft financial statements by the Board of Directors, the Bank was not involved in any other merger with companies or branches of business.

Section 3 –Retrospective adjustments

The Bank did not record any retrospective adjustments regarding merger transactions.

Part H – TRANSACTIONS WITH RELATED PARTIES

1. Information on compensation for executives having strategic responsibilities (gross fees)

Line items	31/12/2015	31/12/2014	Variation	% Var.
a) Compensation for Directors	203	216	-13	-5.90%
b) Compensation for statutory auditors	96	109	-13	-11.96%
c) Compensation for executives	1,282	1,245	37	2.98%
Total	**1,581**	**1,570**	**11**	**0.72%**

2. Information on transactions with related parties

Directors	31/12/2015	31/12/2014	Variation	% Var.
a) Receivables	1,177	1,362	-185	-13.57%
b) Security given	271	601	-330	-54.91%
Total	**1,448**	**1,963**	**-515**	**-26.23%**

Statutory auditors	31/12/2015	31/12/2014	Variation	% Var.
a) Receivables	0	0	0	
b) Security given	5	5	0	0.00%
Total	**5**	**5**	**0**	**0.00%**

ANNEXES TO THE FINANCIAL STATEMENTS

Annex 1 –Analytical list of real property with indication of revaluation –Law n. 72 of 19/03/1983, article 10

Description	Historical cost	Rev. L.aw 576/75	Rev. Law72/83	Rev. Law 413/91	Rev. From First Time Adoption IAS 01/01/2005	Totalreal property at 31/12/2015	Of which land value at 31/12/2015	Of which value of buildings at 31/12/2015	Amortization fund 31/12/2015	Balance sheet value at 31/12/2015
Castelfiorentino - P.za Giovanni XXIII, 6 –head office	4,105,382.77	0.00	0.00	179,686.49	3,749,133.86	**8,034,203.12**	2,000,000.00	6,034,203.12	4,312,905.94	**3,721,297.18**
Gambassi Terme - Via Garibaldi, 18 –branch	26,829.87	1,032.91	23,240.56	3,351.63	153,497.10	**207,952.07**	0.00	207,952.07	111,487.82	**96,464.25**
Castelfiorentino - Loc. Cambiano mailing address	1,336.07	156.13	12,452.13	4,523.08	182,045.73	**200,513.14**	0.00	200,513.14	155,563.97	**44,949.17**
Castelfiorentino - Via Piave, 8 – head office	30,196.41	10,640.56	179,368.07	42,041.82	1,258,393.70	**1,520,640.56**	480,000.00	1,040,640.56	900,203.93	**620,436.63**
Castelfiorentino - Via Carducci, 8/9 –head office	1,190,429.94	0.00	480,304.92	63,973.86	2,409,821.62	**4,144,530.34**	1,800,000.00	2,344,530.34	1,545,460.58	**2,599,069.76**
Certaldo - VialeMatteotti, 29/33 –branch	3,507,134.38	0.00	0.00	31,824.23	1,999,994.92	**5,538,953.53**	1,574,000.00	3,964,953.53	2,485,148.36	**3,053,805.17**
Empoli - Via Chiarugi, 4 – branch	4,224,838.36	0.00	0.00	0.00	2,747,576.29	**6,972,414.65**	2,000,000.00	4,972,414.65	2,847,890.38	**4,124,524.27**
Poggibonsi - Via S.Gimignano, 24/26 - branch	2,272,577.34	0.00	0.00	0.00	710,081.76	**2,982,659.10**	935,000.00	2,047,659.10	1,213,032.91	**1,769,626.19**
Castelfiorentino - Via Cerbioni - Archive 1	617,658.47	0.00	0.00	0.00	227,843.68	**845,502.15**	185,000.00	660,502.15	319,398.81	**526,103.34**
Castelfiorentino - Via Dante 2/a – head office	574,926.35	0.00	0.00	0.00	62,634.22	**637,560.57**	0.00	637,560.57	231,983.40	**405,577.17**
Barberino V.E. - P.za Capocchini, 21/23 –branch	74,025.50	0.00	0.00	0.00	475,967.92	**549,993.42**	0.00	549,993.42	216,004.94	**333,988.48**
Gambassi Terme - Via Garibaldi, 16 –branch	37,565.01	0.00	0.00	0.00	182,506.08	**220,071.09**	0.00	220,071.09	87,093.69	**132,977.40**
Empoli - Via Cappuccini, 4 – branch	44,546.63	0.00	0.00	0.00	156,468.03	**201,014.66**	0.00	201,014.66	80,409.42	**120,605.24**
Castelfiorentino - Via Cerbioni - Archive 2	503,164.11	0.00	0.00	0.00	98,100.76	**601,264.87**	150,000.00	451,264.87	170,060.57	**431,204.30**
Castelfiorentino - Via Gozzoli, 45 –branch	1,007,904.84	0.00	0.00	0.00	1,012.59	**1,008,917.43**	250,000.00	758,917.43	263,585.31	**745,332.12**
Cerreto Guidi - Via V. Veneto, 59 –branch	472,442.24	0.00	0.00	0.00	216,285.98	**688,728.22**	0.00	688,728.22	231,472.51	**457,255.71**
Castelfiorentino - Via Veneto/Via Piave –head office - Not operative	6,513,638.68	0.00	0.00	0.00	-70,200.00	**6,443,438.68**	708,620.33	5,734,818.35	0.00	**6,443,438.68**
Gambassi Terme - Via Volta, 19/21 - Archive 3	1,691,074.66	0.00	0.00	0.00	0.00	**1,691,074.66**	552,655.12	1,138,419.54	230,469.69	**1,460,604.97**
Castelfiorentino - Via Piave, 10 – head office - Nont operative	239,742.99	0.00	0.00	0.00	0.00	**239,742.99**	0.00	239,742.99	0.00	**239,742.99**
Firenze – Viale Gramsci 34 – head office	12,075,864.87	0.00	0.00	0.00	0.00	**12,075,864.87**	1,222,000.00	10,853,864.87	318,716.23	**11,757,148.64**
Castelfiorentino - Via Piave, 6 (Garage) –head office- Not operative	138,468.45	0.00	0.00	0.00	0.00	**138,468.45**	0.00	138,468.45	0.00	**138,468.45**
Castelfiorentino - Via Piave, 25 – head office- Not operative	1,361,521.34	0.00	0.00	0.00	0.00	**1,361,521.34**	0.00	1,361,521.34	0.00	**1,361,521.34**
Firenze - Via Maggio - Filiale	1,558,532.66	0.00	0.00	0.00	0.00	**1,558,532.66**	0.00	1,558,532.66	168,912.63	**1,389,620.03**
Castelfiorentino - Via Carducci 4 – head office- Not operative	557,166.31	0.00	0.00	0.00	0.00	**557,166.31**	0.00	557,166.31	0.00	**557,166.31**

Description	Historical cost	Rev. L.aw 576/75	Rev. Law72/83	Rev. Law 413/91	Rev. From First Time Adoption IAS 01/01/2005	Totalreal property at 31/12/2015	Of which land value at 31/12/2015	Of which value of buildings at 31/12/2015	Amortization fund 31/12/2015	Balance sheet value at 31/12/2015
Montespertoli - Via Romita 105 – branch	252,244.33	0.00	0.00	0.00	0.00	**252,244.33**	0.00	252,244.33	22,426.98	**229,817.35**
Colle Val d'Elsa - Piazza Arnolfo – branch-Notoperative	1,772,104.84	0.00	0.00	0.00	0.00	**1,772,104.84**	774,000.00	998,104.84	0.00	**1,772,104.84**
Fucecchio - Piazza Montanelli– branch	4,853,742.07	0.00	0.00	0.00	0.00	**4,853,742.07**	900,000.00	3,953,742.07	367,172.00	**4,486,570.07**
San Gimignano - Via dei Fossi - branch - Not operative	1,339,401.25	0.00	0.00	0.00	0.00	**1,339,401.25**	1,000,000.00	339,401.25	0.00	**1,339,401.25**
San Miniato - Via Tosco Romagnola – branch	271,696.96	0.00	0.00	0.00	0.00	**271,696.96**	50,193.45	221,503.51	6,677.25	**265,019.71**
Greve in Chianti - Piazza Santa Croce - branch	453,682.32	0.00	0.00	0.00	0.00	**453,682.32**	73,200.00	380,482.32	0.00	**453,682.32**
Total	**51,769,840.02**	**11,829.60**	**695,365.68**	**325,401.11**	**14,561,164.24**	**67,363,600.65**	**14,654,668.90**	**52,708,931.75**	**16,286,077.32**	**51,077,523.33**

Annex 2 –Fees for statutory audit–sub-section1, n. 16-bis, article 2427 Italian Civil Code

In compliance with the provisions of article 2427, sub-section 1, n. 16-bis of the Italian Civil Code, below is a detail of the fees for the 2015 fiscal year set forth in the contract with the Auditing Company for the statutory accounting audit and for the performance of other services rendered to the Bank.
Amounts are net of VAT and expenses.

Type of service	Subject performing the service: auditing company / statutory auditor	Total amount of fees (in Euro)
A) Statutory audit	Baker Tilly Revisas.p.a.	28,562.96
B) Certification services	Baker Tilly Revisas.p.a.	5,800.00
C) Tax consulting services		0.00
D) Other services	Baker Tilly Revisas.p.a.	7,651.01
Totalfees		**42,013.97**

Annex 3 – Public disclosure (Country by country reporting) with reference to the situation at 31 December 2015 in accordance with Vigilance provisions for banks – Bank of Italy Circular n. 285/2013 – Part One – Title III – Chapter 2

Item	Value
a) Name of established companies and business purpose	*Name* Banca di Credito Cooperativo di Cambiano (Castelfiorentino – Firenze) Società cooperativa per azioni
	Business purpose 1) The company has as its business purpose the collection of savings and lending of credit services in its various forms. In compliance with current regulations, the company may carry out all banking and financial transactions and services, as well as any other instrumental operation or any operation connected to fulfilling the corporate purpose, in accordance with provisions issued by the Supervisory Authority. 2) The company may issue securities in compliance with current regulatory provisions in force. 3) The company, with regulatory approval, can carry out securities trading transactions on behalf of third parties, on condition that the customer provides payment in advance, in the event of purchases, or delivers the securities in advance, in the event of sale. 4) In carrying out exchange activities and using future contracts and other derivative products, the company will not take speculative positions and will maintain its overall net foreign exchange position within the limits set forth by the Supervisory Authority. It may also provide customers with future agreements, on securities and currency, and other derivative products if the resulting risks are hedged by other transactions. 5) The company may acquire shareholdings, within the limits set forth by the Supervisory Authority. 6) The company carries out its operations also with non-member third parties.
b) Turnover ([1])	€ 92,226,086
c) Numberof employees on a full-time equivalent basis ([2])	n. 297
d) Pre-tax gains or losses ([3])	€ 5,669,355
e) Taxes on gains or losses ([4])	€ (669,355)
f) Public contributions received ([5])	The Bank received no contributions from Public Administrations during the 2015 fiscal year.

[1] "Turnover" means the operating income as per line item 120 of the income statement.
[2] "Number of employees on a full-time equivalent basis" means the ratio between the total number of hours worked overall by all employees, excluding overtime, and the yearly total provided for by contract for a full-time employee.
[3] "Pre-tax gains or losses" is the sum of line items 250 and 280 (this latter gross of taxes) in the income statement.
[4] "Taxes on gains or losses" are the sum of taxes registered at line item 260 of the income statement and the income tax relative to the groups of assets held for sale.
[5] The item "Public contributions received" must include contributions received directly from public administrations. This item does not include operations carried out by central banks for purposes of financial stability nor operations that have the objective of facilitating the monetary policy transmission mechanism. Similarly, any operations that may be classified as public aid approved by the European Commission are not to be taken into consideration.