

 **Servicing**

 **Lending**

 **Solutions**

## Contents

- Board of Directors, Board of Statutory Auditors and Management
- Report on Operations
- Consolidated Accounts
- Notes to the Consolidated Accounts
- Annexes to the Consolidated Financial Statements

**doBank** **S.p.A.**  
Servicing | Lending | Solutions

Registered Office and Headquarter: Piazzetta Monte, 1 – 37121 Verona

Share Capital € 41.280.000,00

Registered in the Register of Banks – code ABI 10639.3

Registered in the Company Register of Verona, Fiscal Code n° 00390840239 and VAT n° 02659940239

Member of the National Interbank Deposit Guarantee Fund

Shareholder: Avio S.à r.l.

[www.dobank.com](http://www.dobank.com)

# Board of Directors, Board of Statutory Auditors and Management

## BOARD OF DIRECTORS

**Chairman** Giovanni Castellaneta

**Directors** Fabio Balbinot (4)  
Francesco Colasanti (2)  
Wesley Robert Edens  
Nunzio Guglielmino (1) (4)  
Giovanni Lo Storto (2) (3)  
Andrea Mangoni  
Randal Alan Nardone  
Charles Robert Spetka

## BOARD OF STATUTORY AUDITORS

**Chairman** Francesco Mariano Bonifacio (5)

**Standing Auditors** Massimo Fulvio Campanelli (6)  
Nicola Lorito (6)

**Alternate Auditors** Maurizio De Magistris  
Giovanni Parisi

**GENERAL MANAGER** Eleonora Ambrosetti (7)

At the date these financial statements were approved

### Notes

(1) Chairman, Appointments and Remuneration Committee

(2) Member, Appointments and Remuneration Committee

(3) Chairman, Risk Committee

(4) Member, Risk Committee

(5) Chairman, Supervisory Committee, pursuant to Legislative Decree 231/2001

(6) Member, Supervisory Committee, pursuant to Legislative Decree 231/2001

(7) Chairman, Credit Committee

# Report on Operations

**Servicing**

**Lending**

**Solutions**



## Report on Operations

### GENERAL ASPECTS

These consolidated financial statements were prepared by doBank for the first time, with reference to the figures at 31 December 2015, following exit from the UniCredit Banking Group, due to the sale of the shares held in the company by UniCredit to the new shareholder Avio S.à r.l., which took effect on 31/10/2015.

The scope of consolidation of these consolidated financial statements includes the two companies exclusively controlled by doBank, specifically the real estate company doRealEstate S.p.A. and Immobiliare Veronica 84 S.r.l. in liquidation.

The financial statements were prepared in compliance with that foreseen under IFRS 10 and pursuant to Legislative Decree 136/2015, which as of 16 September 2015 replaced Legislative Decree 87/1992 in regards to annual and consolidated financial statements for banks and other financial institutions. Based on these regulations, these consolidated financial statements were prepared which, as they do not refer to a combination of companies that qualifies as a "Group" pursuant to the current regulations, refers to doBank as the parent company both formally and substantially.

Pursuant to IAS 1, for comparison of the figures at 31 December 2015, consolidated pro-forma figures are also provided with reference to 31 December 2014 and, solely for the changes in consolidated shareholders' equity, at 31 December 2013.

### GENERAL MACROECONOMIC SITUATION

The main national economic indicators, while not yet definitive, confirm a reversal of trend during the course of 2015. After three consecutive years of recession, with the gross domestic product falling in 2012 (-2.8%), 2013 (-1.7%) and 2014 (-0.4%), 2015 saw an Italy with a positive sign, even if only a modest +0.8% (provisional figure to be confirmed), which is still among the worst within the Eurozone which as a whole has a result of around twice that.

The gradual recovery in Italy is characterised by internal demand progressively replacing exports (through an increase in consumption and replenishment of inventories), while the latter is suffering from the weakness of extra-European markets. Signs of improvement are also clear in the trend for loans to the private sector. In fact, business loans grew for the first time after four years. The employment rate also fell, dropping to 11.4% in the two month period of October/November 2015, the lowest level since the end of 2012.

The "Bollettino Economico" issued by the Bank of Italy in January 2016 also indicates forecasts for a modest recovery of the economy in 2016 and 2017, estimating an increase of around 1.5% in the GDP, mainly due to an increase in investments that could benefit from more favourable lending conditions, together with stimulus measures found in the recent Stability Law.

The prolonged recession in course continues to have significant effects on the quality of the assets held by credit institutions, to the degree that non-performing loans for banks at the end of November 2015, gross of write-downs, increased by 11% with respect to the same period in 2014, exceeding Euro 201 billion. Non-performing loans held by Italian banks in relation to total loans reached the highest level in twenty years. In fact, compared with loans, gross non-performing loans amount to 10.4% (figure updated November 2015). The Italian Banking Association (ABI) recalls that before the start of the global crisis at the end of 2007, the ratio between gross non-performing loans and total loans was 2.8 percent.

Non-performing loans net of write-downs came to around 88.8 billion in November, up with respect to the 87.2 billion of the previous month. With respect to the same month in the previous year, they increased by around 4 billion (a +4.7% annual increase, but slowing with respect to the +12.2% the year before). The ratio between net non-performing loans/total loans came to 4.89% (4.85% in October).

Similar to non-performing loans, impaired loans, including probable defaults and expired exposures, showed an upward trend of over 2% for the year. The entire amount of impaired loans comes to around Euro 350 billion.

The real estate market saw a decidedly improved situation in the third quarter of 2015, with an 8.4% increase in real estate sales with respect to the same period the previous year. The growth affected all sectors.

In this general situation that was problematic, and with a banking market in turmoil, extraordinary measures are being perfected with the objective of lightening the loads of non-performing loans recognised in the financial statements of credit institutions. The recent agreements reached between the Italian government and the European institutions excluded the establishment of a single bad bank, instead stimulating the establishment of individual securitisation transactions which foresee a public guarantee of securitisation of bank non-performing loans (known as GACS), for "senior" securities (those with lower risk and lower returns) issued by the individual securitisation companies, provided they obtain an adequate rating.

## ASSETS THE BANK

As of 31 October 2015, UniCredit Credit Management Bank S.p.A. changed its name to doBank S.p.A., following the operation to acquire the Bank by Avio S.à r.l., an affiliate of both the American group Fortress Investment Group LLC and of Eurocastle Investment Limited. This determined, as of the same date, the exit of doBank from the UniCredit Banking Group.

At the same time as the cited corporate transaction, doBank signed a ten-year outsourcing contract with UniCredit for loan collection activities for problem loans owned by UniCredit. In December, a similar contract was also signed with UniCredit Leasing.

In particular, doBank will operate in three areas of activity:

- **Servicing**, for credit management;
- **Lending**, for lending activities in a highly specialised sector and together with management of problem loans;
- **Solutions**, to develop innovative solutions to meet the specific needs of customers.

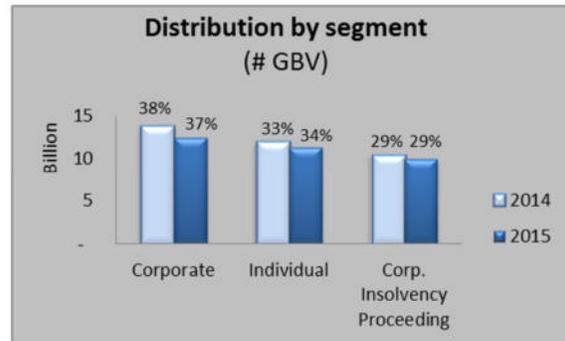
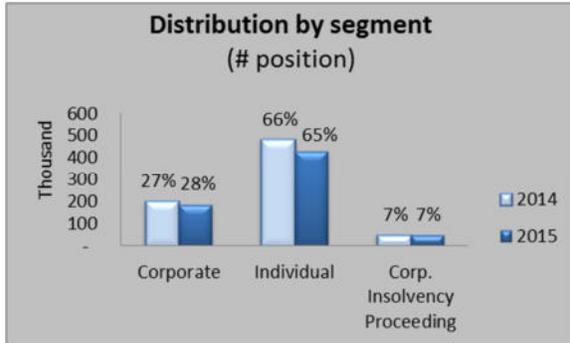
During financial year 2015, management of the portfolios of impaired loans of companies in the UniCredit Group continued, as well as of other banking, financial and commercial companies and for certain securitisations, and an own portfolio coming from previous aggregation transactions deriving from the UniCredit/Capitalia merger.

At the end of 2015, doBank managed a portfolio of around 659 thousand positions (-9.6% with respect to 2014), for an amount of € 45.1 billion (-6.5% with respect to 2014), expressed as the gross contractual value.

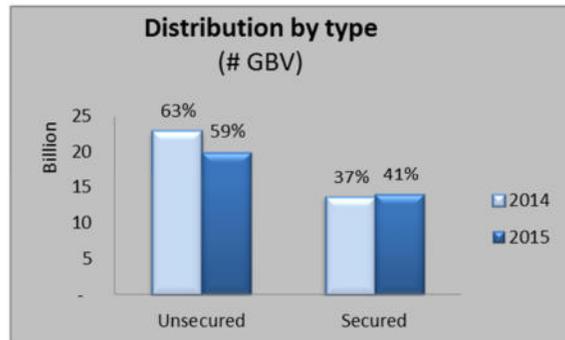
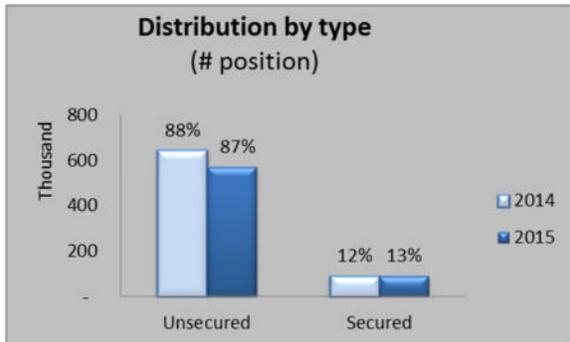
Despite the difficult period, characterised by a negative economic situation, doBank achieved recoveries of around Euro 1.2 billion in 2015.

With reference to only the own portfolio, consisting exclusively of non-performing loans, the financial year ended with 23.8 million in recoveries. Performance in terms of loans closed, calculated with respect to the number open at the start of the year, comes to 18.3%.

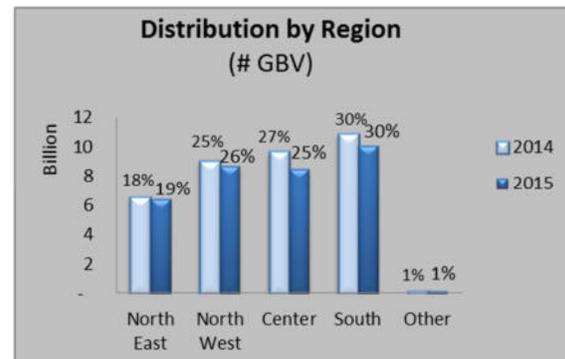
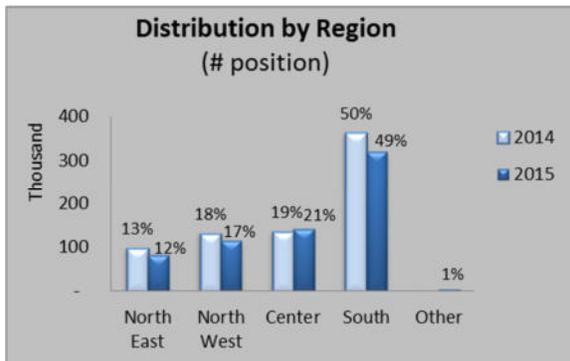
The distribution of the managed portfolio by segments shows the Private sector prevailing, relative to the number of positions (65% of the total), while when referring to amounts, businesses constitute the largest portion, accounting for 37%, thanks to a greater average amount per item. On the other hand, the Proceedings segment accounts for a little over one fourth (29%) of the total portfolio.



Subdivision by type of loan - secured and unsecured - shows the latter strongly prevailing, even if down slightly with respect to 2014.



In terms of location, distribution is mainly concentrated in central and southern Italy.



With reference to costs, and in particular legal expenses for both the own portfolio and those managed through mandate on the account of the UniCredit Group and other principals, the strong commitment to constantly monitor the end-to-end management process continued: from the generation of the expense to accounting and charging the relative costs to the customer, based on a specific process which is mostly automated. Centralisation of legal expenses has continued to generate several positive results, both in organisational and economic terms, such as a reduction in the number of invoices processed and in payment times.

Synergy with the subsidiary doRealEstate S.p.A. continued. (the former UniCredit Credit Management Immobiliare S.p.A.), which provides important support for optimising real estate information regarding positions managed, as well as assisting with real estate auctions.

doBank also continued its activities as Servicer and Auxiliary Servicer (management and recoveries of non-performing loans), as well as Back-Up Servicer (Servicer replacement), and Corporate Services Provider (administrative services management) for certain loan securitisation companies, established pursuant to Law 130/99 (*Special Purpose Vehicle*, SPV). At the end of 2015, doBank is involved, in various roles, with around 30 securitised portfolios.

The excellence of the system established and the continuous improvements and developments made over the years have allowed it to maintain a high level of recognition from ratings agencies which, while awaiting a more extensive assessment to be made in the coming months, have confirmed the respective levels of "RSS1-" and "CSS1-" (FitchRatings) and "Triple Strong" (Standard & Poor's).

During the course of financial year 2015, doBank S.p.A. further developed its activities to grant loans to performing counterparts, not only in regards to legal professionals (lawyers or associated legal firms) that already have a relationship with the bank, for example affiliation, but notably in regards to customers falling into the "consumer" category which, through regular investigation, proposal and resolution in regards of the principle of creditworthiness, medium/long-term loans have been granted in the form of mortgages, with the final goal being the awarding through auction of real estate items subject to enforcement and/or bankruptcy proceedings through the courts. This form of lending service ("auctioned mortgage" product), in turn accompanied by a correlated special current account opened to service the debt through instalment payments, represented a change, given that in the previous year only one loan had been resolved and disbursed, whereas nine were disbursed in 2015.

In addition, during the course of 2015, doBank extending its typical banking activities, even if concentrated in a specialised area, opening over 600 current accounts with professionals, of which around one hundred debtors, and disbursing a number of auctioned mortgages.

In the context of operating processes, in 2015 the UNI EN ISO 9001 certification of management processes was confirmed, also showing excellent results in terms of improving the Quality Management System and operating processes, taking on greater significance in the continuously evolving and changing situation in which doBank finds itself.

## THE INVESTEES

### **doRealEstate S.p.A.**

Following the transaction to acquire the holding doBank by Avio S.à r.l., an affiliate of both the American group Fortress Investment Group LLC and of Eurocastle Investment Limited, on 31 October 2015, UniCredit Credit Management Immobiliare SpA also left the UniCredit Banking Group and consequently changed its name to doReal Estate Spa. The Company's activities were diminished following the demerger of the business unit in favour of UniCredit Spa, which took effect on 01/01/2015 and included 70 real estate properties deriving from acquisitions made prior to 2008 (former Capitalia stock), as well as

properties acquired in 2013 from the company Salone. During 2015, the Group consolidated its development of new products and services aimed at supporting the holding doBank's collection activities, with special focus on processes correlated with increasing participation in auctions, leading to more widespread advertising within the market in relation to opportunities for purchasing the real estate serving as guarantees for loans managed by the Bank through auctions.

The company therefore perfected a complete commercial proposal (working in synergy with doBank's "auctioned mortgage" product), which is associated with a specific and exclusive tag line, "Asta per Te!".

In 2015, the company continued to manage 34 real estate properties that it owns, acquired starting in financial year 2009, including activities to regularise the properties it owns and to progressively increase their security.

#### **Immobiliare Veronica 84 S.r.l. in liquidation**

This company guarantees certain non-performing exposures of the Cecchi Gori Group and is consequently held to repay the relative loans in the non-performing portfolio. This acquisition, which occurred in September 2014 for all of the share capital, is functional to finding a more economically effective solution to dispose of the company's real estate assets, in order to maximise collection of the amount due.

#### **STAFF**

At 31 December 2015, doBank's staff amounted to 618 employees, a decrease of 121 units with respect to 31 December 2014, and mainly female (59%). New hires totalled 9. During the period, a total of 130 employees left, most of which returned to UniCredit as a result of the extraordinary operations indicated in the section below.

As of the reference date, also included 49 employees seconded from other companies within the UniCredit Banking Group which as of 1 January 2016 returned to the original companies.

During the year, around 10,000 training hours were provided (online training, classroom training, streaming, and using the dedicated corporate Web TV channel).

60% of doBank's employees have a degree, mainly in economics/banking or in legal fields.

The total territorial structure of doBank, as at 31 December 2015, includes 14 branches and offices throughout Italy. In addition, there are two Network Banking Solution structures at the Verona and Rome offices, corresponding to 2 bank branches.

In regards to the subsidiary doRealEstate S.p.A., staff at 31 December 2015 amounted to 3 employees, as well as a seconded employee from UniCredit S.p.A.

Immobiliare Veronica 84 S.r.l. in liquidation has no employees.

#### **EXTERNAL NETWORKS**

doBank's external network of professionals consists of around 3,400 professionals who guarantee full coverage of all internal requirements, including around 2,400 professionals for out of court activities (external professionals and credit recovery companies and their employees) and around 1,000 for court-related activities (attorneys, members of the creditor committees, expert witnesses and notaries).

The cooperative relationships with the external professionals is governed by specific agreements and conventions which determine the operation/reporting methods and economic conditions. Case management activities are carried out through a structured digital interface and assignment of the same is done in correlation with predetermined qualitative/quantitative factors, governed algorithmically so as to

ensure out of court and court related activities are carried out by affiliated professionals, with appropriate preparation and subject to constant monitoring (annual rating, quarterly sector analysis and numerous KPIs, some of which determined daily).

## THE COMPANY AS A GOING CONCERN

doBank has determined the existence of adequate economic prospects and the company as a going concern, both of which were confirmed following the transfer by UniCredit of company units to Avio s.à r.l., an affiliate of both the Fortress Group and Eurocastle Investment Limited, effective as of 31 October 2015, as well as the simultaneous stipulation with a services contract with UniCredit, regarding collection of non-performing loans through a mandate, with a duration of ten years, and the execution of a securitisation transaction pursuant to Italian Law 130/99 for the entire portfolio of non-performing loans, to be carried out in the first few months of 2016.

To that end, the results of the operating budget approved for financial year 2016 were taken into account, as well as the forecasts found in the doBank Capital and Economic Plan (Base Scenario) submitted to the Regulator for the 2016 - 2019 period, as well as in the 2016-2020 Business Plan for doRealEstate. Therefore, there are no doubts regarding the supposition of the company as a going concern, which served as the foundation for the preparation of these consolidated financial statements at 31/12/2015.

## RISK MANAGEMENT

In line with the risk-based structure, doBank controls and manages the risks to which it is exposed through methods and processes, for which doBank Risk Management is responsible, in compliance with the prudential supervisory rules. The risk management department is, similar to other analogous departments, permanent and independent and is responsible exclusively for second level controls.

Note that as of 1 January 2014, the new harmonised regulations for credit institutions and investment companies apply, contained in EU Regulation 575/2013 (CRR) and Directive 2013/36/EU (CRD IV) of 26 June 2013, through which the rules defined by the Basel Committee were introduced in the European Union, regarding bank supervision on the subject of capital adequacy (Pillar 1) and public disclosures (Pillar 3) (known as "Basel 3").

The CRR (Capital Requirements Regulation) and the CRD IV (Capital Requirements Directive, the fourth European directive, which updated the minimum equity requirements regulations for European banks) define the new reference regulatory situation in the European Union for banks and investment companies, supplemented by regulatory technical standards (RTS) or implementing technical standards (ITS) approved by the European Union upon a proposal by the European Supervisory Authorities, which implement the first level EU regulations and are binding in terms of harmonised prudential notifications for banks and investment companies (known as COREP - Common Reporting Framework).

In order to adapt regulatory notifications of banks and brokerage companies to the changes in the European framework (COREP), in December 2013 the Bank of Italy issued Circular no. 286, regarding the regulations on prudential supervisory notifications applying to banks and brokerage companies. Circular no. 286 has 2 parts: the first translates the cited ITS based on the methods of the matrix currently adopted for regulatory notifications; the second part - which applies solely to banks and banking groups - governs non-harmonised notifications required on the basis of national regulations, pursuant to articles 51 and 66 of the Consolidated Law on Banking.

Specifically, the Circular defines the notification frameworks regarding:

- 1) harmonised notifications: own funds, credit and counterparty risk, market risks, operating risk, significant exposures, recognition of mortgage losses, comprehensive capital position, monitoring of liquidity, and financial leverage;

- 2) non-harmonised notifications: related parties (additional information with respect to that foreseen under COREP).

With particular reference to the indications regarding quantification of credit risk, for more details please refer to PART E, noting that as of 31/12/2015 the sole supervised intermediary within the scope of these consolidated financial statements is the holding bank, doBank S.p.A., and that therefore, all information relative to prudential supervisory information refers to the individual financial statements of the same.

In regards to credit risk, we note that, with respect to the previous financial year, the biggest change is represented by the abandonment of the advanced AIRB methodology in favour of the simplified Standardised model. This can be attributed to doBank's leaving the UniCredit Banking Group, effective on 31 October 2015.

Therefore, the entire loan portfolio, whether impaired or non-impaired, secured or unsecured, was measured using the Standard method, which was also applied to residual items in the consolidated financial statement assets, determining the recognition of 357.8 million in RWA.

In order to calculate operating risk capital, doBank adopted the following methods:

- basic indicator approach for prior to 2009;
- subsequent to approval by the Bank of Italy, the advanced method (AMA - Advanced Measurement Approach), from 2009 - 2011;
- from 2011 until the date the Bank was sold, 31/10/2015, the "partial use" method, that is the basic indicator approach, for the incorporated portion of Aspra Finance S.p.A. and the advanced measurement approach for the part pertaining to the former UniCredit CMB;
- as of 01/11/2015, the Basic Indicator Approach (BIA) method.

The requirement, calculated in this way at 31/12/2015, indicated risk capital of 20.8 million.

In July 2015, with prior consent from the future purchaser Avio S.à.r.l., the Board of Directors of the holding doBank began a project to restructure the Corporate Control Functions, given that some of these activities were carried out by UniCredit S.p.A. The scope of the initiative involved the Internal Audit, Compliance, Anti-Money Laundering (AML), Risk Management, Planning, and Accounting & Finance departments.

This initiative, with the assistance and guidance of the consulting company, had the primary objective of defining an organisational structure in line with the supervisory regulations introduced by Bank of Italy, able to make the cited corporate control functions autonomous and independent in carrying out their responsibilities, from the start of doBank's activities, as well as identifying any existing gaps so as to ensure effective and efficient implementation of a fully functional system. This project also defined the operational model and operational targets for the doBank corporate control functions, in line with best market practices and the regulatory requirements in effect. Implementation of this model occurred in November 2015, with the identification and appointment of the management figures responsible for the individual corporate control functions.

## CORPORATE GOVERNANCE

Shares of the holding doBank, effective 31/10/2015, were transferred by UniCredit to Avio S.à r.l., operating under Luxembourg law, part of both the Fortress Group and of Eurocastle Investment Limited, which now holds 98% of the share capital. The remaining 2%, consisting of 175,000 treasury shares, valued at cost, for a total of Euro 277,165.20, is held by the Bank itself.

The new shareholder, in contrast to the previous shareholder UniCredit, does not exercise, either directly or through other companies within the Fortress Group or Eurocastle Investment, any management or coordination activities pursuant to articles 2497 and subsequent of the Italian Civil Code.

doBank, as of the aforementioned 31/10/2015, continues to exercise, in regards to its direct subsidiaries, management and coordination as foreseen in the cited regulation.

## RESEARCH AND DEVELOPMENT

doBank and its subsidiaries did not carry out any research or development activities in 2015.

## CONSOLIDATED BALANCE SHEET

For the purposes of reading the balance sheet, with reference to the consolidated financial statements, we note that, following the partial demerger transaction towards UniCredit S.p.A. by doBank and doRealEstate, which took legal effect on 23 December 2014, but economic effect on 01/01/2015, the balance sheet figures at 31/12/2014 were reclassified and indicated, in compliance with that established in international accounting standard IFRS 5 which governs the treatment of "Non-current assets held for sale and operating activities transferred" in financial statements.

This representation foresaw the aggregation of all assets and liabilities relative to the definitive demerger perimeter in the two balance sheet items relative to "Non-current assets and disposal groups classified as held for sale" and "Liabilities included in disposal groups classified as held for sale", therefore adjusting all the regular items within the assets and liabilities based on the situation after the demerger towards the former parent UniCredit S.p.A., as at 01/01/2015. The reclassification did not involve the income statement for the company and hence, also did not involve this consolidated income statement.

Below is the consolidated Balance Sheet, which shows the figures at 31/12/2015 compared with the figures at 31/12/2014. The values are expressed in millions of Euro.

ASSETS	12/31/2015	12/31/2014	Change	
			Amount	%
40 AVAILABLE-FOR-SALE FINANCIAL ASSETS	1.9	1.9	-	
60 LOANS AND RECEIVABLES WITH BANKS	17.0	407.9	(390.9)	-95.8%
70 LOANS AND RECEIVABLES WITH CUSTOMERS	166.7	459.5	(292.8)	-63.7%
130 INTANGIBLE ASSETS		0.1	(0.1)	-100.0%
140 TAX ASSETS	189.3	126.5	62.8	49.6%
a) current	8.5	20.5	(12.0)	-58.5%
b) deferred	180.8	106.0	74.8	70.6%
<i>of which for purposes of Law 214/2011</i>	118.0	98.2	19.8	20.2%
150 NON-CURRENT ASSETS AND GROUPS CLASSIFIED AS HELD FOR SALE		1,903.4	(1,903.4)	-100.0%
160 OTHER ASSETS	43.3	56.2	(12.9)	-23.0%
<b>TOTAL ASSETS</b>	<b>418.2</b>	<b>2,955.5</b>	<b>(2,537.3)</b>	<b>-85.9%</b>

LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2015	12/31/2014	Change	
			Amount	%
10 DEPOSITS FROM BANKS	4.40	1.50	2.9	ns
20 DEPOSITS FROM CUSTOMERS	181.80	6.60	175.2	n.s.
80 TAX LIABILITIES	0.30	10.40	(10.1)	-97.1%
b) deferred	0.30	10.40	(10.1)	-97.1%
90 LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE		129.00	(129.0)	-100.0%
100 OTHER LIABILITIES	36.40	47.90	(11.5)	-24.0%
110 PROVISION FOR EMPLOYEE SEVERANCE PAY	4.60	7.60	(3.0)	-39.5%
120 PROVISION FOR RISKS AND CHARGES	31.50	28.10	3.4	12.1%
b) other provisions	31.50	28.10	3.4	12.1%
140 REVALUATION RESERVES	1.00	0.50	0.5	100.0%
170 RESERVES	284.30	2,708.70	(2,424.4)	-89.5%
190 SHARE CAPITAL	41.30	41.30	-	
200 TREASURY SHARES (-)	(0.3)	(0.3)	-	
210 UTILE (PERDITA) D'ESERCIZIO (+/-)	(167.1)	(25.8)	(141.3)	-547.7%
<b>TOTALE DEL PASSIVO E DEL PATRIMONIO NETTO</b>	<b>418.2</b>	<b>2,955.5</b>	<b>(2,537.3)</b>	<b>-85.9%</b>

Below the main changes are shown as seen in the consolidated balance sheet figures during financial year 2015.

## Assets

The item Available-for-sale Financial Assets, which at 31 December 2014 included only securities deriving from the Aurora SPV securitisation transaction, was affected during the year by the purchase of a government security (BOT) for 0.3 million, carried out in order to meet the new European supervisory requirement in terms of liquidity - the Liquidity Coverage Ratio (LCR) - which took effect on 01 October 2015 and became applicable to the Bank following its exit from the UniCredit Group, as the waiver foreseen in article 8, section 2 of EU Regulation no. 575/2013 (CRR) no longer applies<sup>1</sup>. The Aurora SPV securitisation securities, measured at fair value, were redeemed during the financial year for a total of 0.9 million, with Tranches A and A2 consequently extinguished. With respect to 31/12/2014, the fair value measurement of the residual tranche B was overall positive, totalling 0.5 million, following improved hypotheses of receipts coming from the underlying portfolio.

The item Loans and Receivables with Banks includes liquidity available in current accounts held with credit institutions. The significant reduction with respect to 2014 can be traced to the distribution of an extraordinary dividend to the former parent UniCredit by doBank at the time the shares of the Bank were transferred to the new shareholder Avio S.à r.l.

The item Loans and Receivables with Customers mainly includes the residual portfolio of doBank's non-performing loans coming from acquisition transactions pursuant to article 58 of the TUB, carried out by the incorporated Aspra Finance S.p.A, mainly in 2008, with a company in the UniCredit Group, regarding the legal relationships connected to non-performing/restructured positions in existence at the disposal date. These transactions, occurring with "under common control" entities were recognised on the basis of that suggested in the "Assirevi preliminary observations on IFRS (OPI 1)", with reference to transactions to purchase and transfer business units. As these were "transactions without a significant influence, in regards to the group, on future cash flows from the transferred assets", the "continuity of value" principle was applied, recognising the net values of loans found in the financial statements of the transferring company and indicating the difference between the net book value of the receivables acquired and the price paid in a specific Shareholders' equity reserve, which at 31/12/2014 amounted to 490.4 million, net of deferred tax liabilities, residual at 21 million.

Following doBank's exit from the scope of the UniCredit Group, effective on 31/10/2015, the value at which the residual portfolio was recognised in the financial statements was changed, aligning the carrying amounts to the tax values, corresponding to the residual purchase prices, and eliminating as a counter entry the residual value of the cited Reserve and corresponding deferred tax liabilities.

In addition, the item as a whole decreased notably (-63.7%), mainly as a consequence of the realignment of expectations of recovery coming from the non-performing portfolio, subject of the upcoming securitisation transaction pursuant to Italian Law 130/99, to be carried out in the initial months of 2016. The relative expected sales price, reflected in the financial statement amount, is in line with the value attributed to said asset by the new shareholder when doBank was acquired.

The total coverage ratio for the non-performing loan portfolio reached 79.5%, and 88.9% when considering struck loans.

Finally, the item includes 1.2 million of receivables classified as "performing", which in particular include the initial disbursements of the "auctioned mortgages" product.

---

<sup>1</sup> Based on that foreseen in Bank of Italy Circular no. 285, in implementation of article 8, section 2 of EU Regulation no. 575/2013 (CRR), for Italian banks belonging to banking groups, monitoring of liquidity risk is derogated on an individual basis, as solely the parent companies of banking groups are required to respect the provisions on a consolidated basis.

Current tax assets, which indicate the balance deriving from the excess amounts in IRAP (regional business tax) and IRES advances made with respect to the determination of current taxes for the period, decreased with respect to 31/12/2014, due to the liquidation of the residual credit by the former parent UniCredit S.p.A., for tax consolidation.

The item deferred tax assets includes residual tax assets from temporary differences. This component derives in large part from the impact of net write-downs on loans, which for tax purposes were postponed to subsequent years. Note that article 16 of Italian Decree Law no. 83 of 27/06/2015 introduced a new form of deductibility for write-downs on receivables with a measurement aspect, which reformulates the consequences of reversals of previous deferred tax assets. With special reference to financial year 2015, the law established a suspension of the recovery of the fractions (18ths or 5ths) allocated in previous financial years, carrying them forward and transforming them into constant rates over the subsequent 10 financial years. The item also includes 53.9 million in deferred tax assets, recognised based on tax losses for the current financial year.

At 31/12/2015, the item Non-current assets and disposal groups classified as held for sale was entirely eliminated, following the completion of the partial demerger transaction with UniCredit S.p.A. At 31/12/2014, the item included financial statement assets included in the partial demerger, as they were considered to no longer be strategic for doBank or doRealEstate.

Other Assets mainly includes receivables due from principals for services rendered (25.9 million), the properties of Immobiliare Veronica 84 S.r.l. in liquidation (10.6 million) and of doRealEstate (1.4 million), tax items (3.5 million), and other items of various types. The decrease in the item with respect to 31/12/2014 is mainly due to the receipt of receivables pertaining to expired invoices which occurred in the meantime, thanks to collection activities. This item, with reference to the amounts at 31/12/2015, also includes the reclassification of an item for 1.1 million (mainly coming from Other Liabilities and Provisions for Risks and Charges), which adjusts items from the assets for which it was held that recovery was not certain.

## Liabilities

Deposits from banks includes 2.9 million for a credit line granted to doRealEstate by UniCredit S.p.A. dedicated to repossession and friendly repossession activities, and 1.4 million for a payable of the subsidiary in liquidation due to BNL, originally opened to purchase certain properties owned by the Cecchi Gori Group.

Deposits from customers at 31/12/2015 included 6.6 million for current accounts and demand deposits, with the balance substantially in line with the figure at the end of 2014. The item also includes 175.1 million relative to a loan pertaining to doBank originally issued by the previous shareholder UniCredit in October 2015, in order to allow for liquidation of the extraordinary dividend. The new shareholder Avio subsequently took over this loan as creditor, at the time it purchased the equity shares in the company which were then sold in equal parts to Siena Holdco and Verona Holdco, respectively affiliated with the Fortress Group and Eurocastle Investment Limited.

Deferred tax liabilities at 31/12/2014 included tax expense deriving from the residual differential, net of changes during the period, between the value of the residual receivables recognised in the financial statements on the basis of the "continuity of value" accounting principle and the relative value recognised for tax purposes. The transfer of doBank to outside of the UniCredit Group, effective as of 31/10/2015, meant that the requirements were no longer met that allowed receivables to be kept in the financial statements at constant values with respect to the original transferring parties and this originated said tax liabilities. The alignment of the values of the receivables to the residual purchase price, and the write-backs of their recognition in the financial statements on a fair value basis also created other accounting

effects, including the cancellation of the deferred tax component. At 31/12/2015, deferred tax liabilities calculated for the valuation reserve on assets available for sale remained.

At 31/12/2015, the item Liabilities included in disposal groups classified as held for sale was entirely eliminated, following the completion of the partial demerger transaction with UniCredit S.p.A., effective as of 01/01/2015.

The item Other Liabilities mainly includes payables due to suppliers for invoices received and not yet paid and for invoices to be received (21.7 million), liabilities of investee companies (4.8 million), allocations relative to employees and seconded employees (1.8 million), payments from consortia guaranteeing loans in the portfolio (0.7 million), as well as other residual items of various types. 0.5 million in liabilities were reclassified, related to the adjustment of the item "Other Assets", for which it was held that recovery was not certain.

The item Provisions for Risks and Charges includes the value of provisions against disputes connected with doBank's core business and that of its subsidiaries: the provision for disputes (15.0 million), provision to pay legal expense (0.6 million), allocations made against risks for which legal cases are not active at the moment (5.7 million), provisions established for expenses relative to personnel (8.2 million), provisions established against liquidation costs (1.8 million), and provisions for costs associated with activities aimed at regularising the urban planning and cadastral status of properties (0.2 million). 0.6 million in adjustments for the item "Other Assets" were reclassified, for provisions associated with non-expensed disbursements for which recovery was not virtually certain. The total increase in the item (+3.4 million) with respect to 31/12/2014 mainly derives from new allocations to provisions for risks not active in the courts.

Valuation reserves amounted to 1.0 million, up by 0.5 million with respect to 31/12/2014, mainly due to the increase in the positive reserve pertaining to Available for sale financial assets.

In regards to the other Reserves, the notable decrease with respect to the end of 2014 (-2,424.3 million) derives from a series of changes which occurred during the financial year, summarised below:

- retained 2014 losses (25.8 million);
- extraordinary business unit demerger transaction, effective on 01/01/2015; reduction in reserves amounting to 1,770.4 million for doBank and 3.5 million for doReal Estate;
- shareholders' meeting resolution of 28 October 2015; distribution of an extraordinary dividend to UniCredit S.p.A. for 594.0 million;
- operation to align balances from the former Aspra Finance non-performing loan portfolio to the residual purchase price, which occurred in November 2015 pursuant to the exit from the UniCredit Group, which led to the elimination of the residual discount reserves from the transfer "Reserve from Aspra merger - Reserve for purchase of UCC receivables" for 27.1 million.
- decrease in consolidation reserves for 3.5 million.

Consolidated own funds, after attribution of the losses for the period, therefore amounted to 326.3 million.

## CONSOLIDATED INCOME STATEMENT

Below is the reclassified consolidated income statement. Amounts are indicated in millions of Euro. Attached to this section is a table reconciling it with the consolidated statutory income statement schedule.

ITEMS	YEAR				Change	
	2015	2014	Importo		%	
<b>Net Interest</b>	<b>0.8</b>	<b>8.3</b>	<b>(7.5)</b>		<b>-90.4%</b>	
Fee and Commission Income	80.9	75.8	5.1		6.7%	
Fee and Commission Expense	(11.0)	(11.3)	0.3		2.7%	
Other net Operating Income/expenses	18.4	83.6	(65.2)		-78.0%	
<b>Operating Income</b>	<b>89.1</b>	<b>156.4</b>	<b>(67.3)</b>		<b>-43.0%</b>	
Payroll costs	(46.5)	(49.6)	3.1		6.3%	
Other administrative expenses	(46.5)	(58.4)	11.9		20.4%	
Other Operating Income - Recovery of expenses	5.4	39.5	(34.1)		-86.3%	
Amortisation depreciation and impairment losses on intangible and tangible assets	-	(0.1)	0.1		100.0%	
<b>Operating costs</b>	<b>(87.6)</b>	<b>(68.6)</b>	<b>(19.0)</b>		<b>-27.7%</b>	
<b>Operating Profit (Loss) - EBITDA</b>	<b>1.5</b>	<b>87.8</b>	<b>(86.3)</b>		<b>-98.3%</b>	
Net Provisions for risks and charges	(4.1)	(1.1)	(3.0)		n.s.	
Net Write-downs of loans	(240.4)	(125.0)	(115.4)		n.s.	
Net income (losses) from investments	-	(0.9)	0.9		100.0%	
<b>Profit (Loss) before tax - EBIT</b>	<b>(243.0)</b>	<b>(39.2)</b>	<b>(203.8)</b>		<b>n.s.</b>	
Income tax for the year	75.9	13.4	63		n.s.	
<b>Net Profit (Loss) attributable to the Group</b>	<b>(167.1)</b>	<b>(25.8)</b>	<b>(141)</b>		<b>n.s.</b>	

COST / INCOME RATIO (%)	2015	2014
	98.3%	43.9%

Net interest income, which at 31/12/2015 came to 0.8 million, was significantly down with respect to the same period in the previous financial year (-90.4%). This consists of 0.6 million from interest on arrears collected during the period, down by 4.4 million with respect to the previous period, following the elimination of a large part of the own portfolio, and 0.3 million from interest on liquid investments, also down significantly with respect to 2014, due to both lower average amounts invested and the notable decrease in interest rates paid on said investments.

Fee and commission income was up by 6.7% with respect to the same period in the previous financial year, above all due to the effects of the Arena NPL One mandate (doBank self-securitisation, transferred to UniCredit on 01/01/2015) which had a total impact of 12.4 million. The item was also positively affected, although to a much lesser extent, by the application of the new commission structure, starting in November 2015, to the loan collection mandate contract signed with UniCredit.

Fee and commission expense shows an improvement, albeit slight (+0.3 million), with respect to the same period in the previous financial year.

Other net operating income, amounting to 18.4 million, was notably lower than in the previous financial year, mainly due to the effect of the one-off aspect of 2014 (amounting to € 72.5 million) relative to the indemnity requested from the former parent UniCredit against losses suffered from the definition of positions held to be uncollectable due to a lack of documentation. The item includes 9.6 million for income deriving from a transaction completed in regards to a payable recognised by the subsidiary Immobiliare Veronica 84 S.r.l., in liquidation.

Operating income therefore reached 89.1 million.

Payroll expense, at 46.5 million, was down with respect to the previous period (-6.3%). The benefit was for the most part connected to the reduction in staff following both the inclusion of 34 FTEs in the area transferred to UniCredit in the demerger at the start of the year, as well as the transfer of around 80 FTEs to UniCredit at 31/10/2015.

Other administrative expenses amount to a total of 46.5 million, including structural costs and legal expenses sustained for credit recovery activities. Note a 20.4% improvement with respect to the same period in the previous financial year, mainly due to lower legal expenses following a reduction in the own portfolio managed, partially compensated for by certain increases in costs relative to IT expense and administrative outsourcing. In addition, the item includes, for € 3.5 million, the ordinary and extraordinary amounts paid to the National Resolution Fund, established following Italian Legislative Decree no. 180/2015, which implemented European Directive 59/2014, creating a structure to restore and resolve credit institutions.

The above-cited decrease in legal expense also had an impact on Other operating income - recovery of expenses, which mainly includes recovery of expenses from debtors pertaining to costs suffered for legal expenses and which at the end of 2015 amounted to 5.4 million, indicating a 86.3% decrease with respect to the previous financial year. It should also be emphasised that said components weighing down debtor positions were entirely adjusted, as also illustrated in the comment on the item "Net Write-downs of loans", as it is prudentially held that said events do not, in and of themselves, modify the presumable realisable value taken as the basis for measurement of loans.

Operating profit (EBIT) was positive at 1.5 million, and cost/income came to 98.3%, worse with respect to the same period in the previous financial year.

The item "Net Provisions for Risks and Charges" had a negative balance for the period of 4.1 million, due to allocations carried out during the course of the year for legal disputes, disputes with employees and out-of-court disputes, net of time value effects and changes in discount rates connected to discounting of predicted outlay values.

"Net write-downs of loans", which also includes profits and losses from the disposal of loans in item 100, shows a negative amount of 240.4 million, and consists of write-downs on loans totalling 255.6 million (including write-downs against increased legal expenses), losses on loans for 1.2 million, write-backs from receipts in excess of the certain result including recoveries on struck off positions and gains on disposal, but exclusive of interest on arrears, for 16.4 million. Among the events which had a significant impact on the period, we note:

- the accounting alignment of the values to the residual purchase price, following the Bank's transfer to outside of the UniCredit Group, meaning that the requirements were no longer met that allowed receivables to be kept in the financial statements at constant values with respect to the original transferring parties. This transaction led to a 34.0 million reduction in the value of the receivables;
- the adjustment of the measurement of the portfolio of loans subject to future securitisation to the value attributed to the same by the new shareholder Avio S.à r.l. at the time the shares in the Bank were acquired from UniCredit. This new value led to write-downs for 223.2 million.

Income tax for the year amounted to a positive 75.9 million and included 53.9 million in deferred taxes recognised on tax losses for the financial year and 23.9 million for deferred taxes recognised on temporary differences arising during the year. In relation to said component, note that the previously mentioned article 16 of Italian Decree Law no. 83 of 27/06/2015 reformulated reversals of previous deferred tax assets, as well as introducing new criteria for the deductibility of write-downs on loans. These changes also had an effect on the quantification of taxes for the period, which make comparison with the same period of the previous financial year difficult.

Financial year 2015 saw a net loss of 167.1 million attributable to the Group.

## RECONCILIATION OF THE PARENT COMPANY'S ACCOUNTS TO THE CONSOLIDATED ACCOUNTS

The table that follows shows reconciliation between the shareholders' equity and net profit for doBank and the corresponding figures at the consolidated level.

	(€/million)		
	Shareholders' Equity before result	Net profit (loss)	Shareholder s' Equity
<b>Balance as at December 31, 2015 as per doBank S.p.A. Accounts</b>	355.6	(188.6)	167.0
<u>Elimination of the value of consolidated investments in associates:</u>			
- Surplus (minus) over the carrying values of consolidated subsidiaries	(142.0)		(142.0) (1)
- Net profit (loss) of consolidated subsidiaries		9.4 (2)	9.4
<u>Other reclassifications on consolidation</u>	112.7	12.1	124.8 (3)
<b>Balance as at December 31, 2015 attributable to the group</b>	<b>326.3</b>	<b>(167.1)</b>	<b>159.2</b>

Note 1 - The amount represents the difference between the book value and the value of the shareholders' equity of the investee companies, broken down as follows:

- . Immobiliare Veronica            -138 million
- . doReal Estate                    -4 million

Note 2 - The amount represents the value of the 2015 results of the investee companies, in particular for Immobiliare Veronica the positive contribution of 10.6 million is due to the recognition of an extraordinary item relative to the settlement of a payable of the company, while for doReal Estate it involves a loss for 1.2 million.

Note 3 - The amount represents other reclassifications on consolidation, mainly due to the annulment of the adjusted provision for receivables held by doBank and guaranteed by the investee.

## TREASURY SHARES AND HOLDING SHARES

We note that during the period none of the holding's shares in the holding were purchased, sold or held in the portfolio, either directly or through a trust or a proxy.

At 31 December 2015, there were 175,000 treasury shares in the portfolio with a nominal value of Euro 903,000, equal to 2.2% of total share capital. Their carrying value was Euro 277 thousand. They are recognised in the financial statements directly reducing shareholders' equity in item "200. Treasury shares." The item "170. Reserves" includes the envisaged equity reserve of the same amount.

## SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

After the end of the financial year, no events occurred which require adjusting the figures presented in the financial statements at 31 December 2015.

## BUSINESS OUTLOOK

doBank and doRealEstate will continue to operate, developing a strong commitment to commercial development, aimed at maximising the net economic contribution deriving from credit collection servicing activities provided to third parties, an increase in the volumes of banking products and strengthening the accessory services provided to customers, also in the context of securitisation transactions. These commitments are also reflected in the doBank Capital and Economic Plan for 2016 - 2019 and the 2016-2020 doReal Estate Business Plan. As already indicated previously in this report, a securitisation transaction will be carried out in 2016, pursuant to Law 130/99, relative to the entire non-performing portfolio.

## OTHER INFORMATION

As foreseen in the regulations ( Bank of Italy Circular no. 285 of 17 December 2013, as amended), we note that the public disclosure (Tier III of Basel II) will be published on doBank S.p.A.'s website ([www.dobank.com](http://www.dobank.com)).

Verona - March 2, 2016

On the basis of the authority granted on March 2, 2016 by the Chairman of the Board, it integrates the information provided with the following element:

- On March 9, 2016 doBank received by the Bank of Italy the communication of the inscription of the "Banking Group doBank" in the Register of Banking Groups under art. 64 of the law "TUB – The Banking Act".

Group members are:

- doBank S.p.A., the parent company;
- doRealEstate S.p.A., an instrumental company.

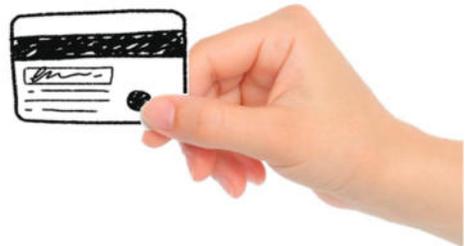
- On March 7, 2016 doBank received new Financial Statements by the subsidiary Immobiliare Veronica 84 in liquidation including an adjustment to the net result that changed from 10,6 million to 8,6 million. The difference is not deemed relevant for the purpose of determining the consolidated net result.

# Consolidated Accounts

**Servicing**

**Lending**

**Solutions**



## Consolidated Balance Sheet

	(€/000)	
ASSETS	12/31/2015	12/31/2014
10 CASH AND CASH EQUIVALENTS	1	2
40 FINANCIAL ASSETS AVAILABLE FOR SALE	1,878	1,923
60 DUE FROM BANKS	17,032	407,863
70 DUE FROM CUSTOMERS	166,668	459,504
120 PROPERTY, PLANT AND EQUIPMENT	24	8
130 INTANGIBLE ASSETS	47	72
140 TAX ASSETS	189,344	126,455
a) current	8,503	20,495
b) deferred	180,841	105,960
<i>of which pursuant to Law 214/2011</i>	117,976	98,206
150 NON-CURRENT ASSETS AND GROUPS OF ASSETS HELD FOR SALE	-	1,903,430
160 OTHER ASSETS	43,217	56,256
<b>TOTAL ASSETS</b>	<b>418,211</b>	<b>2,955,513</b>
LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2015	12/31/2014
10 DEPOSIT FROM BANKS	4,407	1,454
20 DEPOSIT FROM CUSTOMERS	181,760	6,621
80 TAX LIABILITIES	317	10,436
b) deferred	317	10,436
90 LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	-	128,988
100 OTHER LIABILITIES	36,419	47,837
110 TERMINATION BENEFITS	4,629	7,614
120 PROVISION FOR RISKS AND CHARGES	31,494	28,095
b) other provisions	31,494	28,095
140 REVALUATION RESERVES	1,027	539
170 RESERVES	284,267	2,708,733
190 EQUITY	41,280	41,280
200 TREASURY SHARES (-)	(277)	(277)
220 PROFIT (LOSS) FOR THE FINANCIAL YEAR (+/-)	(167,112)	(25,807)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>418,211</b>	<b>2,955,513</b>

## Consolidated Income Statement

	(€/000)	
ITEMS	12/31/2015	12/31/2014
10 INTEREST INCOME AND SIMILAR REVENUES	1,037	8,518
20 INTEREST EXPENSES AND SIMILAR CHARGES	(191)	(221)
<b>30 NET INTEREST INCOME</b>	<b>846</b>	<b>8,297</b>
40 FEE AND COMMISSION INCOME	80,907	75,759
50 FEE AND COMMISSION EXPENSE	(10,955)	(11,261)
<b>60 NET FEE AND COMMISSIONS</b>	<b>69,952</b>	<b>64,498</b>
100 GAINS (LOSSES) ON DISPOSAL AND REPURCHASE OF:		
- LOANS	(19)	(1,094)
<b>120 OPERATING INCOME</b>	<b>70,779</b>	<b>71,701</b>
130 NET LOSSES/RECOVERIES ON IMPAIRMENT:		
- LOANS	(240,425)	(123,860)
- OTHER FINANCIAL ASSETS	-	(30)
<b>140 NET PROFIT FROM FINANCIAL ACTIVITIES</b>	<b>(169,646)</b>	<b>(52,159)</b>
180 ADMINISTRATIVE COSTS:		
180a - STAFF EXPENSES	(93,005)	(108,038)
180b - OTHER ADMINISTRATIVE EXPENSES	(46,495)	(49,617)
190 NET PROVISIONS FOR RISKS AND CHARGES	(46,510)	(58,421)
200 IMPAIRMENT/WRITE-BACKS ON PROPERTY, PLANT AND EQUIPMENT	(4,120)	(1,101)
210 IMPAIRMENT/WRITE-BACKS ON INTANGIBLE ASSETS	(4)	(8)
220 OTHER NET OPERATING INCOME	(37)	(100)
<b>230 OPERATING COSTS</b>	<b>23,800</b>	<b>123,180</b>
240 PROFIT (LOSS) OF ASSOCIATES	(73,366)	13,933
<b>280 TOTAL PROFIT OR LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(243,012)</b>	<b>(39,076)</b>
290 TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM CONTINUING OPERATIONS	75,900	13,269
<b>300 TOTAL PROFIT OR LOSS AFTER TAX FROM CONTINUING OPERATIONS</b>	<b>(167,112)</b>	<b>(25,807)</b>
<b>320 NET PROFIT OR LOSS FOR THE YEAR</b>	<b>(167,112)</b>	<b>(25,807)</b>
330 MINORITIES	-	-
<b>340 PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY</b>	<b>(167,112)</b>	<b>(25,807)</b>

## Consolidated Statement of comprehensive income

	(€/000)	
ITEMS	12/31/2015	12/31/2014
<b>10. Net profit (loss) for the year</b>	<b>(167,112)</b>	<b>(25,807)</b>
<b>Other comprehensive income not reclassified to profit or loss</b>		
20. Property, plant and equipment		
30. Intangible assets		
40. Defined-benefit plans	116	(556)
50. Non-current assets classified as held for sale		
60. Proportion of equity investment valuation reserve carried at equity		
<b>Other comprehensive income after tax that may be reclassified to profit or loss</b>		
70. Hedges of foreign investment		
80. Exchange rate differences		
90. Cash flow hedges		
100. Available for sale financial assets	339	277
110. Non-current assets held for sale		
120. Valuation reserves from investments accounted for using the equity method		
<b>130. Total other comprehensive income after tax</b>	<b>455</b>	<b>(279)</b>
<b>140. Comprehensive income (item 10 + 130)</b>	<b>(166,657)</b>	<b>(26,086)</b>
150. Consolidated comprehensive income attributable to minorities	-	-
<b>160. Consolidated comprehensive income attributable to Parent Company</b>	<b>(166,657)</b>	<b>(26,086)</b>



## Consolidated Cash Flow Statement (indirect method)

	(€/000)	
	12/31/2015	12/31/2014
<b>A. Operating activities</b>		
<b>1. Operations:</b>	<b>(18,724)</b>	<b>(118,174)</b>
- Profit (loss) for the period (+/-)	(179,153)	(65,830)
- capital gains/losses on financial assets/liabilities held for trading and on assets/liabilities designed at fair through profit and loss (+/-)	-	-
- Capital gains/losses on hedging operations (+/-)	-	-
- Net losses/recoveries on impairment (+/-)	242,179	72,764
- Net write-offs/write-backs on tangible and intangible assets (+/-)	41	74
- Provisions and other income/expenses (+/-)	4,739	6,116
- Unpaid taxes and tax credits (+)	(76,206)	(128,719)
- Impairment/write-backs on discontinued operations, net of tax	-	(303)
- Other adjustments (+/-)	(10,324)	(2,276)
<b>2. Liquidity provided/used by financial assets:</b>	<b>475,100</b>	<b>192,399</b>
- Financial assets held for trading	-	-
- Financial assets at fair value	-	-
- Available-for-sale financial assets	512	(217)
- Loans and receivables with banks: on demand	66,277	(63,980)
- Loans and receivables with banks: other receivables	324,543	(78,069)
- Loans and receivables with customers	35,765	170,300
- Other assets	48,003	164,365
<b>3. Liquidity provided/used by financial liabilities:</b>	<b>137,656</b>	<b>(74,156)</b>
- Deposits from banks: on demand	(91)	(5,951)
- Deposits from banks: other liabilities	-	-
- Deposits from customers	175,140	4,312
- Debt certificates including bonds	-	-
- Financial liabilities held for trading	-	-
- Financial liabilities designated at fair value	-	-
- Other liabilities	(37,393)	(72,517)
<b>Net liquidity provided/used by operations</b>	<b>594,032</b> A	<b>69</b> A
<b>B. Investment activities</b>		
<b>1. Liquidity provided by:</b>	-	-
- Sales of equity investments	-	-
- Collected dividends on equity investments	-	-
- Sales of financial assets held to maturity	-	-
- Sales of tangible assets	-	-
- Sales of intangible assets	-	-
- Sales of divisions	-	-
<b>2. Liquidity used by:</b>	<b>(33)</b>	<b>(69)</b>
- Purchases of equity investments	-	-
- Purchases of financial assets held to maturity	-	-
- Purchases of tangible assets	(20)	(1)
- Purchases of intangible assets	(13)	(68)
- Purchase of divisions	-	-
<b>Net liquidity provided/used by investment activities</b>	<b>(33)</b> B	<b>(69)</b> B
<b>C. Funding activities</b>		
- Issue/purchase of treasury shares	-	-
- Issue/purchase of equity instruments	-	-
- Distribution of dividends and other scopes	(594,000)	-
<b>Net liquidity provided/used by funding activities</b>	<b>(594,000)</b> C	<b>-</b> C
<b>Net liquidity provided/used in the financial year</b>	<b>(1)</b> D	<b>-</b> D
(+) generated		
(-) absorbed		
	<b>D = A +/- B +/- C</b>	<b>D = A +/- B +/- C</b>

## Reconciliation

	12/31/2015	12/31/2014
<b>Balance sheet items</b>		
Cash and cash equivalents at start of period	291	2
Total net liquidity provided/used in financial year	(291)	-
Cash and cash equivalents: effect of variations in exchange rates		
<b>Cash and liquid assets at end of period</b>		<b>2</b>

# Notes to the Consolidated Accounts

**Servicing**

**Lending**

**Solutions**



## Notes to the Consolidated Accounts

**Part A) Accounting Policies**

**Part B) Consolidated Balance Sheet**

**Part C) Consolidated Income Statement**

**Part D) Consolidated Comprehensive Income**

**Part E) Risks and Hedging Policies**

**Part F) Consolidated Shareholders' Equity**

**Part G) Business Combinations**

**Part H) Related-Party Transactions**

**Part I) Share-based Payments**

**Parte L) Segment Reporting**

**Annex 1 – Table of fees due for the year for services provided by the Auditing Firm and by entities belonging to the Auditing Firm network Deloitte & Touche S.p.A.**

**Annex 2 – Reconciliation of Consolidated Condensed Account to Mandatory Reporting Schedule**

## Part A) Accounting policies

### A.1 - General Information

Section 1 - Statement of compliance with International Accounting Standards

Section 2 - General accounting principles

Section 3 - Consolidation procedures and scope

Section 4 - Events after the date of the financial statements

Section 5 - Other aspects

### A.2 - Main accounting items

- 1 - Financial assets held for trading (not present)
- 2 - Available-for-sale financial assets
- 3 - Held-to-maturity investments (not present)
- 4 - Loans
- 5 - Financial assets measured at fair value P&L (not present)
- 6 - Hedging transactions (not present)
- 7 - Equity investments
- 8 - Property, plant and equipment
- 9 - Intangible assets
- 10 - Non-current assets classified as held for sale
- 11 - Current and deferred taxes
- 12 - Provisions for risks and charges
- 13 - Payables and securities in issue (not present)
- 14 - Financial liabilities held for trading (not present)
- 15 - Financial liabilities measured at fair value (not present)
- 16 - Foreign exchange transactions (not present)
- 17 - Insurance assets and liabilities (not present)
- 18 - Other information

### A.3 - Disclosure on transfers between financial asset portfolios

A.3.1 - Reclassified financial assets: book value, fair value and effects on comprehensive income

A.3.2 - Reclassified financial assets: effects on comprehensive income before transfer

A.3.3 - Transfer of financial assets held for trading

A.3.4 - Effective interest rate and cash flows expected from reclassified assets

### A.4 - Information on fair value

#### Qualitative information

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

A.4.2 - Estimation processes and sensitivity

A.4.3 - Fair value hierarchy  
A.4.4 - Other information

**Quantitative information**

A.4.5 - Fair value hierarchy

**A.5 - Disclosure on “DAY ONE PROFIT/LOSS”**

## Part A) Accounting policies

### A.1 - General Information

#### Section 1 - Statement of compliance with International Accounting Standards

These Consolidated Financial Statements are prepared in compliance with the accounting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretation documents, approved by the European Commission, as foreseen in European Union Regulation no. 1606 of 19 July 2002, implemented in Italy by Legislative Decree no. 38 of 28 February 2005, through to 31 December 2015 (see also Section 4 - Other aspects).

The Bank of Italy, which saw the powers already foreseen under Legislative Decree no. 136 of 18 August 2015<sup>1</sup>, confirmed in article 9 of the cited decree, with reference to the financial statements of banks and financial companies subject to supervision, established with circular 262 of 22 December 2005, and subsequent updates, the financial statement schedules and the Consolidated Notes to the Accounts used to prepare these Consolidated Financial Statements.

As of the date these 2015 consolidated financial statements were prepared, the investigation by the Bank of Italy for the request to be listed on the Register of Banking Groups was under way, as foreseen under article 64 of the TUB, presented by doBank with reference to its instrumental subsidiary, doRealEstate.

While awaiting the completion of this investigation, for the purposes of preparing the schedules and consolidated notes to the accounts, the provisions in the above cited Circular 262 - 4th update were in any case referred to, making the adjustments held appropriate to provide information able to express the capital and economic situation of doBank and its subsidiaries.

#### Section 2 - General accounting principles

Preparation of the consolidated financial statements occurred, as noted above, on the basis of the international accounting standards approved by the European Commission. In terms of interpretation and to support their application, the following documents were used, even if they have not all been approved by the European Commission:

- The Conceptual Framework for Financial Reporting;
- Implementation Guidance, Basis for Conclusions, IFRIC and any other documents prepared by the IASB or IFRIC (International Financial Reporting Interpretations Committee) complementing the main standards issued;
- the interpretation documents on application of IAS/IFRS in Italy prepared by the Organismo Italiano di Contabilità (OIC) and Associazione Bancaria Italiana (ABI).
- the ESMA (European Securities and Markets Authority) and Consob documents which pertain to application of specific IFRS provisions.

As indicated in the separate financial statements of the holding doBank at 31 December 2014, and in the financial statements of doRealEstate at the same reference date, at the end of said financial year, effective

---

<sup>1</sup> Legislative Decree 136/2015, which took effect on 16 September 2015, regarding annual and consolidated financial statements for banks and other financial institutions, repealed and replaced Legislative Decree no. 87 of 27 January 1992.

economically as of 01/01/2015, a partial demerger deed was established for asset and liability items in favour of UniCredit S.p.A.

In fact, note that in consideration of the fact that this demerger operation occurred legally on 23 December 2014 (with effectiveness postponed to 01/01/2015), in the financial statement schedules and notes to the accounts of doBank at 31 December 2014, in compliance with that foreseen in international accounting standard IFRS 5 "Non-current assets held for sale and discontinued operations", all the assets and liabilities which made up the business unit subject to demerger, transferred to UniCredit S.p.A., were classified by doBank as a "Group of assets held for sale" and were recognised as such. This configuration foresaw the aggregation of all assets and liabilities relative to the definitive demerger perimeter in the two balance sheet items relative to "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale", therefore adjusting all the regular items within the assets and liabilities to the situation after the demerger with UniCredit, as at 01/01/2015. This structure is reflected in the consolidated figures at 31 December 2014.

The consolidated financial statements consist of the consolidated Balance Sheet, consolidated Income Statement, the Statement of Comprehensive Income, the consolidated Statement of Changes in Shareholders' Equity, the consolidated Statement of Cash Flows (prepared using the indirect method) - prepared in thousands of Euro - and the consolidated Notes to the Accounts - prepared in thousands of Euro (if not otherwise stated) - and is accompanied by the Directors' Report on Operations.

As cited in the Report on Operations, measurement criteria was adopted with the presupposition of the company as a going concern, in compliance with that foreseen in accounting standard IAS 1, there being no uncertainties about the ability of the company to continue its business.

Therefore, the measurement criteria adopted comply with said presupposition and meet the principles of accrual, relevance and significance for accounting information, with economic substance prevailing over legal form. These criteria have been applied in continuity with respect to the previous financial year either for the purpose of preparing the financial statements, both in the exposition of the prior year pro forma data with the exception of those highlighted in part A.2 "Main accounting items", with reference to new standards and interpretations taking effect in 2015.

### **Risks and uncertainties connected with the use of estimates**

In compliance with the IFRS, company management must formulate assessments, estimates and hypotheses that influence the application of the accounting standards and the amounts of assets, liabilities, costs and revenues shown in the financial statements, as well as the disclosures relative to potential assets and liabilities. The estimates and relative hypotheses are based on previous experience and other factors considered reasonable for the specific cases and are adopted to estimate the carrying amount of assets and liabilities that cannot be easily determined from other sources.

In particular, estimate processes are adopted to support the recognition of the largest items recognised in the financial statements at 31 December 2015, as foreseen in the accounting standards and the reference regulations described above. These process are based in large part on estimates of the future recoverability of the values recognised in the financial statements, based on the rules dictated by the regulations in effect and have been made with an eye to the company as a going concern, that is leaving aside the hypothesis of forced liquidation of the items being measured.

The processes adopted support the values recognised at 31 December 2015. The measurement process was particularly complex in consideration of the current macroeconomic and market situation.

The parameters and information used to verify the values initially mentioned were therefore significantly influenced by said factors, which could see rapid changes not foreseeable at present, making it impossible to exclude the possibility of consequent effects on future book values.

The estimates and hypotheses used are reviewed regularly. Any changes made consequent to said reviews are recognised in the period in which the review is carried out, in the case it is relevant to solely that period. In the case the review involves either current or future periods, the change is recognised in the period in which the review is carried out and in future periods.

The risk of uncertainty for estimates is seen substantially in the determination of the value of:

- fair value for financial instruments not listed on active markets;
- loans, equity investments and, in general, all other financial assets/liabilities;
- termination benefits and other employee benefits;
- provisions for risks and charges and potential assets;
- deferred tax assets,

for which quantification is mainly connected to both the changes in the Italian and international socio-economic situation, and the trends on the financial markets, which provoke consequent impacts on the performance of interest rates, fluctuations in prices, actuarial data, and more generally, the creditworthiness of counterparts.

With particular reference to measurement methods, non-observable input that may be used in fair value measurement and sensitivity to changes in the same, please refer to section A.4 Information on fair value.

### **Section 3 - Consolidation procedures and scope**

Below are the consolidated criteria and standards adopted in the preparation of the Consolidated Financial Statements at 31 December 2015.

To prepare the Consolidated Financial Statements, the draft financial statements at 31 December 2015 for the holding doBank S.p.A. were used, as well as the accounting records approved by the relevant bodies and departments of the companies consolidated line by line, doRealEstate S.p.A. and Immobiliare Veronica 84 S.r.l., in liquidation. These accounting records were appropriately reclassified and adjusted to take consolidation requirements into account and, when necessary, render them compliant with the Group's accounting standards.

#### **1. Equity investments in full subsidiaries**

Entities in which doBank holds direct or indirect control are considered subsidiaries. Control over an entity is identified through the ability of the holding to exercise power in order to influence the variable returns to which the group is exposed through its relationship with the same.

In order to ascertain the existence of control, the following factors are considered:

- the purpose and establishment of the investee in order to identify what the entity's objectives are, the activities that determine its returns and how these activities are governed;

- the power in order to understand whether the holding has contractual rights that attribute the ability to govern the relevant activities; to this end only substantial rights that provide practical ability to govern are considered;
- the exposure held in relation to the investee in order to assess whether the holding has relations with the investee, the returns of which are subject to changes that depend on changes in the investee's performance;
- existence of potential principal–agent relationships.

The carrying amount of equity investments in companies consolidated on a line by line basis, held by the parent company, is eliminated - against the assumption of the assets and liabilities of the investees - as a counter entry for the corresponding portion of shareholders' equity attributable to the Group.

Financial relationships, receivable and payable, off balance sheet transactions, income and expense, as well as profit and loss occurring between companies within the scope of consolidation are fully elided, in line with the consolidation methods adopted.

Costs and revenues of a subsidiary are included in the consolidated figures as of the date control was acquired. The costs and revenues of a subsidiary disposed of are included in the consolidated income statement until the date of the disposal, that is until the moment in which control over the investee is lost. The difference between the amount received for the subsidiary and the carrying value of its net assets as of the same date is recognised in the Income Statement under item 270. "Gains and losses on disposal of investments" for companies subject to line by line consolidation.

For companies included within the scope of consolidation for the first time, the fair value of the cost sustained to obtain control over said equity investment, inclusive of accessory expense, is measured as of the acquisition date.

If the disposal does not involve a loss of control, the difference between the amount received to dispose of a portion held in a subsidiary and the relative carrying value of the net assets is recognised in a counter entry in Shareholders' equity.

Name companies	Administrative office	Main Office	Type of Relationship (1)	Owner relationship		Voting rights % (2)
				Held by	Holding %	
1. doBank S.p.A.	Verona	Verona		Holding		
2. doReal Estate S.p.A.	Verona	Verona	1	doBank S.p.A.	100%	100%
3. Immobiliare Veronica 84 srl Unipersonale in liquidazione	Roma	Roma	1	doBank S.p.A.	100%	100%

*Notes to the table*

- (1) Type of relationship:  
 1 = majority of voting rights at ordinary shareholders' meeting  
 2 = dominant influence at ordinary shareholders' meeting  
 3 = agreements with other shareholders  
 4 = other types of control  
 5 = centralized management pursuant to paragraph 1 of art. 39 of "Legislative decree 136/2015"  
 6 = centralized management pursuant to paragraph 2 of art. 39 of "Legislative decree 136/2015"

- (2) Voting rights available in general meeting. Voting rights are disclosed only if different from the percentage of ownership

## 2. Measurements and significant assumptions in determining the scope of consolidation

doBank determines the existence of control and, as a consequence, the scope of consolidation, by ascertaining the following with reference to entities in which it holds exposures:

- the existence of power over its significant activities;
- exposure to variable returns;
- the ability to use the power held to influence the returns to which it is exposed.

The factors considered for the purpose of this assessment depend on the entity's method of governance, its purpose and its equity structure. To that end, the holding includes entities governed through voting rights within the scope of consolidation.

At 31 December, we note that doBank holds a majority of voting rights in all the companies within the scope of consolidation.

Note that the following companies held at 100% by the investee Immobiliare Veronica 84 s.r.l. in liquidation, and valued at € 1 each were excluded from the scope of consolidation:

- MB Cinema s.r.l. in liquidation. The reason for the exclusion is the irrelevant value of the same with respect to the Group's accounting situation, in terms of total assets, total debt, revenues and the Group's result for the year.
- AC Fiorentina S.p.A. in involuntary bankruptcy. The exclusion is in compliance with IFRS 10, due to a lack of control caused by the bankruptcy ruling.

### **3. Equity investments in full subsidiaries with significant third party interests**

There is no figure to report.

### **4. Significant restrictions**

There is no figure to report.

### **5. Other information**

There is no figure to report.

## **Section 4 - Events after the date of the financial statements**

After the end of the financial year, no events occurred which require adjusting the figures presented in the consolidated financial statements at 31 December 2015. For a description of the most significant events occurring after the balance sheet date, please refer to the specific section in the Report on Operations.

## **Section 5 - Other aspects**

During 2015, the following accounting amendments and interpretations took effect, applicable to financial statements relative to periods starting on or after 01 January 2015:

- IFRIC 21 - Levies (Reg. EU 634/2014).
- Annual improvements cycle 2011 - 2013 for international accounting standards (Reg. EU 1361/2014);

the adoption of this led to the use of interpretation IFRIC 21 for the purposes of determining the accounting treatment of charges connected with contributions relative to Deposit Guarantee Schemes (DGS) and the Single Resolution Fund (SRF), introduced by European directives no. 49 and 59 of 2014, starting in 2015.

Effective as of 01 January 2015, the Bank of Italy reviewed the methods used to classify impaired financial assets (see 7th update to Circular no. 272 of 30 July 2008 - "Accounts matrix", issued by the Bank of Italy on 20 January 2015) with the aim of adjusting them to the new definitions of non-performing exposures

and forbearance introduced by the European Commission through the issuing of Regulation 2015/227, based on the "Final Draft Implementing Technical Standards on Supervisory Reporting on Forbearance and Non-Performing Exposures" (EBA/ITS/2013/03/rev1 24/07/2014), proposed by the European Banking Authority.

On 22 January 2016, EBA consultation ended regarding the definition of default ("Guidelines on the application of the definition of default under Article 178 of Regulation (EU) 575/2013"). Following said consultation, it is predicted that in upcoming periods, classification criteria for impaired financial assets may change further.

The European Commission has approved the following accounting standards, which are not yet obligatory for the preparation of the consolidated financial statements at 31 December 2015 and were not applied in advance:

- Annual improvements cycle 2010 - 2012 for international accounting standards (Reg. EU 28/2015);
- Amendments to IAS 19 - Defined-benefit plans: employee contributions (Reg. EU 29/2015);
- Amendments to IAS 16 and IAS 41: Agriculture Bearer plants (Reg. EU 2113/2015);
- Amendments to IFRS 11: Accounting for acquisitions of equity investments in joint operations (Reg. EU 2173/2015);
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation (Reg. EU 2231/2015);
- Annual improvements cycle 2012 - 2014 for international accounting standards (Reg. EU 2343/2015);
- Amendments to IAS 1: Disclosure Initiative (Reg. EU 2406/2015);
- Amendments to IAS 27: Shareholders' equity method in separate financial statements (Reg. EU 2441/2015).

Finally, at 31 December 2015, the IASB had issued the following accounting standards and interpretations or revisions of the same, the application of which is subordinated to completion of the approval process by the relevant bodies of the European Union, which is not yet concluded:

- IFRS 9 - Financial instruments (July 2014);
- IFRS 14 - Regulatory Deferral Accounts (January 2014);
- IFRS 15 - Revenue from Contracts with Customers (May 2014);
- Amendments to IFRS 10 and IAS 28: Disposals or contributions of assets between an investor and its associate/joint venture (September 2014);
- Amendments to IFRS 10, IFRS 12 and IAS 28: Application of the consolidation exception to investment entities (December 2014).

In July 2014, the IASB issued the new standard IFRS 9 Financial Instruments, to be obligatorily applied as of 1 January 2018 and replacing IAS 39, Financial Instruments: recognition and measurement. Approval by the European authorities is expected to be obtained by the date for initial adoption.

doBank, following its exit from the UniCredit Banking Group in 2015, prepares these consolidated financial statements with reference to 31 December 2015, in application of that foreseen in IFRS 10 and pursuant to the provisions of Legislative Decree 136/2015.

These consolidated financial statements are subject to auditing by the auditing firm Deloitte & Touche S.p.A., pursuant to Legislative Decree No. 39 of 27 January 2010.

## A.2 - Main accounting items

### 1 - Financial assets held for trading

Item not present.

### 2 - Available-for-sale financial assets

#### Recognition criteria

These are non-derivative financial assets that are not classified as receivables, held-to-maturity investments or as assets valued at fair value. These assets are held for an undefined period of time and meet possible requirements to obtain liquidity or deal with changes in interest rates, foreign exchange rates, or in prices.

#### Classification criteria

Money market securities, other debt securities and equity securities can be classified as financial investments available for sale. These include share-based investments in the form of minority interests, that cannot be classified as controlling interests, joint interests or equity investments in associates.

#### Measurement criteria

Available-for-sale financial assets are initially recognised at fair value on the adjustment date, which normally corresponds to the amount of the transaction, including costs and revenues directly attributable to the instrument itself.

For interest-bearing instruments, interest is recognised at the amortised cost, using the effective interest criteria.

These assets are subsequently measured at fair value. For interest-bearing securities, interest is recognised in the Income Statement using the amortised cost criteria. Profit and loss deriving from changes in fair value is recognised under item 140. "Valuation reserves" in shareholders' equity - with the exception of losses due to impairment and profits and losses on changes in monetary assets (debt securities) which are respectively recognised in item 130.b) "Net losses/recoveries on impairment of available-for-sale financial assets" and in item 80. "Net trading gains (losses)" - until the financial asset is disposed of, when the accumulated profits and losses are recognised in the income statement under item 100.b) "Gains (losses) on disposal or repurchase of available-for-sale financial assets".

Changes in fair value recognised under item 140. "Valuation reserves" are also recognised in the Statement of Comprehensive Income.

Equity instruments (equity securities) not listed on an active market and for which the fair value cannot be determined in a reliable manner due to a lack of or unreliable information for fair value measurement are carried at cost, corresponding to the last reliably measured fair value.

In the case there is objective evidence that the asset has undergone a lasting reduction in value (impairment), the accumulated loss, recognised directly under item 140 of the Shareholders' equity, "valuation reserves", is transferred to the income statement under item 130.b) "Net write-downs/Write-backs for impairment". For debt securities, evidence of impairment is established by circumstances indicating financial difficulties such as to prejudice the receipt of the capital or interest.

For equity instruments, impairment is measured considering, in addition to any difficulties in servicing the debt by the issuer, additional indicators such as fair value falling below the cost and adverse changes in the situation in which the company operates.

In particular, in cases in which the reduction of fair value to below the cost exceeds 50% or lasts for over 18 months, the loss of value is generally considered to be lasting.

On the other hand, when the decline in the fair value of the instrument to below cost is less than or equal to 50% but greater than 20%, or when it lasts for less than 18 months but more than 9, the Bank analyses additional income and market information. If the results of said analysis are such to cast doubt on the possibility of recovering the original amount invested, impairment is recognised.

The amount transferred to the income statement is therefore equal to the difference between the carrying value (purchase cost net of any impairment losses previously recognised in the income statement) and the current fair value.

In the case of instruments carried at cost, the amount of the loss is determined as the difference between the carrying amount of the same and the current estimated value of future cash flows, discounted on the basis of the current market return rate for similar financial assets (that is the recoverable value).

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively connected with an event which occurred in a period subsequent to that in which the impairment loss was recognised in the income statement, the loss is written-back, recognising the corresponding amount in the same income statement item. The write-back cannot, in any case, lead to a carrying amount greater than that which would result from the application of the amortised cost in the case the loss had never been recognised.

Impairment losses for equity securities, recognised in the income statement, are subsequently written back with effects in equity, in the case that the original motivations which led to the write-downs no longer exist.

#### **Write-off criteria**

Available-for-sale financial assets are derecognised when the asset in question is transferred, with substantial transfer of the connected risks and benefits, or when the contractual rights expire.

#### **3 - Held-to-maturity investments**

Item not present.

#### **4 - Loans**

## Cash loans

### Recognition criteria

Loans consist of non-derivative financial assets with customers and banks, with fixed or determinable payments and that are not listed on an active market. Loans are recognised on the date the contract is signed, which normally coincides with the date they are disbursed to the counterpart.

Loans recognised in the consolidated Financial Statements mainly related to impaired loans (mainly non-performing), and essentially derive from purchase transactions with the legal entities of the UniCredit Group.

Up until the date doBank was transferred to third parties outside of the UniCredit Group, as these were purchase transactions carried out in the past aimed at reorganisation within the same activities to manage and collect the problematic portfolio, as well as occurring between entities "under common control", these transactions had been excluded from the area of application for IFRS 3 and recognised on the basis of that indicated in "Assirevi preliminary observations on IFRS (OPI 1)" with reference to "business combinations of entities under common control". In the case at hand, of "transactions which do not have a significant influence, in regards to the group, on future cash flows from the transferred assets," the "continuity of value" principle was applied, recognising in the buyer's balance sheet the net values of the loans found in the financial statements of the transferring company, thereby maintaining the book values unchanged as found in the accounting entries prior to the transaction. The difference that was recognised between the net book value of the transferred loans and the price paid was indicated in a specific shareholders' equity reserve, net of the relative tax effects.

As of the date the transfer of doBank took effect, 31 October 2015, the accounting structure described above no longer applied, given that these were no longer transactions between entities "under common control," but transactions with third party subjects that therefore have a "realisation" nature, and therefore the values of the loans was realigned to the residual purchase price and the relative tax effects were released.

### Measurement criteria

After initial recognition at fair value, including transaction costs directly attributable to the acquisition or disbursement of the financial assets (if not yet settled), the loans are carried at the amortised cost, using the effective interest criteria, adjusted if necessary to take any adjustments/write-backs into account resulting from the measurement process.

Profits (or losses) on loans, when not hedged, are recognised in the income statement:

- when the financial asset in question is eliminated, under item 100.a) "Gains (losses) on disposal;
- or
- when the financial asset has suffered impairment, under item 130.a) "Impairment losses".

Interest on loans disbursed is classified under item 10. "Interest income and similar revenue" and is recognised using the accrual principle.

Loans are subjected to testing aimed at identifying those which, following the occurrence of events after recognition, indicate objective evidence of a possible loss of value. These impaired loans are periodically analysed and reviewed, at least once per year.

A loan is considered impaired when it is held that, probably, the entire amount will not be recovered, on the basis of the original contractual conditions, or an equivalent value.

The criteria for determining the write-downs applied to the loans is based on discounting of expected financial flows coming from principal and interest. For the purposes of determining the current value of the flows, the fundamental elements used are estimated recoveries, relative maturities, and the discount rate. In order to estimate recoveries and the relative maturities of problem loans, an analytical repayment plan is used when available. If not, estimated and lump sum amounts are used, derived from internal historic series and sector studies, taking into account the technical form, geographic location, type of guarantees and any other factors held relevant.

All problem loans are reviewed and analysed periodically. Every subsequent change in the amount or maturity of expected cash flows that leads to a negative change with respect to the initial estimates leads to the recognition of a write-down in income statement item 130.a) "Net write-downs/write-backs for loans and receivables".

If the quality of the impaired loan improves and there is reasonable certainty of timely recovery of the capital and interest, in line with the original contractual terms, a write-back is recognised in the same income statement item, up to a maximum limit of the amortised cost that it would have had if the previous write-downs had never been recognised.

Based on the Bank of Italy rules, defined in the 7th update to Circular no. 272 of 30 July 2008, "Accounts Matrix", issued on 20 January 2015, impaired exposures are classified in the following categories, which were adapted to the new concepts of "non-performing exposures" and "forborne exposures" established by the European Commission with regulation 2015/227:

- **non-performing** - this identifies the area of formally impaired loans, consisting of exposures with customers that are insolvent, even if not legally certified as such, or in similar situations. Measurement is, as a rule, done on an analytical basis or, in solely cases in which individual reductions of value have not and cannot be determined, on the basis of collective measurement by homogeneous type of exposures;
- **unlikely to pay** - these are on- and off-balance-sheet exposures which do not meet the conditions necessary to classify the debtor as non-performing and for which there is an assessment that it is improbable, in the absence of actions such enforcement of guarantees, that the debtor will be able to fully comply (in terms of capital and/or interest) with their credit obligations. This assessment is carried out independent of the presence of any amounts (or instalments) over due and unpaid.

Classification among unlikely to pay is not necessary connected to the explicit presence of anomalies (lack of redemptions), but instead is connected to the existence of elements which indication a situation which suggests a risk of non-payment by the debtor. Unlikely to pay positions are generally measured analytically, that is by applying established percentages in a lump sum manner to groups of homogeneous exposures;

- **expired and/or over drafted impaired exposures** - these represent the entire exposure in regards to counterparties, not classified among the previous categories, which at the reference date have expired or over drafted receivables.

The total exposure is recognised when, at the reporting date:

- the overdue and/or over drafted portion,

or:

- the average of the expired and/or over drafted portions, recognised on a daily basis over the previous quarter,

is equal to or greater than 5% of the exposure in question.

These exposures are measured in a lump sum manner on a historical/statistical basis, applying, when available, the risk level determined from the appropriate risk factor used for the purposes of EU Regulation 575/2013 (CRR) relative to prudential requirements for credit institutions and investment companies ("loss given default" [LGD]).

Collective measurement involve the assets portfolio for which, even if no individual objective loss elements were discovered, measurable latent loss can be attributed, also taking into account risk factors used for the purposes of the CRR prudential regulatory requirements.

Specifically, each asset which similar characteristics in terms of credit risk, commensurate with the type of loan or technical form, economic sector, geographic location, type of guarantee or other relevant factor, is associated with a probability of default and a loss given default, which are homogeneous for the various classes.

The methodology adopted combines the provisions of the CRR prudential regulations with those of the international accounting standards. In fact, the latter exclude losses on future credits that have not been sustained, but consider those already sustained even if not yet manifested at the measurement date, on the basis of historic experience of losses on assets with similar credit risk characteristics to those being considered.

The parameter which, for the various homogeneous categories of exposures, express the average delay between the deterioration of the financial conditions of a debtor and their classification among impaired exposures is the LCP - Loss Confirmation Period.

In the case the aforementioned indicators are not available, estimated and lump sum values are used, determined from internal historic series and sector studies.

Write-downs of losses on loans are recognised a reduction in the carrying amount of the loan.

With specific reference to the measurement of the non-performing loans portfolio at 31 December 2015, the expectations for collection were determined taking the prospects of sale into account, as these loans were the subject of a securitisation transaction pursuant to Law 130/99, undergoing definition at the time these financial statements were prepared, as noted in the Report on Operations. Specifically, it was held that the value could be reasonably expressed by the value attributed to the same asset by the new shareholder, at the time doBank was acquired.

### **Write-off criteria**

Full or partial derecognition of a loan is recognised respectively when the same is considered definitively non-collectable, based on appropriate documentation, or is written off, or when the legal justification for the loan no longer exists.

A loan is also derecognised when:

- the contractual rights to the financial flows deriving from said loan expire;
- the loan is transferred, substantially transferring all the risks and benefits connected to it;
- not having either substantially transferred or maintained all the risks and benefits, control over the loan itself is lost.

Write-offs are recognised directly in item 130.a) "Net write-downs/write-backs for impairment of loans" in the income statement and are recognised as a decrease of the capital portion of the loan. Partial or full recoveries of previously written down amounts are recognised in the same item. In the case of gains or losses on disposals, the economic effects are recognised in item 100 a) "Gains/losses on disposal or repurchase of receivables". Any amounts received against loans previously derecognised (even if at a time prior to the acquisition) are recognised under item 130.a) "Net write-downs/write-backs for impairment of loans".

### **Securitised Loans**

The item loans also includes, based on the relevant sector composition, loans subject to securitisation transactions (subsequent to 01 January 2002), for which requirements for derecognition from the financial statements are not met, as established in IAS 39 (see section 18 - Other information - Write-offs).

The corresponding amounts received for the transfer of loans subject to securitisation, net of the amount of securities issued and other forms of credit support that may be held in the portfolio (retained risk), are recognised in items 10 "Deposits from banks" and 20. "Deposits from customers" in the liabilities.

Both the assets and liabilities are recognised at the amortised cost and the relative interest is recognised in the income statement.

In the case of losses due to a reduction in the value of securitised assets which are not derecognised, the amount of said losses is recognised in income statement item 130.a) "Net write-downs/write-backs for impairment of loans and receivables".

In the consolidated financial statements at 31 December 2015, the item Loans does not include this type of situation, which was present in the separate financial statements for doBank in the previous financial year, represented by the Arena Npl One portfolio which was part of the demerger carried out on 01/01/2015.

### **Unsecured loans**

Until 31/12/2014, the unsecured loans portfolio included all the guarantees given by doBank against third party obligations, deriving from the merger carried out by the incorporated Aspra Finance. These unsecured loans were transferred to UniCredit, effective 01/01/2015.

In general, unsecured loans are measured on the basis of the value of losses depending on the deterioration of the underlying debtors' solvency, to be calculated analytically for the guarantees given on the account of debtors with "impaired" status and which are classified as "non-performing". Risk against off-balance sheet items, such as commitments to provide loans, are recognised in the income statement under item 130.d) "Net losses/recoveries on impairment of other financial transactions", with a contra entry in item 100. "Other liabilities". Any subsequent write-backs cannot exceed the limit of individual impairment write-downs previously recognised.

### 5 - Financial assets measured at fair value P&L

Not present.

### 6 – Hedging transactions

Not present.

### 7 - Equity investments

The criteria for initial recognition and subsequent measurement of equity investments are governed by IFRS 10 - Consolidated Financial Statements, IAS 27 - Separate Financial Statements, IAS 28 - Investments in Associates and Joint Ventures, and IFRS 11 - Joint Arrangements.

These standards are made explicit in Section 3. Consolidation procedures and scope in Part A.1., where information is also provided on measurements and assumptions made to establish the existence of control, joint control, or significant influence.

The remaining equity investments - other than subsidiaries, associates and joint ventures, and those indicated under items 150. "Non-current assets and groups of assets held for sale" and 90. "Liabilities included in disposal groups classified as held for sale" - are classified among financial assets available for sale and treated in a corresponding manner (see chapter 2 - Available-for-sale financial assets").

### 8 - Property, plant and equipment

#### Recognition criteria

This item includes:

- land and buildings
- Office furniture and fittings
- plant and equipment
- other machines and equipment
- improvements made to third party assets

and is subdivided into the following categories:

- assets used in the business;
- assets held as investments.

Assets used in the business have a physical form, are held for use in production or in the provision of goods and services or for administrative purposes and it is held they can be used for more than one financial year. Improvements to third party assets are improvements and incremental expenses relative to property, plant and equipment that can be identified and separated. In this case, classification is carried out in the specific reference sub-items (e.g. plant), in relation to the nature of the asset in question. Normally, these investments occur in order to render properties leased from third parties suitable for the expected use.

Improvements and incremental expenses relative to identifiable and non-separable property, plant and equipment are instead recognised in item 160. "Other assets".

Assets held as investments refer to property investments pursuant to IAS 40, that is real estate properties held (owned or through financial leases) in order to receive leasing fees and/or achieve appreciation of the capital invested.

Property, plant and equipment is initially recognised at cost, including all charges directly attributable to the "commissioning" of the asset (transaction costs, professional fees, direct costs to transport the asset to the assigned location, installation costs, dismantling expense).

Expenses sustained subsequently are added to the carrying amount of the asset or recognised as separate assets if it is probable that future economic benefits will be received in excess of those initially estimated and the cost can be reliably determined.

All other expenses sustained subsequently (e.g. ordinary maintenance) is recognised in the income statement, during the period in which it is sustained, under the item:

- 180.b) "Other administrative expenses", if pertaining to assets used in the business;
- or
- 220. "Other net operating income", if pertaining properties held for investment purposes.

### **Measurement criteria**

Subsequent to initial recognition, property, plant and equipment is recognised at cost net of depreciation, amortisation and impairment.

Fixed assets with defined useful lives are depreciated at constant rates during their useful life.

Tangible fixed assets with unlimited useful life are not depreciated.

The useful life of tangible fixed assets is reviewed at the end of each period, taking into account the conditions of use of the asset, the maintenance conditions, expected obsolescence, etc. and, if the expectations differ from previous estimates, the depreciation rate for the current period and subsequent periods is adjusted.

If there is objective evidence that an individual asset may have suffered a reduction in value, a comparison is made between the carrying amount of the asset and its recoverable value, equal to the greater between fair value, having deducted sales costs, and the relative value in use, understood as the current value future financial flows expected to originate with the asset. Any write-downs are recognised under item 200. "Impairment write-backs on property, plant and equipment" in the consolidated income statement.

If the value of a previously written down asset is written back, the new carrying amount cannot exceed the net carrying amount that would have existed if no impairment loss had been recognised on the asset in previous years.

### **Write-off criteria**

Property, plant and equipment are derecognised from the balance sheet at the time of disposal or when no future economic benefits are foreseen for the same through use or disposal and any difference between the disposal value and the carrying amount is recognised in the income statement under item 270. "Gains and losses on disposal of investments".

## **9 - Intangible assets**

### **Recognition criteria**

Intangible assets are non-monetary assets with multi-year utility, identifiable even if they lack physical form, controlled by the company and from which future economic benefits are probable.

Intangible assets mainly relate to goodwill, software, brands and patents.

Intangible assets other than goodwill are recognised at the purchase cost, including any direct costs sustained to prepare the asset for use, net of accumulated amortisation and impairment recognised.

Any expenses sustained subsequent to the acquisition:

- are recognised as an increase to the initial cost, if they increase the future economic benefits of the underlying assets (that is if they increase their value or productive capacity);
- are recognised in a single amount in the income statement during the financial year in which they are sustained in other cases (that is, when they do not increase the original value of the assets, but solely conserve the original functionality).

Intangible asset with finite life are amortised at constant rates on the basis of their estimated useful life.

Intangible assets with unlimited useful life are not amortised.

### **Measurement criteria**

If there is objective evidence that an individual asset may have suffered a reduction in value, a comparison is made between the carrying amount of the asset and its recoverable value, equal to the greater between fair value, having deducted sales costs, and the relative value in use, understood as the current value future financial flows expected to originate with the asset. Any write-downs are recognised under item 210. "Impairment / write-backs on intangible assets" in the consolidated income statement.

For intangible assets with indefinite life, even if no indication of impairment is determined, the carrying amount is compared with the recoverable value on an annual basis. In the case that the carrying amount is greater than the recoverable value, in item 210. "Impairment / write-backs on intangible assets" in the consolidated income statement a loss is recognised equal to the difference between the two values.

If the value of a previously written down intangible asset is written back, other than goodwill, the new carrying amount cannot exceed the net carrying amount that would have existed if no impairment loss had been recognised on the asset in previous years.

### **Write-off criteria**

Intangible assets are derecognised from the balance sheet at the time of disposal or when no future economic benefits are foreseen through use or disposal and any difference between the disposal value

and the carrying amount is recognised in the income statement under item 270. "Gains and losses on disposal of investments".

### 10 - Non-current assets classified as held for sale

These categories include non-current individual assets (property, plant and equipment, intangible assets, and financial assets), or groups of assets held for sale, with the associated liabilities, as governed by IFRS 5. At 31/12/2014 the items falling under this category derived from the partial demerger transaction to UniCredit S.p.A. of a business unit, finalised in December 2014 and which took effect on 01/01/2015.

The individual assets (or groups of assets held for sale) are recognised respectively in items 150. "Non-current assets and groups of assets held for sale" and 90. "Liabilities associated with assets held for sale" at the lesser of the carrying amount and the fair value net of disposal costs.

### 11 - Current and deferred taxes

#### Recognition criteria

Tax assets and liabilities are recognised in the balance sheet of the financial statements, respectively under items 140. "Tax assets" in the assets and item 80. "Tax liabilities" in the liabilities.

In application of the "balance sheet liability method", accounting items for current and deferred taxes include:

- current tax assets, that is excess payment of tax obligations to be met based on the current tax laws regulating business income;
- current tax liabilities, that is tax payables to be met based on the current tax laws regulating business income;
- deferred tax assets, that is amounts of income taxes recoverable in future financial years as a consequence of:
  - temporary deductible differences (represented mainly by charges deductible in the future based on the current tax laws regulating business income);
  - retained unutilised tax losses;
  - retained unutilised tax credits;
- deferred tax liabilities, that is income tax payables to be met in future periods as a consequence of temporary taxable differences (mainly represented by deferral of taxation of revenues or advance deduction of charges based on the current tax laws regulating business income).

Current tax assets and liabilities are recognised applying the current tax rates and are recognised as charges (income) using the same accrual criteria for the costs and revenues which generated them. In particular, for current taxes, IRES was calculated at 27.50%, while for IRAP purposes, a rate of 5.57% was applied.

In general, deferred tax assets and liabilities develop in the cases in which the deductibility or taxability of a cost or revenue is deferred with respect to their recognition for accounting purposes.

### Measurement criteria

Deferred tax assets and liabilities are recognised on the basis of tax rates which, as of the financial statement reporting date, are foreseen as applicable in the financial year in which the asset will be realised or the liability will be eliminated, on the basis of the current tax legislation. They are periodically reviewed in order to take any regulatory changes into account.

Deferred tax assets are recognised only in the case in which their recovery is probable through expected future taxable income measured on the basis of the group's ability to produce taxable income in future financial years. Deferred tax liabilities are always recognised. A requirement for the recognition of said deferred tax assets is the consideration that, with respect to possible corporate changes, it is held with reasonable certainty that taxable income will be achieved, against which the temporary deductible differences will be used. In obedience to that foreseen in IAS 12, the probability that future taxable income sufficient to utilise the deferred tax assets will exist will be subject to periodic verification. If said verification suggests insufficient future taxable income, the deferred tax assets are reduced in a corresponding amount.

Current and deferred taxes are recognised in the income statement under item 290. "Income taxes for the year on continuing operations", with the exception of taxes which refer to items which are credited or debited, in the same financial year or in another, directly in equity such as, for example, those relative to profit or losses on available-for-sale financial assets and those relative to fair value changes in cash flow hedging derivative financial instruments, for which changes in value are recognised directly in the valuation reserves after taxes in the Statement of Comprehensive Income.

### Write-off criteria

Deferred tax assets and liabilities are derecognised at the time they are recovered/realised.

## 12 - Provisions for risks and charges

### Other provisions

#### Recognition criteria

Provisions for risks and charges consist of liabilities recognised when:

- the company has a current obligation (legal or implicit) resulting from a past event;
- it is probable that resources intended to provide economic benefits will have to be paid out to fulfil the obligation;
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no liability is recognised.

#### Measurement criteria

The amounts allocated to provisions are determined in a method that represents the best estimate of the expense required to fulfil the obligation. In making this estimate, the risks and uncertainties pertaining to the facts and circumstances in question are taken into account.

Specifically, when the effect of deferring suffering of the charge is significant (as a rule, when it is foreseen that the payment will take pay over 18 months from the date it is recognised), the amount of the allocation is determined as the current value of the best estimate of the cost assumed necessary to eliminate the obligation. In this case, a discount rate is used to reflect current market values.

The allocated provisions are periodically reviewed and adjusted if necessary, to reflect the current best estimates. In the cases in which an indemnity exists to deal with future charges exceeding the funds granted, the consequent receivable due from the transferring party for the indemnity is recognised as a contra entry increasing the provisions for risks and directly adjusts the asset to which it relates. When, following a review, sustaining the charge becomes improbable, the provision is reversed.

#### **Write-off criteria**

A provision is used only against the charges for which it was initially recognised.

Allocations made during the year, recognised under item 190. "Net provisions for risks and charges", in the income statement, include increases of provisions due to the passing of time and is net of any reattributions.

#### **13 – Payables and securities in issue**

Not present.

#### **14 - Financial liabilities held for trading**

Not present.

#### **15 – Financial liabilities measured at fair value**

Not present.

#### **16 – Currency transactions**

Not present.

#### **17 - Insurance assets and liabilities**

Not present.

#### **18 - Other information**

##### **Derecognition of financial assets**

This is the write-off of a previously recognised financial asset or liability from the balance sheet.

Before evaluating the existence of conditions for the write-off of financial assets from the financial statements, IAS 39 establishes that it is necessary to verify whether these conditions apply to the assets in their entirety or whether they refer to only a part of them. Regulations regarding write-offs are applied to a part of the financial assets subject to transfer only if at least one of the following requirements is met:

- the part includes solely cash flows relative to a financial asset (or group of financial assets) which is/are specifically identified (for example, only the portion of interest pertaining to the asset);
- the part includes cash flows based on a clearly identified percentage of the total (e.g. 90% of all cash flows deriving from the asset);
- the part includes a clearly identified portion of specifically identified cash flows (e.g. 90% of cash flows on the portion of interest pertaining to the asset).

If these requirements are not met, the regulations on derecognition must be applied to the financial asset (or group of financial assets) as a whole.

The conditions for full write-off of a financial asset are the termination of contractual rights, based on their natural maturity, or the transfer of rights to future cash flows deriving from said asset to a counterparty external to the group.

Rights to receiving cash flows are also considered to have been transferred when contractual rights to receive financial flows from assets are maintained, but an obligation is taken on to pay these flows to one or more entities and all three of the following conditions (pass-through agreements) are met:

- the Bank has no obligation to pay amounts not received from the original asset;
- the sale or use as a guarantee of the original asset is prohibited, unless this is to guarantee the obligation to pay financial flows;
- there is an obligation to transfer, without delay, all the financial flows received and there is no right to invest them, with the exception of investments in short term liquid assets between the dates of receipt and deposit, on the condition that the interest accrued during the period is also transferred.

In addition, derecognition of a financial asset is subordinate to verification that all the risks and benefits deriving from ownership of the rights have been effectively transferred (true sale). In the case of substantial transfer of all risks and benefits, the asset (or group of assets) transferred are written off, separately recognising the rights and obligations relative to the transfer as assets or liabilities.

Vice versa, if the risks and benefits are maintained, the asset (or group of assets) transferred must continue to be recognised. In this case, a liability corresponding with the amount received as payment for the transfer must also be recognised, and subsequently all income accrued from the asset must be recognised, as well as all charges accruing on the liability.

The main transactions which, on the basis of the aforementioned rules, do not allow full derecognition of a financial asset are loan securitisation transactions, reverse repos and security loan transactions.

In the case of securitisation transactions, financial assets are not written off in the case of the purchase of equity tranches or the provision of other structural support, where the credit risk associated with the securitised portfolio continues to be maintained.

### Treasury shares

Changes in treasury shares in the portfolio are recognised in a direct contra entry in equity, that is reducing the latter by the value of the purchases and increasing it for the value of sales.

This means that, in the case of subsequent transfer, the difference between the sales price of the treasury shares and the relative repurchase cost, net of any tax effects, is fully recognised in a contra entry in shareholders' equity.

### Provision for employee severance pay

The provision for employee severance pay (TFR) should be understood as post-employment defined benefits, therefore its recognition in the Financial Statements requires an estimate, carried out using actuarial techniques, of the amounts accrued by employees and discounting of the same.

Determination of these amounts was done by an external actuary, using the "Projected Unit Credit Method". This method uniformly distributes the cost of the benefit during the working life of the employee. Obligations are determined as the discounted value of the average future disbursements, proportioned on the basis of the relationship between years of service accrued and total seniority achieved at the time the benefit is disbursed.

Following the reform of supplementary social security, pursuant to Legislative Decree no. 252 of 5 December 2005, the termination benefit units accrued up to 31/12/2006 remained in the company, while the termination benefit units accruing as of 1 January 2007 were, based on the employees' choices (made by 30/06/2007), sent to supplementary social security funds or to the INPS Treasury Fund.

It follows that:

- termination benefits accruing up to 31/12/2006 (or up to the date of the choice - falling between 01/01/07 and 30/06/07 - of the employee in the case that their termination benefits are sent to a supplementary social security fund) continue to have the form of a "defined benefit" plan and are therefore subject to actuarial measurement, although with simplified actuarial hypotheses that no longer take into account predictions of future income increases.
- the units accruing after 01/01/07 (or the date of choice - between 01/01/07 and 30/06/07 - of the employee in the case their termination benefits are sent to a supplementary social security fund) are considered a "defined contribution" plan (in that the company's obligation is eliminated at the moment the accrued termination benefit units are deposited in the fund selected by the employee) and therefore the relative cost pertaining to the period is equal to the amounts paid to the supplementary social security fund or to the INPS Treasury Fund.

Actuarial gains and losses, defined as the difference between the book value of the liabilities and the current value of the obligation at the end of the period, are recognised in the Statement of Comprehensive Income and in the item "Valuation Reserves", applying the provisions of the Revised IAS 19.

### Share-based payments

These are payments made to employees or similar subjects, as payment for work or other services/goods received, based on shares representing the equity of the former holding UniCredit S.p.A., which consists in the assignment of:

- rights to subscribe capital increases for pay (stock options);
- rights to receive shares upon meeting quantitative/qualitative objectives (performance shares);
- shares subject to binding clauses (restricted shares).

In consideration of the difficulty of reliably measuring the fair value of services received as a contra entry for instruments representing the equity of the UniCredit S.p.A., the fair value of the latter is used, measured on the date they are assigned.

The fair value of payments made with the issuing of UniCredit S.p.A. shares is recognised as a cost in the income statement under item 180.a) "Payroll costs", as a contra entry to item 100. "Other liabilities" in the liabilities, based on the accrual criteria, in proportion to the period in which the service is provided.

In regards to share based payments made in cash, the services obtained and liabilities taken on are measured at the fair value of the latter, recognised under item 100. "Other liabilities". Until the moment the liability is eliminated, the fair value is recalculated at each financial statement reporting date until the adjustment date, recognised under item 180. "Administrative expenses", all the changes in fair value.

### Other long term employee benefits

Long term employee benefits - for example those deriving from seniority premiums, provided upon the achievement of a given level of years of service - are recognised under item 100. "Other liabilities" based on the measurement of the commitments undertaken as of the reporting date.

### Valuation of real estate subsidiaries

The buildings owned by the subsidiaries which are considered Inventories in the separate financial statements are classified under the item "Other assets" in the banking consolidated financial statements. In accordance with IAS 2, Inventories consist mainly of buildings to be restructured and / or under restructuring and trading properties.

Properties under renovation are valued at the lower of cost, including incremental expenses of their value and the capitalized financial charges, and estimated realisable value, net of direct selling costs.

Trading properties are valued at the lower of cost and net realisable value, which is usually represented by the market value, derived from sales of comparable properties in terms of location and type. The estimated realisable value and the market value are determined basing on independent valuations or lower values to which the management is willing to sell, under urban / cadastral situations that do not correspond to the actual state of the places and also under legal issues (such as unlawful seizure of assets).

Any write-downs resulting from the assessment described above, are recognized in the corresponding income statement item.

When the conditions that gave rise to the write-down of inventories, impairment losses recognized in prior periods are reversed by crediting the income statement up to the lower between the cost and the net realisable value.

## RECOGNITION OF REVENUES AND COSTS

### Interest income and expense

Interest income and expense and similar income and expense relate to liquidity, financial assets and liabilities measured at fair value, available-for-sale financial assets, and to receivables and payables.

Interest income and expense is recognised in the income statement for all instruments measured using the amortised cost criteria, using the effective interest rate method.

Interest on arrears is recognised on a cash basis.

### **Fees and Commission**

Fees and commission are recognised in relation to the provision of services from which the originate, on the basis of the accrual principle.

## **DEFINITIONS RELEVANT FOR IAS/IFRS PURPOSES**

Below certain concepts relevant for the purposes of the IAS/IFRS international accounting standards are outlined, in addition to those already dealt with in the previous sections.

### **Amortised cost**

The amortised cost of a financial asset or liability is the same as the value the asset was measured at on the date of initial recognition net of any capital redemptions. This is increased or reduced by the overall amortisation (calculated using the effective interest method) of any difference between the initial value and that at maturity and minus any reduction following a write-down or irrecoverability (impairment).

The effective interest criteria is the method used to separate interest income or interest expense along the duration of a financial asset or liability. The effective interest rate is the rate which precisely discounts the expected future payments or recoveries through out the life of the financial instruments at the net carrying amount of the financial asset or liability. This includes all the charges and basis points paid or received between the parties of a contract which are an integral part of said rate, as well as transaction costs and all other premiums or discounts.

Fees and commissions that are considered an integral part of the effective interest rate are initial fees received for the disbursement of acquisition of a financial asset not classified as measured at fair value, such as, for example, that received as compensation for the measurement of the debtor's financial conditions, to measure and register the guarantees and, more generally, to complete the transaction.

Transaction costs, in turn, include fees and commissions paid to agents (including employees filling the role of commercial agents), consultants, mediators and operators, contributions taken from regulatory bodies and stock markets, and taxes and charges on the transfer. Transaction costs do not include lending costs or internal administrative or management costs.

### **Impairment of financial assets**

At ever financial statement reporting date, it is determined whether a financial asset or group of financial assets has suffered a reduction in value.

An asset or group of financial assets has suffered a reduction in value and said losses are recognised if and only if there is objective evidence of a lasting reduction in value following one or more events that occurred after the initial recognition of the asset and said loss event had an impact on the future financial flows from the asset that can be reliably estimated.

The reduction in value can also be caused not by a single event but by the combined effect of various events.

Losses expected as result of future events, regardless of the probability of occurrence, are not recognised.

Objective evidence that a financial asset or group of financial assets has suffered impairment includes determinable information that comes to the company's attention in regard to the following events:

- (a) the issuer or debtor is having significant financial difficulties;
- (b) the contract has been breached, such as non-fulfilment or lack of payment of interest or capital;
- (c) the beneficiary has been granted favourable conditions that the bank considered mainly for economic or legal reasons relative to the financial difficulties of the same and that otherwise would not have been granted;
- (d) reasonable probability that the beneficiary will declare bankruptcy or another form of financial restructuring procedure;
- (e) the elimination of an active market for the financial asset in question due to financial difficulties. Nonetheless, the disappearance of an active market due to the fact that the financial instruments of a company are no longer publicly traded is not evidence of impairment;
- (f) detectable information that indicates the existence of a significant decrease in estimated future financial flows for a group of financial assets, from the moment said assets are initially recognised, although the decrease cannot yet be identified with the individual financial assets of the group, including:
  - unfavourable changes in the payment status of beneficiaries in the group;
  - or
  - local or national economic conditions correlated with non-fulfilment relative to assets within the group.

Objective evidence of impairment for an investment in an equity instrument includes information regarding important changes with an adverse effect that occurred in the technical, economic or legal area or the market in which the issuer operates, and indicates that the cost of the investment may not be recovered. A prolonged and significant decrease in the fair value of an equity instrument to below its cost is also objective evidence of impairment.

If there is objective evidence for the occurrence of a loss for impairment of loans or held-to-maturity investments (booked at amortized cost); the amount of the loss is measured as the difference between the asset carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred), discounted at the original effective interest rate of the financial asset. The amount of the loss is recognized in item 130 of the income statement under "Net write-downs/write-backs for impairment" and the carrying amount of the asset is reduced. For instruments classified among available-for-sale financial assets, this amount is equal to the balance of the Valuation reserve.

If the conditions of a loan, receivable or held-to-maturity investments are renegotiated or otherwise amended due to financial difficulties for the debtor, impairment is measured using the original effective interest rate prior to modification of the conditions. Financial flows relative to short-term loans are not discounted if the effect of the discounting is irrelevant. If a receivable or held-to-maturity investment has

a variable interest rate, the discount rate used to measure possible losses for impairment is the current effective interest rate on the date determined by the contract.

A decrease in the fair value of a financial asset to below its cost or amortised cost is not, nonetheless, necessarily an indication of impairment (for example, a reduction in the fair value of an investment in a debt security that results from an increase in the risk-free interest rate).

Objective evidence of impairment is first of all assessed individually. However, if it is determined that there is no objective evidence of individual impairment, then said asset is included in a group of financial assets with similar credit risk characteristics and evaluated collectively.

Approaches based on formulas or statistical methods can be used to determine impairment losses for groups of financial assets. Any models used incorporate the time value effect, considering financial flows for the entire residual life of an asset (not just the subsequent year), and do not give rise to impairment losses at the time a financial asset is initially recognised. These also take into account the existence of losses already suffered but not yet manifested in groups of financial assets as of the measurement date, on the basis of historical losses on assets with similar credit risk characteristics in regards to the group being considered.

The process used to estimate impairment considers all credit exposures, not only those with low credit quality, which reflect serious deterioration of the positions.

### Write-backs

If, in a subsequent financial year, the amount of impairment losses decreases and the decrease can be objectively connected to an event which occurred after the impairment was recognised (such as an improvement in the financial solvency of the debtor), the impairment loss previously recognised is reversed. The amount of the reversal is recognised in the income statement under item 130. "Net write-downs/Write-backs for impairment", without prejudice to that specified for equity securities classified among available-for-sale financial assets.

The write-back does not lead to, on the date on which the original value of the financial asset is restored, a carrying amount greater than the amortised cost that it would have had on the same date in the case the impairment loss had not been recognised.

## A.3 - Disclosure on transfers between financial asset portfolios

### A.3.1 - Reclassified financial assets: book value, fair value and effects on comprehensive income

There is no figure to report.

### A.3.2 - Reclassified financial assets: effects on comprehensive income before transfer

There is no figure to report.

### A.3.3 - Transfer of financial assets held for trading

There is no figure to report.

### A.3.4 - Effective interest rate and cash flows expected from reclassified assets

There is no figure to report.

## A.4 - Information on fair value

### QUALITATIVE INFORMATION

This section includes the information on fair value as requested under IFRS13.

Fair value is the payment that could be received when selling an asset, or paid to transfer a liability, in an ordinary transaction between market counterparts on the main market as of the measurement date (exit price).

The fair value of a collectable financial liability (for example an on demand deposit) cannot be less than the amount collectable upon request, discounted as of the first date on which payment could be requested.

In the case of financial instruments listed on active markets, the fair value is determined starting from the official listings on the main market (or the most advantageous) to which doBank and its subsidiaries have access (Mark to Market).

A financial instrument is considered to be listed on an active market if the listed prices are readily and regularly available on a price list, through a dealer, broker, agency which determines prices or regulatory authority, and if said prices represent effective market transactions carried out through normal negotiations. If the official listing on an active market does not exist for a financial instrument as a whole, but active markets exist for the parts that compose it, the fair value is determined on the basis of the relevant market prices for parts that compose it.

If the market listing or other observable input, such as the listed price for an identical asset on a non-active market, is not available, alternative measurement methods are used, such as:

- market approach (use of market listings for similar liabilities or equity instruments held as assets by other market players);
- cost approach (that is the replacement cost that would be required at the time to replace the service capacity of an asset);
- income approach (discounted value technique based on expected future cash flows from a market counterparty that holds a liability or shareholders' equity instrument as an asset).

Measurement approaches (Mark to Model) in line with methods generally accepted and used on the market are utilised. The measurement models include techniques based on discounting of future cash flows and estimates of volatility and are subject to review, both during their development and periodically, in order to guarantee full compliance with the measurement objectives.

Said methods use input based on prices seen in recent transactions relevant to the instrument being measured and/or prices/listings for instruments with similar risk profile characteristics. In fact, these prices/listings are relevant for the purposes of determining the significant parameters, in terms of credit risk, liquidity risk, price risk and all other relevant risks, relative to the instrument being measured. Reference to said "market" parameters makes it possible to limit the degree of discretion in the measurement, while simultaneously guaranteeing that the resulting fair value can be verified. In the case that for one or more risk factors it is not possible to use market data, the measurement models used utilise input based on historic data.

In the case of instruments not listed on active markets, the cited verification process uses prices contributed by info-providers as a reference, placing greater weight on said prices, given that they are considered to better represent the instrument being measured.

Said evaluation includes: the possible "collectability" of the transaction at the observed price, the number of contributors, the degree of similarity between the financial instruments, the consistency of prices contributed by different sources, and the process used by the info-provider to obtain the information.

#### **A.4.1 - Fair value levels 2 and 3: valuation techniques and input used**

Below is the information requested under IFRS13 regarding accounting portfolios, both measured at fair value on a recurring basis and not measured at fair value or measure at a fair value on a non-recurring basis.

##### **Assets and liabilities measured at fair value on a recurring basis**

###### **Asset Backed Securities**

ABS are measured using mathematical models, applied every time that the information regarding assumptions of market participants in regards to the model parameters is reasonably available without excessive cost or effort.

###### **Equity Securities**

Equity securities are assigned to Level 1 when a listing on active market considered to be liquid is available, or to Level 3 when there are not listings or the listings have been suspended for an indeterminate amount of time. These instruments are classified as Level 2 only in the case that activity volumes on the listings market have fallen significantly.

For equity securities carried at cost, impairment is applied when the cost exceeds the recoverable value significantly and/or over an extended period of time.

###### **Real Estate Funds**

Real estate funds are classified as Level 1 in the case that they are listed on an active market. If not, they are classified as Level 3 and are measured using a credit adjustment of the NAV, based on the specific characteristics of the individual fund.

##### **Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis**

Financial instruments not measured at fair value, including payables and loans and receivables with customers and banks are not managed on a fair value basis.

For these instruments, the fair value is calculated solely in order to fulfil disclosure requirements for the market and it has no impact on the financial statements or in regards to gains or losses. In addition, given that said instruments are not generally exchanged, the determination of fair value is based on the use of internal parameters that cannot be directly observed on the market, as defined in IFRS 13.

###### **Cash and liquid assets**

Given their short-term horizon and negligible credit risk, the carrying amount of cash and liquid assets approximates their fair value.

### Loans and receivables with banks and customers

The fair value of loans and receivables with banks and customers, recognised at the amortised cost, is mainly determined using a current value model, adjusted for risk. For some portfolios, other simplified approaches are used, which in any case take the financial characteristics of the financial instruments contained in them into consideration.

### Description of valuation techniques

Specific valuation techniques are used to measure positions for which market sources do not provide a directly observable market price. Valuation techniques widely used on the market to determine the fair value of financial and non-financial instruments, which are not listed or actively traded on the market, are utilised. The valuation techniques used to measure Level 3 assets are described below.

#### Discounted cash flow

Valuation techniques based on discounted cash flow generally consist in determining an estimate of the expected future cash flows throughout the life of the instrument. The model requires an estimate of the cash flows and the adoption of market parameters for the discount: the discount rate or margin reflects the credit spread and/or financing required by the market for instruments with similar risk profiles and liquidity, in order to determine a "discounted value". The fair value of the contract is equal to the sum of the discounted future cash flows.

#### Market Approach

A valuation technique that uses prices generated from market transactions involving identical or similar assets, liabilities or groups of assets and liabilities.

#### Adjusted NAV

The NAV (net adjusted value) is the difference between the total value of the fund's assets and its liabilities. An increase in NAV coincides with an increase in the fair value measurement. Generally, for funds classified as Level 3, the NAV represents a risk-free measurement. Therefore, in this case the NAV is adjusted to consider the default risk of the issuer.

### Description of input used in fair value measurement of Level 2 and 3 instruments

Below is a description of the main significant input used in fair value measurement of instruments classified in Level 2 and 3 of the fair value hierarchy.

#### Volatility

Volatility is the expression of the change over time of the price of a financial instrument. Specifically, volatility measures the speed and the extent of changes in the market price of an instrument, parameter or market index, given the effective change of the value over time for said instrument, parameter or market index, expressed as a percentage of the change relative to the price. The greater the volatility of the underlying asset, the greater the risk connected with the instrument. In general, long position options benefit from an increase in volatility, while short position options are harmed.

There are various macro-categories of volatility: interest rate volatility, inflation volatility, exchange rate volatility and share or index/price volatility for the underlying assets.

### Correlation

Correlation is a measure of the relationship existing between changes in variables. When the parameters are positively correlated, an increase in the correlation generally leads to an increase in the fair value. On the other hand, given a short correlation position, an increase in the correlation will lead to a decrease in the fair value measurement. As a consequence, changes in correlation levels can have impacts, both favourable and not, on the fair value of an instrument, based on the type of correlation. The correlation is an input used in the measurement of a derivative product, where the payoff is determined by multiple underlying risks. The level of correlation used in measuring derivatives with multiple underlying risks depends on a variety of factors, including the nature of said risks.

### Loss Given Default (LGD)/Recovery Rate

LGD, also known as loss severity (the inverse of recovery rate), represents the percentage of contractual cash flows lost in the case of bankruptcy, expressed as net losses relative to the accounting balance. An increase in loss severity, all things held equal, leads to a decrease in the fair value measurement. Loss given default must be measured on a case by case basis, given that losses are generally influenced by characteristics specific to the transaction, such as the presence of collateral and the level of subordination.

### Price

When market prices cannot be observed, a comparable approach is used to measure fair value through identification of a proxy.

### Probability of Default (PD)

The probability of default is the estimate of the probability of not receiving the amount foreseen in the contract. This is an estimate of the probability that a customer of a financial institution becomes insolvent over a given time horizon. The PD of a debtor does not depend solely on the risk characteristics of the individual debtor, but also on market conditions and the degree of influence that said conditions have on the debtor.

### EBITDA

EBITDA is an indication of a business's current operating income, that is how much it profits from the use of its assets and the sales of the products it produces.

## Quantitative information on significant non-observable inputs used in the fair value measurement: accounting portfolios measured at fair value and categorized as Level 3

(€/000)				
Product Categories	Fair value Assets	Valuation Techniques	Unobservable parameters	Range
<b>Debt Securities - AFS</b>				
Aurora SPV srl. - Asset Backed Securities Tranche B	1,528	Discounted Cashflows	Credit Spread	14.50%

### A.4.2 - Estimation processes and sensitivity

It is verified that the value assigned to each position appropriately reflects the current fair value. Fair value measurement of assets and liabilities is done using various techniques, among which (but not solely) discounted cash flow and internal models. On the basis of the observability of the input used, all measurements are classified as Level 1, Level 2 or Level 3 in the fair value hierarchy.

When a financial instrument measured at fair value is measured through the use of one or more significant input which are not directly observable on the market, an additional price verification procedure is carried out. These procedures include a review of relevant historic data, analysis of profit and loss, individual measuring of each component of a structured product and benchmarking. This approach foresees the use of subjective opinions and judgements based on experience and, as a consequence, may require adjustments which take into account the bid/ask spread, liquidity and counterparty risk, as well as the type of model and/or measurement adopted.

### Description of fair value sensitivity to changes in non-observable input used in fair value measurement of Level 3 instruments

The direction of sensitivity of level 3 fair value measurements to changes in significant non-observable input is provided in the table below. To measure fair value when significant non-observable input is used (Level 3), sensitivity analysis is done so as to obtain a range of possible and reasonable alternative measurements. The fact that non-observable input used in Level 3 fair value measurement depends on the correlation between the various types of input used in the measurement process is taken into account. In addition, the effect of a change in a non-observable input has an impact on both the amount and the direction of the fair value measurement, also based on the nature of the instrument and whether it is positive or negative.

Product Categories	Fair Value movements given reasonable possible alternatives	(€/000)
<b>Debt Securities - AFS</b>		
Aurora SPV srl. - Asset Backed Securities Tranche B		(27)

#### A.4.3 - Fair value hierarchy

IFRS 13 establishes a fair value hierarchy based on the degree to which the input used in the valuation techniques used is observable.

The fair value hierarchy associated with assets and liabilities is the lowest level among all the significant input used.

Generally, measurement input is not considered significant for the fair value of an instrument if the remaining input account for the majority of the fair value changes over a three month time horizon.

Specifically, three levels exist:

- level 1: the fair values of instruments classified in this level is determined on the basis of listed prices observed on active markets;
- level 2: the fair values of instruments classified in this level is determined on the basis of measurement models which use observable input from active markets;

- level 3: the fair values of instruments classified in this level is determined on the basis of measurement models which mainly use significant input not observable on active markets.

A given fair value level is assigned to financial instruments on the basis of the observability of the input used to measure them

Level 1 (listed prices on active market): listed prices (not adjusted) on active markets for identical assets and liabilities which the entity can access on the measurement date. An active market is one on which the transactions relative to the assets or liabilities being measured occur with sufficient frequency and volume to provide useful information for determining prices on a continuous basis.

Level 2 (observable input): input other than the market prices already included in Level 1, that is observable for assets or liabilities, directly or indirectly. Input is considered observable if it is developed on the basis of information available on the market regarding current events or transactions and reflects the assumptions that market counterparties would use in measuring the assets or liabilities.

Level 3 (non-observable input): input other than that included in Level 1 or Level 2, not directly observable on the market for measurement of the asset or liability, or used in determining significant fair value adjustments. Non-observable input must, in any case, reflect the assumptions that market participants would use in measuring assets or liabilities, including assumptions about risk.

When the fair value is measured directly using an observable price listed on an active market, it falls in Level 1. When the fair value must be measured using a comparable approach or through the use of a pricing model, it falls in Level 2 or 3, based on the observability of all the significant input used in the measurement.

When selecting between the various valuation techniques, the Bank uses that which maximises utilisation of observable input.

Among the available-for-sale financial assets in Level 3, there are ABS securities coming from the Aurora SPV srl securitisation transaction.

#### **Transfer between fair value hierarchy levels**

All transfers between fair value hierarchy levels must be carried out in reference to the reporting date for the financial statements.

The main factors that contribute to transfers between fair value hierarchy levels (whether between Level 1 and Level 2 and within Level 3) include changes in market conditions (including the liquidity parameter) and refinements in measurement models and the relative weights of non-observable input used in fair value measurement.

#### **A.4.4 - Other information**

There is no figure to report.

## QUANTITATIVE INFORMATION

### A.4.5 - Fair value hierarchy

The tables below indicate the breakdown of the portfolio of (i) financial assets and liabilities measured at fair value, as well as (ii) assets and liabilities not measured at fair value or measured at fair value through P&L on a non-recurring basis, on the basis of the aforementioned levels.

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

Financial assets/Liabilities carried at fair value		12/31/2015			12/31/2014		
		L1	L2	L3	L1	L2	L3
1.	Financial assets held for trading						
2.	Financial assets at fair value through P&L						
3.	Available for sale financial assets	350		1,528			1,923
4.	Hedging derivative assets						
5.	Property, plant and equipment						
6.	Intangible assets						
<b>Total</b>		<b>350</b>	<b>-</b>	<b>1,528</b>	<b>-</b>	<b>-</b>	<b>1,923</b>
1.	Financial liabilities held for trading						
2.	Financial liabilities at fair value through P&L						
3.	Hedging derivative liabilities						
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	(€/000)					
	Held for trading	At fair value through P&L	Available for sale	Hedging derivatives	Property, plant and equipment	Intangible assets
<b>1. Opening balances</b>			<b>1,923</b>			
<b>2. Increases</b>			<b>471</b>			
2.1. Purchases						
2.2. Recognized profits:			471			
2.2.1. Income Statement of which: gains						
2.2.2. Equity			471			
2.3. Transfer from other levels						
2.4. Other increases						
<b>3. Decreases</b>			<b>866</b>			
3.1. Sales						
3.2. Redemptions			863			
3.3. Recognized losses:			3			
3.3.1. Income Statement of which: losses						
3.3.2. Equity			3			
3.4. Transfer to other levels						
3.5. Other decreases						
<b>4. Closing balances</b>			<b>1,528</b>			

The sub-items 2.2.2 "Profit attributed to shareholders' equity" and 3.3.2 "Losses attributed to shareholders' equity" include the respectively positive and negative changes in the fair value of Assets available for sale recognised in item 140. "Valuation Reserves" in consolidated shareholders' equity.

Sub-item 3.2 "Redemptions" contains redemptions of the capital value of the securities in the Aurora SPV securitisation. During the financial year, Tranches A and A2 were eliminated, therefore at 31 December 2015 only Tranche B still requires partial redemption.

#### A.4.5.3 - Annual change of liabilities measured at fair value (Level 3)

There is no figure to report.

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

		Amounts as at 12/31/2015			Amounts as at 12/31/2014				
Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level		Book Value	L1	L2	L3	Book Value	L1	L2	L3
1.	Held to maturity investments								
2.	Loans and receivables with banks	17,032			17,032	407,863			407,863
3.	Loans and receivables with customers	166,668			166,668	459,504			459,504
4.	Property, plant and equipment held for investment								
5.	Non-current assets and disposal groups classified as held for sale					1,903,430			1,903,430
<b>Total</b>		<b>183,700</b>	-	-	<b>183,700</b>	<b>2,770,797</b>	-	-	<b>2,770,797</b>
1.	Deposits from banks	4,407			4,407	1,454			1,454
2.	Deposits from customers	181,760			181,760	6,621			6,621
3.	Debt securities in issue								
4.	Liabilities included in disposal groups classified as held for sale					128,988			128,988
<b>Total</b>		<b>186,167</b>	-	-	<b>186,167</b>	<b>137,063</b>	-	-	<b>137,063</b>

#### A.5 - Disclosure on “DAY ONE PROFIT/LOSS”

There is no figure to report.

---

## Part B - Consolidated Balance Sheet

### Assets

- Section 1 - Cash and cash equivalents – Item 10
- Section 2 - Financial assets held for trading - Item 20 (not present)
- Section 3 - Financial assets measured at fair value through P&L - Item 30 (not present)
- Section 4 - Available-for-sale financial assets - Item 40
- Section 5 - Held-to-maturity investments - Item 50 (not present)
- Section 6 - Loans and receivables with banks - Item 60
- Section 7 - Loans and receivables with customers - Item 70
- Section 8 - Hedging derivatives - Item 80 (not present)
- Section 9 - Fair value adjustment of financial assets in hedged portfolios - Item 90 (not present)
- Section 10 - Equity Investments – Item 100 (not present)
- Section 11 - Insurance reserves attributable to reinsurers - Item 110 (not present)
- Section 12 - Property, plant and equipment – Item 120
- Section 13 – Intangible assets – Item 130
- Section 14 – Tax credits and liabilities - Item 140 of the assets and Item 80 of the liabilities
- Section 15 - Non-current assets and disposal groups classified as held for sale -  
Item 150 of the assets and item 90 of the liabilities
- Section 16 – Other assets – Item 160

### Liabilities

- Section 1 - Deposits from banks - Item 10
- Section 2 – Deposits from customers – Item 20
- Section 3 - Debt securities in issue - Item 30 (not present)
- Section 4 - Financial liabilities held for trading - Item 40 (not present)
- Section 5 - Financial liabilities measured at fair value - Item 50 (not present)
- Section 6 - Hedging derivatives - Item 60 (not present)
- Section 7 - Fair value adjustment of financial liabilities in hedged portfolios - Item 70 (not present)
- Section 8 – Tax liabilities – Item 80
- Section 9 - Liabilities included in disposal groups classified as held for sale - Item 90
- Section 10 - Other liabilities - Item 100
- Section 11 - Provision for employee severance pay—Item 110
- Section 12 - Provisions for risks and charges - Item 120
- Section 13 - Technical Reserves – Item 130 (not present)
- Section 14 - Share capital repayable on demand - Item 150 (not present)
- Section 15 – Group capital - Items 140, 160, 170, 180, 190, 200 and 220
- Section 16 - Capital attributable to minorities - Item 210

### Other Information

## Assets

### Section 1 - Cash and cash equivalents – Item 10

#### 1.1 - Cash and cash balances: breakdown

	12/31/2015	31/12/2014
a) Cash	1	2
b) Demand deposit with Central banks		-
<b>Total</b>	<b>1</b>	<b>2</b>

### Section 2 - Financial assets held for trading - Item 20

There is no figure to report.

### Section 3 - Financial assets measured at fair value - Item 30

There is no figure to report.

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

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

Items/Amounts	12/31/2015			12/31/2014		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	350	-	1,528	-	-	1,923
1.1 Structured securities	-	-	-	-	-	-
1.2 Other	350	-	1,528	-	-	1,923
2. Equity instruments	-	-	-	-	-	-
2.1 Measured at fair value	-	-	-	-	-	-
2.2 Carried at cost*	-	-	-	-	-	-
3. Units in investment funds	-	-	-	-	-	-
4. Loans	-	-	-	-	-	-
<b>Total</b>	<b>350</b>	<b>-</b>	<b>1,528</b>	<b>-</b>	<b>-</b>	<b>1,923</b>

The item Available-for-sale financial assets includes securities valued at 1,528 thousand subscribed in March 2013 and March 2014 deriving from a securitisation transaction regarding a portfolio of non-performing loans acquired by Aurora SPV Srl. At 31/12/2015 the Class A and A2 securities had been completely redeemed. Therefore, only the residual portion of Class B is recognised. The portion subscribed by the bank in this transaction was less than 20% for all tranches.

The carrying amount in the financial statements for Aurora SPV securities was aligned with the fair value derived from a calculation model that takes into consideration forecasts of future cash flows, as better detailed in the Section on Accounting Policies, A.4. Information on Fair Value.

The item in question also includes government securities (BOT) for 350 thousand, which were acquired in order to respect the new European supervisory requirement in terms of the liquidity coverage ratio (LCR),

which took effect on 1 October 2015 and began to apply to the Bank following its exit from the UniCredit Group, due to the derogation foreseen in article 8 of Regulation EU 575/2013 (CRR) no longer applying.

#### 4.2 - Available-for-sale financial assets: breakdown by issuer/borrower

Items/Amounts	12/31/2015	12/31/2014
<b>1. Debt securities</b>	<b>1,878</b>	<b>1,923</b>
a) Governments and Central banks	350	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Other issuers	1,528	1,923
<b>2. Equity instruments</b>	-	-
a) Banks	-	-
b) Other issuers:	-	-
- insurance companies	-	-
- financial companies	-	-
- non-financial companies	-	-
- others	-	-
<b>3. Units in investment funds</b>	-	-
<b>4. Loans</b>	-	-
a) Governments and Central banks	-	-
b) Other public-sector entities	-	-
c) Banks	-	-
d) Others	-	-
<b>Total</b>	<b>1,878</b>	<b>1,923</b>

#### 4.3 Available-for-sale financial assets: with specific hedges

There is no figure to report.

#### Section 5 - Held-to-maturity investments - Item 50

There is no figure to report.

## Section 6 - Loans and receivables with banks - Item 60

### 6.1 - Loans and receivables with banks: product breakdown

Type of transaction/values	12/31/2015				12/31/2014			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>A. Loans to Central Banks</b>								
1. Time deposits	-	-	-	-	-	-	-	-
2. Compulsory reserves	1,705	-	-	1,705	-	-	-	-
3. Reverse repos	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-
<b>B. Loans to banks</b>								
1. Loans	15,327	-	-	15,327	407,863	-	-	407,863
1.1 Current accounts and demand deposits	14,466	-	-	14,466	37,709	-	-	37,709
1.2 Time deposits	-	-	-	-	370,154	-	-	370,154
1.3 Other Loans	861	-	-	861	-	-	-	-
- Reverse repos	-	-	-	-	-	-	-	-
- Financial lease	-	-	-	-	-	-	-	-
- Others	861	-	-	861	-	-	-	-
2. Debt securities	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>17,032</b>	-	-	<b>17,032</b>	<b>407,863</b>	-	-	<b>407,863</b>

Loans to central banks show the presence, with respect to the previous year, of the amount of 1.7 million against the compulsory reserve which was generated following the opening of a loan payable of 175.1 million, originally disbursed by UniCredit. The new shareholder Avio subsequently took over this loan as creditor, at the time it purchased the equity shares in the company which were then sold in equal parts to Siena Holdco and Verona Holdco, respectively affiliated with the Fortress Group and Eurocastle Investment Limited.

Loans to banks, which total 15.3 million, show a significant reduction with respect to 31/12/2014, following the distribution of the extraordinary dividend to the former parent UniCredit following the cited transaction to dispose of the Bank's shares.

Item B.1.1 includes liquidity available in current accounts held mainly with UniCredit, while item B.1.3 includes the receivable due from UniCredit deriving from indemnities and the return of legal relationships.

In consideration of the short-term duration of these exposures, as well as the variable interest rate to which they refer, it is reasonable to hold that the fair value of these items corresponds with the relative book value.

### 6.2 - Loans to banks with specific hedges

There is no figure to report.

### 6.3 - Financial lease

There is no figure to report.

## Section 7 - Loans and receivables with customers - Item 70

### 7.1 - Loans and receivables with customers: product breakdown

Type of transaction/Amounts	Total 12/31/2015						Total 12/31/2014					
	Book value			Fair value			Book value			Fair value		
	Performing	Impaired		Level 1	Level 2	Level 3	Performing	Impaired		Level 1	Level 2	Level 3
	Purchased	Others					Purchased	Others				
<b>Loans</b>												
1. Current accounts	723	82,716	-	-	-	93,273	337	-	236,374	-	-	256,795
2. Reverse repos	-	-	-	-	-	-	-	-	-	-	-	-
3. Mortgages	1,172	60,495	-	-	-	61,667	8	-	159,390	-	-	159,398
4. Credit cards, personal loans, including wage assignment loans	-	88	-	-	-	88	-	-	241	-	-	241
5. Financial leases	-	-	-	-	-	-	-	-	-	-	-	-
6. Factoring	-	257	-	-	-	257	-	-	645	-	-	645
7. Other loans	200	21,017	-	-	-	21,217	3	-	62,506	-	-	64,290
<b>Debt securities</b>												
8. Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
9. Other debt securities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,095</b>	<b>164,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>166,668</b>	<b>348</b>	<b>-</b>	<b>459,156</b>	<b>-</b>	<b>-</b>	<b>459,504</b>

The item mainly includes the residual portfolio of non-performing loans coming from acquisition transactions pursuant to article 58 of the TUB, carried out by the incorporated Aspra Finance S.p.A, mainly in 2008, with a company in the UniCredit Group, regarding the legal relationships connected to non-performing/restructured positions in existence at the transfer date. These transactions, occurring with "under common control" entities were recognised on the basis of that suggested in the "Assirevi preliminary observations on IFRS (OPI 1)", with reference to transactions to purchase and transfer business units. As these were "transactions without a significant influence, in regards to the group, on future cash flows from the transferred assets", the "continuity of value" principle was applied, recognising the net values of loans found in the financial statements of the transferring company and indicating the difference between the net book value of the receivables acquired and the price paid in a specific Shareholders' equity reserve, which at 31/12/2014 amounted to 490.4 million, net of deferred tax liabilities, residual at 21 million.

Following the Bank's exit from the scope of the UniCredit Group, effective on 31/10/2015, the purchase transaction indicated above become realisable in regards to third parties and therefore, the value at which the residual portfolio was recognised in the financial statements was changed, aligning the carrying amounts to the tax values, corresponding to the residual purchase prices, and eliminating as a counter entry the residual value of the cited Reserve and corresponding deferred tax liabilities. This also explains the different classification among "Impaired related to purchase agreements" at 31/12/2015.

In addition, the item as a whole decreased notably with respect to the values at 31/12/2014 (481.4 million), mainly as a consequence of the realignment of expectations of collections coming from the non-performing portfolio, the subject of the upcoming securitisation transaction pursuant to Italian Law 130/99, to be carried out in the initial months of 2016. The expected sales price, reflected in the financial statement amount, is in line with the value attributed to said asset by the new shareholder when the Bank was acquired.

In addition, this item includes 2.1 million of performing loans which are up with respect to 2014 and mainly consist of auctioned mortgages and current account loans.

## 7.2 - Loans and receivables with customers: breakdown by issuers/borrower

Type of transaction/Amounts	Total 12/31/2015			Total 12/31/2014		
	Performing	Impaired		Performing	Impaired	
		Purchased	Others		Purchased	Others
<b>1. Debt securities</b>						
a) Governments	-	-	-	-	-	-
b) Other public-sector entities	-	-	-	-	-	-
c) Other issuers	-	-	-	-	-	-
- non-financial companies	-	-	-	-	-	-
- financial companies	-	-	-	-	-	-
- insurance companies	-	-	-	-	-	-
- others	-	-	-	-	-	-
<b>2. Loans to</b>	<b>2,095</b>	<b>164,573</b>	-	<b>348</b>	-	<b>459,156</b>
a) Governments	196	-	-	-	-	-
b) Other public-sector entities	-	-	-	-	-	-
c) Others entities	1,899	164,573	-	348	-	459,156
- non-financial companies	723	148,069	-	348	-	417,508
- financial companies	-	389	-	-	-	872
- insurance companies	-	-	-	-	-	-
- others	1,176	16,115	-	-	-	40,776
<b>Total</b>	<b>2,095</b>	<b>164,573</b>	-	<b>348</b>	-	<b>459,156</b>

## 7.3 - Loans and receivables with customers, assets with specific hedges

There is no figure to report.

## 7.4 - Financial lease

There is no figure to report.

## Section 8 - Hedging derivatives - Item 80

There is no figure to report.

## Section 9 - Fair value adjustment of financial assets in hedged portfolios - Item 90

There is no figure to report.

## Section 10 - Equity investments – Item 100

There is no figure to report.

## Section 11 - Insurance reserves attributable to reinsurers - Item 110

There is no figure to report.

## Section 12 - Property, plant and equipment – Item 120

### 12.1 - Property, plant and equipment used in the business: breakdown of assets carried at cost

Assets/Values	12/31/2015	12/31/2014
<b>1. Owned assets</b>	<b>24</b>	<b>8</b>
a) land	-	-
b) buildings	-	-
c) office furniture and fitting	5	3
d) electronic systems	18	5
e) others	1	-
<b>2. Leased assets</b>	<b>-</b>	<b>-</b>
a) land	-	-
b) buildings	-	-
c) office furniture and fitting	-	-
d) electronic systems	-	-
e) others	-	-
<b>Total</b>	<b>24</b>	<b>8</b>

### 12.2 - Property, plant and equipment held for investment: annual changes breakdown

There is no figure to report.

### 12.3 - Property, plant and equipment used in the business: annual changes

There is no figure to report.

### 12.4 - Property, plant and equipment for investment: breakdown of assets measured at fair value

There is no figure to report.

### 12.5 - Property, plant and equipment used in the business: annual changes

	Land	Buildings	Furniture	Electronic electronic	Others	Total
<b>A. Gross opening balances</b>	-	-	330	855	85	1,270
A.1 Total net reduction in value	-	-	(327)	(850)	(85)	(1,262)
<b>A.2 Net opening balances</b>	-	-	3	5	-	8
<b>B. Increases:</b>	-	-	2	16	1	19
B.1 Purchases	-	-	2	16	1	19
B.2 Capitalised expenditure on improvements	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value:	-	-	-	-	-	-
<i>a) in equity</i>	-	-	-	-	-	-
<i>b) through profit or loss</i>	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Transfer from properties held for investment	-	-	-	-	-	-
B.7 Other changes	-	-	-	-	-	-
<b>C. Reductions</b>	-	-	-	(3)	-	(3)
C.1 Disposals	-	-	-	-	-	-
C.2 Depreciation	-	-	-	(3)	-	(3)
C.3 Impairment losses:	-	-	-	-	-	-
<i>a) in equity</i>	-	-	-	-	-	-
<i>b) through profit or loss</i>	-	-	-	-	-	-
C.4 Reduction of fair value:	-	-	-	-	-	-
<i>a) in equity</i>	-	-	-	-	-	-
<i>b) through profit or loss</i>	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
<i>a) property plant and equipment held for investment</i>	-	-	-	-	-	-
<i>b) assets held for sale</i>	-	-	-	-	-	-
C.7 Other changes	-	-	-	-	-	-
<b>D. Net final balance</b>	-	-	5	18	1	24
D.1 Total net reduction in value	-	-	(327)	(853)	(85)	(1,265)
<b>D.2 Gross closing balances</b>	-	-	331	871	86	1,288
E. Carried at cost	-	-	-	-	-	-

Depreciation is calculated at constant rates on the basis of the residual possibility of use for property, plant and equipment.

### 12.6 - Property, plant and equipment held for investments: annual change

There is no figure to report.

### 12.7 - Commitments to purchase tangible assets

As of the reporting date of these financial statements, there were no commitments to purchase tangible assets.

## Section 13 – Intangible assets – Item 130

### 13.1 - Intangible assets: breakdown by type of asset

Assets/values	12/31/2015		12/31/2014	
	Defined duration	Indefinite duration	Defined duration	Indefinite duration
A.1 Goodwill	-	-	-	-
A.1.1 attributable to the Group	-	-	-	-
A.1.2 attributable to minorities	-	-	-	-
A.2 Other intangible assets	47	-	72	-
A.2.1 Assets carried at cost:	47	-	72	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	47	-	72	-
A.2.2 Assets valued at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>47</b>	<b>-</b>	<b>72</b>	<b>-</b>

The item refers to software applications.

### 13.2 - Intangible assets: annual change

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		Finite	Indefinite	Finite	Indefinite	
		Life	Life	Life	Life	
<b>A. Gross opening balances</b>	-	-	-	<b>2,734</b>	-	<b>2,734</b>
A.1 Total net reduction in value	-	-	-	(2,662)	-	(2,662)
<b>A.2 Net opening balances</b>	-	-	-	<b>72</b>	-	<b>72</b>
<b>B. Increases</b>	-	-	-	<b>12</b>	-	<b>12</b>
B.1 Purchases	-	-	-	12	-	12
B.2 Increases in intangible assets generated internally	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Increases in fair value	-	-	-	-	-	-
- in equity	-	-	-	-	-	-
- through profit or loss	-	-	-	-	-	-
B.5 Positive exchange differences	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
<b>C. Reduction</b>	-	-	-	<b>(37)</b>	-	<b>(37)</b>
C.1 Disposal	-	-	-	-	-	-
C.2 Write-downs	-	-	-	(37)	-	(37)
- Amortization	-	-	-	(37)	-	(37)
- Write-downs	-	-	-	-	-	-
+ in equity	-	-	-	-	-	-
+ through profit or loss	-	-	-	-	-	-
C.3 Reduction in fair value	-	-	-	-	-	-
- in equity	-	-	-	-	-	-
- through profit or loss	-	-	-	-	-	-
C.4 Transfer to non-current assets held for sale	-	-	-	-	-	-
C.5 Negative exchange differences	-	-	-	-	-	-
C.6 Other changes	-	-	-	-	-	-
<b>D. Net closing balances</b>	-	-	-	<b>47</b>	-	<b>47</b>
D.1 Total net write-down	-	-	-	(2,699)	-	(2,699)
<b>E. Gross closing balance</b>	-	-	-	<b>2,746</b>	-	<b>2,746</b>
F. Carried at cost	-	-	-	-	-	-

Amortisation is calculated at constant rates on the basis of the residual possibility of use for intangible assets.

### 13.3 - Other information

There is no figure to report.

## Section 14 – Tax credits and liabilities - Item 140 of the assets and Item 80 of the liabilities

### 14.1 - Deferred tax assets: breakdown

	12/31/2015			12/31/2014		
	Ires	Irap	Total	Ires	Irap	Total
Provisions	8,015	-	8,015	6,353	-	6,353
Other assets / liabilities	422	-	422	103	-	103
Loans and receivables with banks and customers	-	-	-	-	-	-
Tax losses carried forward	53,582	-	53,582	-	-	-
Write-down of receivables exceeding deductible port	101,666	16,310	117,976	98,206	-	98,206
Others	773	73	846	1,275	23	1,298
<b>Total</b>	<b>164,458</b>	<b>16,383</b>	<b>180,841</b>	<b>105,937</b>	<b>23</b>	<b>105,960</b>

The item shows deferred tax assets due to temporary differences deductible in future financial years.

The item deferred tax assets includes portions relative to write-downs of loans and the deferred tax assets, determined on the basis of the amounts remaining in the components to which they referred (disputes, allocations for personnel).

Deferred tax assets pursuant to Law 214/2011, with approval of the 2015 Financial Statements, will be transferred into tax credits for an amount of 62 million (see section 14.3.1).

With reference to that indicated in IAS 12, deferred tax assets are subjected to a probability test, taking foreseeable economic projections for future financial years into account, in order to verify whether there will be future taxable income against which the deferred tax assets can be used.

Specifically, for the figures at 31 December 2015, the test carried out, which took the doBank Capital and Economic Plan for the 2016 - 2019 period and the doRealEstate 2016-2020 Business Plan into account, indicated a wide taxable base able to absorb the deferred tax assets recognised.

In addition, in regards to the tax credit deriving from deferred tax assets pursuant to Law 214/2011, the same test guaranteed full use against foreseen operating taxes.

### 14.2 - Deferred tax liabilities: breakdown

	12/31/2015			12/31/2014		
	Ires	Irap	Total	Ires	Irap	Total
Other Items	317	-	317	10,436	-	10,436
<b>Total</b>	<b>317</b>	<b>-</b>	<b>317</b>	<b>10,436</b>	<b>-</b>	<b>10,436</b>

At 31/12/2015, the item shows deferred tax liabilities on the fair value measurement of the Aurora securities recognised under item 40 "Available-for-sale financial assets".

Following the Bank's exit from the UniCredit group and as an effect of the accounting manoeuvre in item 70. "Loans and receivables with customers", to which section the reader is referred for greater details, the

amount of latent taxes to which the 2014 figure mainly referred was completely cancelled. The latter derived from the residual differential, net of changes during the period, between the value of the residual credits recognised in the financial statements on the basis of the cited "continuity of value" accounting principle and the relative value recognised for tax purposes.

Assets and liabilities recognised in the Financial Statements will be partially adjusted in subsequent periods based on increases or decreases, determined at the time income declarations are made relative to the same components which, in previous financial years, had led to deferred or advance taxes.

The criteria used for recognition of deferred tax assets can be summarised as follows:

- Deferred tax assets correspond to the amounts of income tax for the year that can be recovered in future financial years, pertaining to temporary differences;
- A requirement for the recognition of said deferred tax assets is the consideration that, with respect to possible corporate changes, it is held with reasonable certainty that taxable income will be achieved, against which the temporary deductible differences will be used;
- The IRES rate used is 27.5%, as foreseen in article 77 of the Income Tax Consolidation Act (TUIR), while for IRAP a rate of 5.57% was used (foreseen for the previous year), deriving from that established in Veneto regional law no. 29 of 26/11/2004, paragraph 2 and in no. 1 of 12/01/2009, article 8, paragraph 1, letter a), which redetermined the IRAP for banks, other entities, financial companies and insurance companies to 4.82%, plus the 0.75% foreseen in Decree Law no. 98 of 06/07/2011, converted with Law no. 111 of 15/07/2011 for the same subjects.

### 14.3 - Deferred tax assets: annual changes (balancing P&L)

	12/31/2015	12/31/2014
<b>1. Opening balance</b>	<b>105,872</b>	<b>329,626</b>
<b>2. Increases</b>	<b>78,021</b>	<b>45,715</b>
2.1 Deferred tax assets arising during the year	78,021	45,715
<i>a) relating to previous years</i>	-	2,876
<i>b) due to changes in accounting policies</i>	-	-
<i>c) write-backs</i>	-	-
<i>d) other</i>	78,021	42,839
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
- <i>business combination transaction - mergers</i>	-	-
<b>3. Decreases</b>	<b>(3,141)</b>	<b>(269,469)</b>
3.1 Deferred tax assets derecognised during the year	(2,101)	(25,465)
<i>a) reversals of temporary differences</i>	(2,068)	(24,406)
<i>b) write-downs of non-recoverable items</i>	-	-
<i>c) change in accounting policies</i>	-	-
<i>d) other</i>	(33)	(1,059)
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(1,040)	(244,004)
<i>a) conversion into tax credit under L. 214/2011</i>	(1,040)	(51,166)
<i>b) others</i>	-	(192,838)
<b>4. Final amount</b>	<b>180,752</b>	<b>105,872</b>

Item 2.1 of the Increases - d) Other mainly involves the component of deferred tax assets pertaining to the tax loss of 53.6 million, write-downs on loans and receivables with customers for € 20.8 million and to allocations to Provisions for Risks for € 3.1 million.

Item 3.1 of the Decreases - a) reversals includes recovery of the deferred tax asset component relative to disputes and revocations for € 999 thousand and the recovery relative to taxes on provisions for personnel for € 1.0 million.

Item 3.3 of the Decreases - b) other includes the component of deferred tax assets relative to the tax credit resulting from the transformation of the 2014 DTA.

#### 14.3.1 - Deferred tax assets L.214/2011: annual changes (balancing P&L)

	12/31/2015	12/31/2014
<b>1. Opening balance</b>	<b>98,206</b>	<b>304,426</b>
<b>2. Increases</b>	<b>20,810</b>	<b>37,905</b>
<b>3. Decreases</b>	<b>(1,040)</b>	<b>(244,125)</b>
3.1 Reversals	-	(14,862)
3.2 Conversion into tax credits	-	(51,166)
<i>a) due to loss positions arising from P&amp;L</i>	-	(51,166)
<i>b) due to tax losses</i>	-	-
3.3 Other decreases	(1,040)	(178,097)
<b>4. Final amount</b>	<b>117,976</b>	<b>98,206</b>

Deferred tax assets pursuant to law no. 214/2011 refer to write-downs of loans not yet deducted pursuant to article 106, paragraph 3 of the TUIR, for which negative components can be deducted for the purposes of income taxes over several tax periods. Article 16 of Decree Law no. 83 of 27/06/2015 introduced a new form of deductibility for write-downs on receivables with a measurement aspect, which reformulates the consequences of reversals of previous deferred tax assets. With special reference to financial year 2015, the law established a suspension of the recovery of the fractions (18ths or 5ths) allocated in previous financial years, carrying them forward and transforming them into constant rates over the subsequent 10 financial years. The value indicated represents the portion that can be considered transformable to a tax credit based on the law in question, in the case the presuppositions required under said law are met. To that end, we note that in 2016, after approval of these Financial Statements, deferred tax assets of around € 62 million should be transformed to tax credits.

Item 3.3 Other decreases includes the component of deferred tax assets relative to the tax credit resulting from the transformation of the 2014 DTA.

#### 14.4 - Deferred tax liabilities: annual changes (balancing income statement)

There is no figure to report.

#### 14.5 - Deferred tax assets: annual changes (balancing Net Equity)

	12/31/2015	12/31/2014
<b>1. Opening balance</b>	<b>88</b>	-
<b>2. Increases</b>	<b>1</b>	<b>100</b>
2.1 Deferred tax assets arising during the year	1	100
<i>a) relating to previous years</i>	-	-
<i>b) due to change in accounting policies</i>	-	-
<i>c) other</i>	1	100
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
<i>- business combination transaction - mergers</i>	-	-
<b>3. Decreases</b>	<b>-</b>	<b>(12)</b>
3.1 Deferred tax assets derecognised during the year	-	-
<i>a) reversals of temporary differences</i>	-	-
<i>b) writedown of non-recoverable items</i>	-	-
<i>c) due to change in accounting policies</i>	-	-
<i>c) other</i>	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	-	(12)
<b>4. Final amount</b>	<b>89</b>	<b>88</b>

#### 14.6 - Change in deferred tax liabilities (balancing Net Equity)

	12/31/2015	12/31/2014
<b>1. Opening balance</b>	<b>10,436</b>	<b>25,610</b>
<b>2. Increases</b>	<b>205</b>	<b>106</b>
2.1 Deferred tax liabilities arising during the year	176	106
<i>a) relating to previous years</i>	-	-
<i>b) due to change in accounting policies</i>	-	-
<i>c) other</i>	176	106
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	29	-
<b>3. Decreases</b>	<b>(10,324)</b>	<b>(15,280)</b>
3.1 Deferred tax liabilities derecognised during the year	(30)	(4,411)
<i>a) reversals on temporary differences</i>	(30)	(4,411)
<i>b) due to changes in accounting policies</i>	-	-
<i>c) other</i>	-	-
3.2 Reduction in tax rates	-	-
3.3 Other decreases	(10,294)	(10,869)
<b>4. Final amount</b>	<b>317</b>	<b>10,436</b>

Item 3.3 Other decreases is entirely related to the cancellation of deferred tax assets on the discount sale component related to the accounting transaction to recognise the price paid to acquire impaired loans from Aspra Finance, as described in section 7 - Loans and receivables with customers.

**14.7 - Other information**

**Current tax assets: breakdown**

	12/31/2015			12/31/2014		
	Ires	Irap	Total	Ires	Irap	Total
Accounts for the financial year	9,651	2,577	12,228	24,924	26	24,950
Tax credit pursuant to law 214/2011	-	-	-	10,266	-	10,266
Tax credit pursuant to tax statement	271	16	287	271	77	348
Tax liabilities	(4,012)	-	(4,012)	(15,067)	(2)	(15,069)
<b>Total</b>	<b>5,910</b>	<b>2,593</b>	<b>8,503</b>	<b>20,394</b>	<b>101</b>	<b>20,495</b>

**Section 15 - Non-current assets and disposal groups classified as held for sale - Item 150 of the Assets and Item 90 of the Liabilities**

### 15.1 – Non-current assets and disposal groups classified as held for sale: breakdown by asset type

Type of transaction/Amounts	12/31/2015	12/31/2014
<b>A. Individual Assets</b>	-	-
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, plant and equipment		
A.4 Intangible assets		
A.5 Other non-current assets		
<b>Total A</b>	-	-
of which carried at cost		
of which designed at fair value, Level 1		
of which designed at fair value, Level 2		
of which designed at fair value, Level 3	-	-
<b>B. Asset groups classified as held for sale</b>	-	-
B.1 Financial assets held for trading:		-
B.2 Financial assets at fair value through profit or loss		-
B.3 Available for sale financial assets		-
B.4 Held to maturity investments		-
B.5 Loans and receivables with banks	-	402,972
B.6 Loans and receivables with customers	-	1,175,068
B.7 Equity investments	-	4,963
B.8 Property, plant and equipment		-
B.9 Intangible assets		-
B.10 Other assets	-	320,427
<b>Total B</b>	-	<b>1,903,430</b>
of which carried at cost		
of which designed at fair value, Level 1		
of which designed at fair value, Level 2		
of which designed at fair value, Level 3	-	<b>1,903,430</b>
<b>C. Liabilities associated with individual assets held for sale</b>	-	-
C.1 Deposits		
C.2 Securities		
C.3 Other Liabilities		
<b>Total C</b>	-	-
of which carried at cost		
of which designed at fair value, Level 1		
of which designed at fair value, Level 2		
of which designed at fair value, Level 3	-	-
<b>D. Liabilities included in disposal groups classified as held for sale</b>	-	-
D.1 Deposit from banks		690
D.2 Deposit from customers		37
D. Debt securities in issue		-
D.4 Financial liabilities held for trading		-
D.5 Financial liabilities at fair value through profit or loss		-
D.6 Provisions	-	84,232
D.7 Other Liabilities	-	44,029
<b>Total D</b>	-	<b>128,988</b>
of which carried at cost		
of which designed at fair value, Level 1		
of which designed at fair value, Level 2		
of which designed at fair value, Level 3	-	<b>128,988</b>

At 31/12/2015, there were no "Non-current assets and disposal groups classified as held for sale", while at 31/12/2014 it included items included in the demerger to UniCredit carried out in December 2014, which took economic effect on 01/01/2015.

### 15.2 - Other information

There is no figure to report.

### 15.3 - Equity investments in companies subject to significant influence not measured at shareholders' equity

There is no figure to report.

## Section 16 – Other assets – Item 160

### 16.1 - Other assets: breakdown

	12/31/2015	12/31/2014
Accrued income other capitalised income	297	423
Cash and other valuables held by cashier:	-	199
- <i>money orders, bank drafts and equivalent securities</i>	-	199
Items in processing	378	106
Items deemed definitive but not attributable to other items:	20,487	24,885
- <i>other transactions</i>	20,487	24,885
. <i>Advances paid to suppliers and for legal expenses</i>	-	76
. <i>Receivables maturing during the period, relative to credit management and collection activities through mandates and servicing activities carried out for third party companies, including administrative</i>	19,803	21,633
. <i>Other residual</i>	684	3,176
Adjustments for unpaid bills and notes	-	-
Tax items other than those included in item 130	3,510	3,551
Other items	18,545	27,092
. <i>Receivables maturing during the period not yet collected, relative to credit management and collection activities through mandates and servicing activities carried out for third party companies, including administrative</i>	6,124	11,150
. <i>Closing inventories of property and equipment</i>	12,027	12,188
. <i>Other residual</i>	394	3,754
<b>Total</b>	<b>43,217</b>	<b>56,256</b>

The item "Items deemed definitive but not attributable to other lines" and the item "Other entries - receivables maturing during the period not yet collected" include receivables deriving from core business with UniCredit and other customers for collection services through mandates and other servicing activities. Note that these services are not categorised within the definition of "Financial Services" as indicated in Bank of Italy Circular 262/2005 and therefore were not classified within items 60 and 70, respectively Loans to Banks and loans and receivables with customers.

The item "Other entries - property, plant and equipment inventories", includes the real estate properties of Immobiliare Veronica 84 S.r.l., in liquidation (10.6 million) and of doRealEstate (1.4 million).

Note that the individual components of said item were measured, in order to verify, based on that foreseen in IAS 37, the existence of elements that rendering "virtually certain" the realisation of the relative income. Lacking said requirements, appropriate provisions were carried out. Therefore, potential assets are not recognised. The results of said checks were shared with the relative control departments within the bank.

The operating loans referred to here related to loan management and collection activities under mandate and to servicing activities, which are not held to fall within the definition of "Financial Services", as stated in Bank of Italy circular 262/2005, and therefore were not reclassified to the item loans to Banks/Customers. A summary of the item is provided below for the sake of completeness:

### Other information: Operating Loans

	12/31/2015	12/31/2014
Credit management and collection activities through mandates - banks	21,693	18,459
Credit management and collection activities through mandates - customers	2,094	12,589
Outsourced administrative activities	745	1,040
Others	1,395	695
<b>Total</b>	<b>25,927</b>	<b>32,783</b>

## Liabilities

### Section 1 - Deposits from banks - Item 10

#### 1.1 - Deposits from banks: product breakdown

Type of transaction/Group components	12/31/2015	12/31/2014
1. Deposit from central banks	-	-
2. Deposit from banks	<b>4,407</b>	<b>1,454</b>
2.1 Current accounts and demand deposits *	4,407	-
2.2 Time deposits	-	-
2.3 Loans	-	1,454
2.3.1 Repos	-	-
2.3.2 Others	-	1,454
2.4 Liabilities in respect of commitments to repurchase treasury shares	-	-
2.5 Other liabilities	-	-
<b>Total</b>	<b>4,407</b>	<b>1,454</b>
<i>Fair value - level 1</i>	-	-
<i>Fair value - level 2</i>	-	-
<i>Fair value - level 3</i>	<b>4,407</b>	<b>1,454</b>
<b>Fair value</b>	<b>4,407</b>	<b>1,454</b>

Deposits from banks includes 2.9 million for a credit line granted to doRealEstate by UniCredit S.p.A. dedicated to repossession and friendly repossession activities, while 1.4 million is for a payable of the subsidiary in liquidation due to BNL, originally opened to purchase certain properties owned by the Cecchi Gori Group.

#### 1.2 - Breakdown of item 10 "Deposits from banks": subordinate debts

There is no figure to report.

#### 1.3 - Breakdown of item 10 "Deposits from banks": structured debts

There is no figure to report.

#### 1.4 - Deposits from banks with specific hedges

There is no figure to report.

#### 1.5 - Payables for financial leases

There is no figure to report.

### Section 2 – Deposits from customers – Item 20

#### 2.1 - Deposits from customers: product breakdown

Type of transaction/Group component	12/31/2015	12/31/2014
1. Current accounts and demand deposits	6,629	6,621
2. Time deposits	-	-
3. Loans	175,131	-
3.1 Repos	-	-
3.2 Others	175,131	-
4. Liabilities in respect of commitments to repurchase treasury shares	-	-
5. Other liabilities	-	-
<b>Total</b>	<b>181,760</b>	<b>6,621</b>
	<b>Fair value - level 1</b>	-
	<b>Fair value - level 2</b>	-
	<b>Fair value - level 3</b>	6,621
	<b>Total Fair Value</b>	181,760

Customer current accounts and demand deposits, mainly with affiliated attorneys, show a balance that is substantially in line with the figure at the end of 2014.

Loans include the amount of 175.1 million relative to a loan originally disbursed by UniCredit in October 2015, to allow the Bank to liquidate the approved extraordinary dividend. The new shareholder Avio subsequently took over this loan, at the time it purchased the equity shares in the company which were then sold in equal parts to Siena Holdco and Verona Holdco, respectively affiliated with the Fortress Group and Eurocastle Investment LTD.

#### 2.2 - Breakdown of item 20 "Deposits from customers": subordinate debts

There is no figure to report.

#### 2.3 - Breakdown of item 20 "Deposits from customers": structured debts

There is no figure to report.

#### 2.4 - Deposits from customers with specific hedges

There is no figure to report.

#### 2.5 - Payables for financial leases

There is no figure to report.

**Section 3 - Debt securities in issue - Item 30**

There is no figure to report.

**Section 4 - Financial liabilities held for trading - Item 40**

There is no figure to report.

**Section 5 - Financial liabilities measured at fair value - Item 50**

There is no figure to report.

**Section 6 - Hedging derivatives - Item 60**

There is no figure to report.

**Section 7 - Fair value adjustment of financial liabilities in hedged portfolios - Item 70**

There is no figure to report.

**Section 8 – Tax liabilities – Item 80**

In regards to tax liabilities, please refer to Section 14 of the Assets.

**Section 9 - Liabilities included in disposal groups classified as held for sale - Item 90**

In regards to liabilities included in disposal groups classified as held for sale, please refer to Section 15 of the Assets.

## Section 10 - Other liabilities - Item 100

### 10.1 - Other liabilities: breakdown

	12/31/2015	12/31/2014
Impairment of financial guarantees issued	-	-
Accrued expense other than that capitalized on the financial liabilities concerned	227	792
Share based payment classified as liabilities under IFRS 2	161	177
Other liabilities due to employees	1,710	3,500
Other liabilities relative to other staff	101	333
Interest and amount to be credited to customers	2,040	2,106
Interest and amount to be credited to banks	-	-
Items in transit between branches and not yet allocated to destination accounts	-	-
Available amounts to be paid to others	73	375
Items in processing	519	1,664
Entries related to securities transactions	-	-
Items deemed definitive but not attributable to other lines:	24,536	22,318
- <i>account payable - suppliers</i>	19,540	17,570
- <i>provisions for tax withholdings on accrued interest, bond coupon payments or di</i>	-	-
- <i>other entries</i>	4,996	4,748
Liabilities for miscellaneous entries related to collection service	-	-
Adjustments for unpaid portfolio enties	-	-
Tax items different from those included in item 80	2,225	3,056
Other entries	4,827	13,516
<b>Total</b>	<b>36,419</b>	<b>47,837</b>

The item "Other liabilities due to employees", includes liabilities for employee benefits, which include early retirement incentives for € 122 thousand. These latter refer to the residual amount to be used from the early retirement plans relative to 2011-2016.

The item "Items deemed definitive but not attributable to other lines" - other entries" essentially includes debtor items other than non-performing positions, while awaiting definitive imputation.

The item "Other entries" includes the liabilities of the investee companies and the adjustment change deriving from the elimination of intercompany transactions with respect to the contributions the two companies make to the consolidated accounts.

## Section 11 - Provision for employee severance pay - Item 110

### 11.1 – Provision for employee severance pay: annual change

	12/31/2015	12/31/2014
<b>A. Opening balances</b>	<b>7,614</b>	<b>7,902</b>
<b>B. Increases</b>	<b>150</b>	<b>1,187</b>
B.1 Provision for the year	143	260
B.2 Other increases	7	927
<b>C. Reductions</b>	<b>(3,135)</b>	<b>(1,475)</b>
C.1 Severance payments	(292)	(97)
C.2 Other decreases	(2,843)	(1,378)
<b>D. Closing balances</b>	<b>4,629</b>	<b>7,614</b>
<b>Total</b>	<b>4,629</b>	<b>7,614</b>

Among the largest changes during the year, we note the reduction shown in the item Decreases "C.2 Other changes", which includes the component of termination benefits connected to other 80 FTEs transferred to UniCredit at 31/10/2015.

### Other information

Following the reform of supplementary social security, pursuant to Legislative Decree no. 252 of 5 December 2005, the termination benefit units accrued up to 31/12/2006 remained in the company, while the termination benefit units accruing as of 1 January 2007 were, based on the employees' choices (made by 30/06/2007), sent to supplementary social security funds or to the INPS Treasury Fund.

It follows that:

- termination benefits accruing up to 31/12/2006 (or up to the date of the choice - falling between 01/01/07 and 30/06/07 - of the employee in the case that their termination benefits are sent to a supplementary social security fund) continue to have the form of a "defined benefit" plan and are therefore subject to actuarial measurement, although with simplified actuarial hypotheses that no longer take into account predictions of future income increases.
- the units accruing after 01/01/07 (or the date of choice - between 01/01/07 and 30/06/07 - of the employee in the case their termination benefits are sent to a supplementary social security fund) are considered a "defined contribution" plan (in that the company's obligation is eliminated at the moment the accrued termination benefit units are deposited in the fund selected by the employee) and therefore the relative cost pertaining to the period is equal to the amounts paid to the supplementary social security fund or to the INPS Treasury Fund.

Note that as of 1 January 2013, changes to the standard IAS 19 (IAS 19R) took effect. These envisage, in particular, elimination of the "corridor" method, with the requirement to recognise a commitment as a function of the current value of defined benefit obligations, net of the fair value of the assets serving the plan. Measurement of commitments connected to the current value of benefit obligations at 31 December 2015 indicated a net imbalance of 160 thousand.

For the definition of the aforementioned aggregates, the actuarial company used the following technical foundations:

- discount rate 1.60%
- expected inflation rate 1.1%

## Section 12 - Provisions for risks and charges - Item 120

### 12.1 - Provisions for risks and charges: breakdown

Items/Amounts	12/31/2015	12/31/2014
1. Provisions and other post retirement benefit obligations	-	-
2. Other provisions for risks and charges	31,494	28,095
2.1 legal disputes	15,006	15,009
2.2 staff expenses	8,250	8,054
2.3 others	8,238	5,032
<b>Total</b>	<b>31,494</b>	<b>28,095</b>

Item 2.1 "legal disputes" mainly contains the provision for risks for disputes coming from the Bank's core business and that of its subsidiaries.

Item 2.2 "staff expenses" includes allocations recognised necessary to finance possible premiums that do not pertain to pre-existing agreements or quantification mechanisms, such as "seniority premiums" (as of 1 July 2014) and MBO bonuses.

The item 2.3 "Other" includes allocations made against risks for which legal cases are not yet active (6 million) and the residual provision for risks and charges to pay professionals connected with the non-performing loans acquired from Aspra Finance (315 thousand), the provision for future expense for real estate owned by the subsidiary doReal Estate (145 thousand) and the provision for liquidation costs for the subsidiary Immobiliare Veronica 84 S.r.l. (1.8 million).

### 12.2 - Provisions for risks and charges: annual changes

Items/Components	Pension funds	Other provisions	Total
<b>A. Opening balances</b>	-	<b>28,095</b>	<b>28,095</b>
<b>B. Increases</b>	-	<b>13,922</b>	<b>13,922</b>
B.1 Provision for the year	-	13,815	13,815
B.2 Changes due to the passing time	-	101	101
B.3 Differences due to discount-rate changes against P&L	-	6	6
B.4 Other adjustments	-	-	-
<b>C. Decreases</b>	-	<b>(10,523)</b>	<b>(10,523)</b>
C.1 Use during the year	-	(3,707)	(3,707)
C.2 Differences due to discount-rate changes against P&L	-	(20)	(20)
C.3 Other decreases	-	(6,796)	(6,796)
<b>D. Closing balances</b>	-	<b>31,494</b>	<b>31,494</b>

Item B.1 "Allocations during the financial year" includes new allocations to provisions against disputes for which legal cases are not currently begun (for 5.7 million), for disputes in the courts (for 3.6 million) and variable compensation for employees and disputes with employees (totalling 4.4 million).

Item C.3 "Other decreases" includes a reduction in the provision for legal disputes for 2.5 million, for legal disputes not currently begun for 3.6 million and finally, 623 thousand for personnel.

### 12.3 - Pensions and other post-retirement defined-benefit obligations

There is no figure to report.

### 12.4 Provisions for risks and charges – other provisions

Items/Amounts	12/31/2015	12/31/2014
Write-downs on Equity Investments	1	-
Previous legal expenses	320	569
Risks on Real Estate	145	107
Liquidation costs	1,752	1,752
Other Provisions	6,020	2,604
<b>Total</b>	<b>8,238</b>	<b>5,032</b>

The "Other provisions" component of the Provisions for risks and charges includes:

- "Previous legal expenses" for the residual portion of the provisions for risks and charges for Aspra Finance connected to non-performing loans acquired and intended for payments to professionals for activities carried out prior to the acquisition;
- "Other provisions" includes allocations against risks connected with foreseeable outlays on positions under mandates, for which there a claim has been made by a counterparty, but no legal dispute is in course.

### Section 13 - Technical reserves – Item 130

There is no figure to report.

### Section 14 - Share capital repayable on demand – Item 150

There is no figure to report.

### Section 15 – Group capital - Items 140, 160, 170, 180, 190, 200 and 220

#### 15.1 - "Share capital" and "Treasury shares": breakdown

##### Equity

	12/31/2015	12/31/2014
Ordinary shares, no. 8,000,000, nominal value of Euro 5.16 each	41,280	41,280

##### Treasury shares

	12/31/2015	12/31/2014
Ordinary shares, no. 175,000, nominal value of Euro 5.16 each, measured at cost	277	277

Based on Italian law, these shares, which were originally held by the incorporated Federalcasse Banca S.p.A., as they come through a merger and do not represent more than 10% of the share capital, can be kept in company equity, without an obligation for disposal.

#### 15.2 - Share Capital - Number of shares owned by the Parent company: annual change

Items/Types	Ordinary	Others
<b>A. Issue shares as at the beginning of the year</b>	<b>8,000,000</b>	-
- fully paid	8,000,000	
- not fully paid	-	
A.1 Treasury shares (-)	(175,000)	
<b>A.2 Shares outstanding: opening balance</b>	<b>7,825,000</b>	-
<b>B. Increases</b>	-	-
B.1 New issues		
- against payment:		
- business combinations		
- bond converted		
- warrants exercised		
- other		
- free:		
- to employees		
- to Directors		
- other		
B.2 Sale of treasury shares		
B.3 Other changes		
<b>C. Decreases</b>	-	-
C.1 Cancellation		
C.2 Purchase of treasury shares		
C.3 Business transferred		
C.4 Other changes		
<b>D. Shares outstanding: closing balance</b>	<b>7,825,000</b>	-
D.1 Treasury shares ( + )	175,000	-
D.2. Shares outstanding as at end of the year	8,000,000	-
- fully paid	8,000,000	
- not fully paid	-	

As seen in the table, during the period, equity transactions were carried out.

### 15.3 - Share capital: other information

There is no other information.

### 15.4 - Profit reserves: other information

Reserves from allocation of profits from previous years	12/31/2015	12/31/2014
Legal reserve	8,256	8,300
Reserve art. 7 Law 218/90	2,305	6,484
Reserve, Lgs. Decree 153/99	-	6,103
Susp. reserve for taxes from aggregation (UniCredit Credit Management Service S.p.A.)	3	7
Reserve from FTA art. 7 par. 7 Lgs. Decree 38/2005	8,780	8,780
Statutory reserve for purchase of treasury shares	277	277
Reserve from retained earnings IAS art.6 par.2 Lgs. Decree 38/2005	(9,145)	(9,145)
<b>Total</b>	<b>10,476</b>	<b>20,806</b>

Other Reserves	12/31/2015	12/31/2014
Extraordinary reserve	292,723	723,255
Reserve, Lgs. Decree 153/99	6,103	-
Legal reserve for distributed earnings	44	-
Reserve art. 7 Law 218/90	4,179	-
Reserve from aggregation (UniCredit Credit Management Service S.p.A.)	4	-
Reserve from Aspra Finance S.p.A. merger	-	1,990,383
- of which share capital	-	-
- of which reserves for purchase of credits Under Common Control	-	490,383
- of which shareholder payments for future capital increases	-	1,500,000
Consolidation Reserve	(29,262)	(25,711)
<b>Total</b>	<b>273,791</b>	<b>2,687,927</b>

In regards to the other Reserves, the notable decrease with respect to the end of 2014 (-2,424.3 million) derives from a series of actions carried out during the financial year, summarised below:

- retained 2014 losses (25.8 million);
- extraordinary business unit demerger transaction, effective on 01/01/2015; reduction in reserves amounting to 1,770.4 million for doBank and 3.5 million for doReal Estate;
- shareholders' meeting resolution of 28 October 2015; distribution of an extraordinary dividend to UniCredit S.p.A. for 594.0 million;
- operation to align balances from the former Aspra Finance non-performing loan portfolio to the residual purchase price, which occurred in November 2015 pursuant to the exit from the UniCredit Group, which led to the elimination of the residual discount reserves from the transfer "Reserve from Aspra merger - Reserve for purchase of UCC receivables" for 27.1 million.
- decrease in consolidation reserves for 3.5 million

At the time the extraordinary dividend was distributed, the profit reserves, following the presumption pursuant to the first paragraph of article 47 of the TUIR, were decreased by 10.3 million, corresponding to the total amount distributable at said date.

### 15.5 - Other information

Below is a table which breaks down the valuation reserves.

Revaluation Reserves	12/31/2015	12/31/2014
Monetary equalisation reserve under L.413/91	429	429
Revaluation Reserve on Available-for-sale financial assets	714	375
Reserve for actuarial gains (losses) on employee defined-benefit plans	(116)	(265)
<b>Totale</b>	<b>1,027</b>	<b>539</b>

### Section 16 - Capital attributable to minorities - Item 210

There is no figure to report.

## Other Information

### 1. Guarantees given and commitments

There is no figure to report.

### 2. Assets used to guarantees own liabilities and commitments

There is no figure to report.

### 3. Operating leases

There is no figure to report.

### 4. Breakdown of investments against unit-linked and index linked policies

There is no figure to report.

### 5. Asset management and trading on behalf of others

Type of services	12/31/2015	12/31/2014
<b>1. Management and trading on behalf of third parties</b>		
a) purchases		
1. settled		
2. unsettled		
b) sales		
1. settled		
2. unsettled		
<b>2. Portfolio management</b>		
a) individual		
a) collective		
<b>3. Custody and administration of securities</b>		
a) third-party securities on deposit: relating to depository bank activities (excluding portfolio management)		
1. securities issued by companies included in consolidation		
2. other securities		
b) third party securities held in deposits (excluding portfolio management)	-	40,377
1. securities issued by companies included in consolidation	-	40,377
2. other securities	-	-
c) third-party securities deposited with third parties	-	40,377
d) Property securities deposited with third parties	894	49,670
<b>4. Other</b>	-	-

Inventories include BOT securities and Aurora SPV securities, classified among available-for-sale assets.

#### 5. Financial assets subject to balance sheet netting, or subject to framework compensation agreements or similar.

There is no figure to report.

#### 6. Financial liabilities subject to balance sheet netting, or subject to framework compensation agreements or similar.

There is no figure to report.

#### 7. Security loan transactions

There is no figure to report.

#### 8. Disclosure on assets under joint control

There is no figure to report.

## Part C - Consolidated Income Statement

Section 1 - Interest - Items 10 and 20

Section 2 - Fees and commission - Items 40 and 50

Section 3 - Dividend income and similar revenue - Item 70 (not present)

Section 4 - Net trading gains (losses) - Item 80 (not present)

Section 5 - Net hedging gains (losses) - Item 90 (not present)

Section 6 - Gains (losses) on disposal/repurchase - Item 100

Section 7 - Net profits (losses) on financial assets and liabilities at fair value - Item 110 (not present)

Section 8 - Net write-downs/write-backs for impairment - Item 130

Section 9 - Premiums earned (net) – Item 150 (not present)

Section 10 - Balance of other income/expense from insurance - Item 160 (not present)

Section 11 - Administrative expenses - Item 180

Section 12 - Net provisions for risks and charges - Item 190

Section 13 - Net write-downs/write-backs on property, plant and equipment - Item 200

Section 14 - Impairment / write-backs on intangible assets - Item 210

Section 15 - Other operating expenses and income - Item 220

Section 16 - Profit (loss) from associates - Item 240

Section 17 - Net result from fair value measurement of property, plant and equipment and intangible assets - Item 250 (not present)

Section 18 - Goodwill adjustments - Item 260 (not present)

Section 19 - Gain (losses) on disposal of investments - Item 270 (not present)

Section 20 - Income tax for the year on current operations - Item 290

Section 21 - Profit (loss) from groups of assets held for sale after tax - Item 310 (not present)

Section 22 - Gain (losses) for the year attributable to minorities - Item 330 (not present)

Section 23 - Other information (not present)

Section 24 - Earnings per share (not present)

## Section 1 - Interest - Items 10 and 20

### 1.1 - Interest income and similar revenues: breakdown

Items/Type	12/31/2015				Total 12/31/2014
	Debt securities	Loans	Other transactions	Total	
1. Financial assets held for trading	-	-	-	-	-
2. Financial assets at fair value through profit or loss	-	-	-	-	-
3. Available-for-sale financial assets	121	-	-	121	27
4. Held-to-maturity investments	-	-	-	-	-
5. Loans and receivables with banks	-	276	-	276	3,201
6. Loans and receivables with customers	-	654	-	654	4,988
7. Hedging derivatives	-	-	-	-	-
8. Other assets	-	-	(14)	(14)	302
<b>Total</b>	<b>121</b>	<b>930</b>	<b>(14)</b>	<b>1,037</b>	<b>8,518</b>

As a whole, this item fell notably with respect to 2014 (-7.5 million).

Interest on loans to banks, relative to interest accruing on cash and cash equivalents, was down by 2.9 million with respect 2014, following both a reduction in rates recognised for said investments and a reduction in average invested share capital.

Interest on loans and receivables with customers, mainly consisting of interest on arrears received during the period, fell by 4.4 million, deriving from the effects of the demerger to UniCredit involving a large part of the own portfolio, effective as of 01/01/2015.

### 1.2 - Interest and similar income: differentials relative to hedging transactions

There is no figure to report.

### 1.3 - Interest and similar income: other information

There is no figure to report.

### 1.4 - Interest expense and similar charges: breakdown

Items/Type	Payables	Securities	Other transactions	Total	
				12/31/2015	12/31/2014
1. Deposits from central banks	-	-	-	-	-
2. Deposits from banks	(115)	-	-	(115)	(104)
3. Deposits from customers	(75)	-	-	(75)	-
4. Debt securities in issue	-	-	-	-	-
5. Financial liabilities held for trading	-	-	-	-	-
6. Financial liabilities at fair value through profit or loss	-	-	-	-	-
7. Other liabilities and funds	-	-	(1)	(1)	(117)
8. Hedging derivatives	-	-	-	-	-
<b>Total</b>	<b>(190)</b>	<b>-</b>	<b>(1)</b>	<b>(191)</b>	<b>(221)</b>

Interest expense mainly refers to interest accrued on existing loans payable.

### 1.5 - Interest expense and similar charges: hedging differentials

There is no figure to report.

### 1.6 - Interest expense and similar charges: other information

There is no figure to report.

## Section 2 - Fees and commission - Items 40 and 50

### 2.1 - Fee and commission income: breakdown

Type of services/Amounts	12/31/2014	12/31/2014
a) guarantees given	-	-
b) credit derivatives	-	-
c) management, brokerage and consultancy services:	-	-
1. security trading	-	-
2. currency trading	-	-
3. portfolio management	-	-
3.1. individual	-	-
3.2. collective	-	-
4. custody and administration of securities	-	-
5. custodian bank	-	-
6. placement of securities	-	-
7. reception and transmission of orders	-	-
8. advisory services	-	-
8.1 related to investments	-	-
8.2 related to financial structure	-	-
9. distribution of third-party services	-	-
9.1. portfolio management	-	-
9.1.1. individual	-	-
9.1.2. collective	-	-
9.2. insurance products	-	-
9.3. other products	-	-
d) collection and payment services	23	14
e) securitization servicing	2,903	4,273
f) factoring	-	-
g) tax collection services	-	-
h) management of multilateral trading facilities	-	-
i) management of current accounts	40	29
j) other services	77,941	71,443
loans granted; ordinary customer loans	10	-
mandate operations	77,657	68,967
other services	274	2,476
<b>Total</b>	<b>80,907</b>	<b>75,759</b>

The most important item "Other services - mandate operations" includes fee and commission income accrued for management and collection of loans received through mandates.

The 5.1 million increase (+6.7%) in fee and commission income seen with respect to the previous period is mainly connected to the effect of the new mandate for the Arena NPL One portfolio (self-securitisation of the Bank and part of the demerger to UniCredit, effective as of 01/01/2015). The item was also positively affected by the application of the new commission structure, starting in November 2015, to the loan collection and management mandate contract signed with UniCredit.

## 2.2 - Fee and commission expense: breakdown

Type of services/Amounts	12/31/2015	12/31/2014
a) guarantees received	(5)	(3)
b) credit derivatives		
c) management, brokerage and consultancy services:		
1. trading financial instruments		
2. currency trading		
3. portfolio management:		
3.1 own portfolio		
3.2 third party portfolio		
4. custody and administration of security		
5. placement of financial instruments		
6. off-site distribution of financial instruments, products and services		
d) collection and payment services	(14)	(6)
e) other services	(10,936)	(11,252)
relationships with banks		
mandate operations	(11,414)	(9,772)
other services	3	
<b>Totale</b>	<b>(10,955)</b>	<b>(11,261)</b>

The amount in item e) "other services" - through mandate operations - refers to compensation paid to the network of professionals affiliated with the Bank for management of loans received through mandates.

## Section 3 - Dividend income and similar revenue - Item 70

There is no figure to report.

## Section 4 - Net trading gains (losses) - Item 80

There is no figure to report.

## Section 5 - Net hedging profits/losses - Item 90

There is no figure to report.

## Section 6 - Gains (losses) on disposal/repurchase - Item 100

### 6.1 - Gains (Losses) on disposal/repurchase: breakdown

Items/P&L Items	12/31/2015			12/31/2014		
	Gains	Losses	Net Result	Gains	Losses	Net Result
<b>Financial assets</b>						
1 Loans and receivables with banks						
2 Loans and receivables with customers	20	(39)	(19)	672	(1,766)	(1,094)
3 Available-for-sale financial assets						
3.1 Debt securities						
3.2 Equity instruments						
3.3 Units in Investment funds						
3.4 Loans						
4 Held-to-maturity investments						
<b>Total assets</b>	<b>20</b>	<b>(39)</b>	<b>(19)</b>	<b>672</b>	<b>(1,766)</b>	<b>(1,094)</b>
<b>Financial liabilities</b>						
1 Deposit with banks						
2 Deposit with customers						
3 Debt securities in issue						
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Financial assets and liabilities</b>	<b>20</b>	<b>(39)</b>	<b>(19)</b>	<b>672</b>	<b>(1,766)</b>	<b>(1,094)</b>

The amounts shown in the gains and losses refer to disposals of individual loans or well-defined portfolios of loans with similar characteristics.

## Section 7 - Net profits (losses) on financial assets and liabilities at fair value - Item 110

There is no figure to report.

## Section 8 - Net write-downs/write-backs for impairment - Item 130

### 8.1 - Impairment losses and receivables: breakdown

Transactions/P&L Items	12/31/2015							Total 12/31/2015 (1) + (2)	Total 12/31/2014
	Write-downs (1)			Write-backs (2)					
	write-offs	specific	others	portfolio	interest	other	portfolio		
<b>A. Loans and receivables with banks</b>	-	-	-	-	-	-	-	-	-
- Loans	-	-	-	-	-	-	-	-	-
- Debt securities	-	-	-	-	-	-	-	-	-
<b>B. Loans and receivables with customers</b>	<b>(1,244)</b>	<b>(255,613)</b>	<b>(17)</b>	-	<b>16,449</b>	-	-	<b>(240,425)</b>	<b>(123,830)</b>
Impaired related to purchase agreem	(1,244)	(255,613)	(17)	-	16,449	-	-	(240,425)	433
- Loans	(1,244)	(255,613)	(17)	-	16,449	-	-	(240,425)	433
- Debt securities	-	-	-	-	-	-	-	-	-
Other loans	-	-	-	-	-	-	-	-	(124,263)
- Loans	-	-	-	-	-	-	-	-	(124,263)
- Debt securities	-	-	-	-	-	-	-	-	-
<b>C. Total</b>	<b>(1,244)</b>	<b>(255,613)</b>	<b>(17)</b>	<b>-</b>	<b>16,449</b>	<b>-</b>	<b>-</b>	<b>(240,425)</b>	<b>(123,830)</b>

The item "Adjustments - specific - other" contains analytical write-downs on loans for 255.6 million. This amount includes 223.2 million to adjust the measurement of the non-performing loans portfolio subject to

upcoming securitisation to the value attributed to it by the new shareholder Avio S.à r.l. at the time the Bank was acquired.

Also note that the same item also includes write-downs of legal expenses which are charged back to non-performing positions on the basis of contractual clauses. The economic effect of the recovery of the legal expenses component is recognised under Item 220. "Other Income."

The item "Write-backs - specific - other recoveries" includes recoveries on written off loans for € 2.3 million and write-backs from recoveries for € 14.1 million.

### 8.2 - Impairment losses for available-for-sale financial assets: breakdown

There is no figure to report.

### 8.3 - Net Impairment losses for held-to-maturity investments: breakdown

There is no figure to report.

### 8.4 - Impairment losses on other financial transactions: breakdown

Transactions/P&L Items	12/31/2015							Total 12/31/2015 (1) + (2)	Total 12/31/2014
	Write-downs (1)			Write-backs (2)					
	specific	others	portfolio	specific	other	from portfolio	interest		
A. Guarantees given	-	-	-	-	-	-	-	-	(30)
B. Credit derivatives	-	-	-	-	-	-	-	-	-
C. Commitments to disburse funds	-	-	-	-	-	-	-	-	-
D. Other transactions	-	-	-	-	-	-	-	-	-
<b>E. Total</b>	-	-	-	-	-	-	-	-	<b>(30)</b>

### Section 9 - Premiums earned (net) – Item 150

There is no figure to report.

### Section 10 - Other income (net) from insurance activities - Item 160

There is no figure to report.

## Section 11 - Administrative expenses - Item 180

### 11.1 - Payroll: breakdown

Type of expense/Sectors	12/31/2015	12/31/2014
1) Employees	(44,717)	(47,955)
a) wages and salaries	(31,670)	(34,192)
b) social charges	(9,120)	(10,016)
c) severance pay	(1,999)	(415)
d) social security costs	-	-
e) allocation to employee severance pay provision	(164)	(264)
f) provision for retirement and similar provisions:	-	-
– defined contribution	-	-
- defined benefits	-	-
g) payments to external pension funds:	(804)	(2,408)
– defined contribution	(804)	(2,408)
- defined benefits	-	-
h) costs related to share-based payments	1	24
i) other employee benefits	(973)	(1,094)
j) Recovery payments seconded employees	12	410
2) Other staff	(943)	(678)
3) Directors and statutory auditors	(835)	(984)
4) Early retirement costs	-	-
<b>Total</b>	<b>(46,495)</b>	<b>(49,617)</b>

Personnel expenses showed a decrease with respect to the previous year (-3.1 million), deriving both from a reduction in the workforce following the inclusion of 34 FTEs within the area demerged to UniCredit, effective as of 01/01/2015, as well as the transfer, again to UniCredit of around 80 FTEs on 31/10/2015

### 11.2 - Average number of employees by category

	12/31/2015	12/31/2014
Employees	658	707
a) Senior managers	13	18
b) Managers	299	322
c) Remaining employees staff	346	367
Other staff	-	-
<b>Total</b>	<b>658</b>	<b>707</b>

### 11.3 - Pensions and other post-retirement defined-benefit obligations: total costs and revenues

There is no figure to report.

#### 11.4 - Other employee benefits

	12/31/2015	12/31/2014
Leaving incentives	508	433
Seniority premiums	-	(209)
Expense for replacement of employee canteen service	(641)	(605)
Additional health care	(603)	(561)
Free disbursements to personnel	(105)	(107)
Monetary incentive plans	(123)	(23)
Other	(9)	(22)
<b>Total</b>	<b>(973)</b>	<b>(1,094)</b>

The positive item "leaving incentives" refers to the release of provisions relative to said item. Relative to "seniority premiums", note that no charge was considered for 2015 following specific union agreements aimed at containing costs.

#### 11.5 - Other administrative expenses: breakdown

Type of expenses/sectors	12/31/2015	12/31/2014
<b>1) Indirect taxes and duties</b>	<b>(1,142)</b>	<b>(2,261)</b>
1a. Settled	(1,142)	(2,261)
1b. Unsettled	-	-
<b>2) Miscellaneous costs and expenses</b>	<b>(45,368)</b>	<b>(56,160)</b>
Fees for external professionals	(12,809)	(30,555)
Insurance	(523)	(683)
Advertising	(137)	(137)
Transport and protection of cash and securities	(38)	(40)
Provision of various services rendered by third parties	(19,985)	(15,450)
Expense relative to properties:	<b>(5,673)</b>	<b>(5,925)</b>
- Rents paid	(4,222)	(4,641)
- Maintenance of rooms	(497)	(524)
- Cleaning of rooms	(273)	(265)
- Electricity, Gas, Heating, Reception and Water	(681)	(495)
Maintenance and fees for furniture, machinery and systems;	<b>(96)</b>	<b>(118)</b>
- Maintenance and Repair of furniture, machinery and systems	(96)	(118)
- Leasing of electronic equipment and software	-	-
Postal, Telephony, Printing and other Office:	<b>(920)</b>	<b>(810)</b>
- Postal, Telephony, Telegraph, Telex	(868)	(728)
- Printing and Stationery	(48)	(50)
- Supply of various office objects	(4)	(32)
Rental and other Charges:	<b>(614)</b>	<b>(861)</b>
- Travel related charges	(350)	(548)
- Various rentals	(264)	(313)
Information and reports	(783)	(1,245)
Contribution to the Single Resolution Fund	(3,479)	-
Other Expenses:	(311)	(336)
- Charity	-	-
- Other misc. costs and expenses	(311)	(336)
<b>Total</b>	<b>(46,510)</b>	<b>(58,421)</b>

This item, which includes structural costs and legal expenses for the Bank and its subsidiaries, improved significantly with respect to 2014 (-11.9 million), mainly due to the reduction of the own portfolio following the demerger of the business unit to UniCredit, which mainly affected the item "Fees for external professionals". To that end, note that this portion of the item is charged back to the relevant non-performing position, with the recovery indicated under Item 220. "Other income" and that the increase in the value of said impaired positions was entirely adjusted, as shown in Item 130. "Net losses/recoveries on impairment".

Partially compensating for the improvement cited in regards to spending for credit collection, note an increase in costs connected with IT expenses and administrative outsourcing, mainly found in the item "Provision of various services rendered by third parties".

Additionally, the introduction of the item "Ex ante contribution to the Single Resolution Fund" should also be noted, in the amount of 3.5 million, which corresponds to the funds paid by the Bank in accordance with the provisions of Legislative Decree 180/2015, implementing European Directive 59/2014 to establish a structure to restore and resolve credit institutions.

## Section 12 - Net provisions for risks and charges - Item 190

### 12.1 - Net provisions for risks and charges: breakdown

	12/31/2015			12/31/2014		
	Provisions	Reattributions of excess	Total	Provisions	Reattributions of excess	Total
1. Other provisions						
1.1 Legal disputes	(3,988)	2,624	(1,364)	(8,711)	4,520	(4,191)
- revocations	-	-	-	(505)	550	45
- disputes regarding employees	(408)	100	(308)	(226)	13	(213)
- disputes regarding financial instruments and derivative contracts	-	-	-	-	-	-
- other	(3,580)	2,524	(1,056)	(7,980)	3,957	(4,023)
1.2 Staff costs	-	-	-	-	-	-
1.3 Others	(5,915)	3,159	(2,756)	(1,127)	4,217	3,090
<b>Total</b>	<b>(9,903)</b>	<b>5,783</b>	<b>(4,120)</b>	<b>(9,838)</b>	<b>8,737</b>	<b>(1,101)</b>

Following the demerger of the business unit to UniCredit, effective as of 01/01/2015, which also included revocation disputes subject to indemnities, no economic effects were recognised during the year deriving from said type of legal dispute. The other legal disputes indicate a negative net balance of 1 million, an improvement with respect to 2014, which also included the effects of demerged positions.

Item 1.3 Others mainly includes allowance against risks for which legal cases have not yet been begun for 5.7 million.

## Section 13 - Net write-downs/write-backs on property, plant and equipment - Item 200

### 13.1 - Impairment on property, plant and equipment: breakdown

Assets/P&L Items	Depreciation	Impairment losses	Write-backs	Net profit 12/31/2015
	(a)	(b)	(c)	(a + b - c)
A. Property, plant and equipment				
A.1 Owned	(4)	-	-	(4)
- used in the business	(4)	-	-	(4)
- held for investment	-	-	-	-
A.2 Financial lease	-	-	-	-
- used in the business	-	-	-	-
- held for investment	-	-	-	-
<b>Total</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>

The portions of depreciation and amortisation were determined pro-rata temporis on the basis of the estimated useful life of the assets.

## Section 14 - Impairment/write-backs on intangible assets - Item 210

### 14.1 - Impairment on intangible assets: breakdown

Assets/P&L Items	Depreciation and amortisation	Write-downs for impairment	Write-backs	Net result 12/31/2015
	(a)	(b)	(c)	(a + b - c)
A. Intangible assets				
A.1 Owned	(37)	-	-	(37)
- generated internally by the company	-	-	-	-
- other	(37)	-	-	(37)
A.2 Finance leases	-	-	-	-
<b>Total</b>	<b>(37)</b>	<b>-</b>	<b>-</b>	<b>(37)</b>

The portions of depreciation and amortisation were determined pro-rata temporis using a utilisation period of 3 years.

## Section 15 - Other operating expenses and income - Item 220

### 15.1 - Other operating expense: breakdown

	12/31/2015	12/31/2014
Write-downs on improvements on third-party assets (non-separable assets)	(100)	(117)
Outlays for misc. charges from previous financial years	(229)	(457)
Other charges from current financial year	(1,187)	(948)
<b>Total</b>	<b>(1,516)</b>	<b>(1,522)</b>

### 15.2 - Other operating income: breakdown

	12/31/2015	12/31/2014
Recovery of expenses	5,483	39,604
Revenues from contractual and repetitive administrative services	4,192	4,992
Excess VAT	262	363
Various reimbursement of charges sustained in previous financial years	162	1,216
Indemnities on own portfolio	3,446	74,873
Non-existence of liabilities	9,699	-
Other income from current financial year	2,072	3,654
<b>Total</b>	<b>25,316</b>	<b>124,702</b>

The item "Recovery of costs" which amounts to € 5.4 million, mainly includes recovery of expenses in relation to non-performing positions, sustained for credit collection activities. These increases in the receivables item were fully adjusted, in order to restore the value to the presumable realisable figure, as indicated in Item 130.a "Net losses/recoveries on impairment of loans" in the Income Statement. The significant reduction with respect to the previous year can be attributed to the effects of the demerger to UniCredit of a large portion of the own portfolio, effective on 01/01/2015.

The item "indemnities on own portfolio" relates to the compensation requested from UniCredit following the activation, beginning at the end of 2012, of contractual clauses included at the time the non-performing portfolio was purchased by Aspra Finance in 2008, against differences with respect to the declarations originally made by the transferring company which led to lower recoveries than those expected. The sizeable decrease in 2015 results from the "one-off" effect in 2014 of 72.5 million as the result of the massive activities carried out in regards to the own portfolio, aimed at quantifying indemnities against losses sustained on the definition of positions which lacked documentation.

The item "Non-existence of liabilities" includes income deriving from a transaction completed in regards to a payable recognised by Immobiliare Veronica 84, in liquidation.

The item "Other income from current financial year" was down with respect to the previous year, due to the impact of certain one time items in 2014 relative to recovery of expenses from UniCredit (1.3 million).

## Section 16 - Profit (loss) from associates - Item 240

### 16.1 - Profit (loss) from associates: breakdown

Income component/Amounts	12/31/2015	12/31/2014
<b><u>Jointly owned companies - Equity</u></b>		
A. Income	-	-
1. Revaluations		
2. Gains on disposal	-	-
3. Write-backs		
4. Other Gains		
B. Expense	-	-
1. Write-downs		
2. Impairment loss		
3. Losses on disposal		
4. Other expenses		
<b>Net profit</b>	-	-
<b><u>Companies subject to significant influence</u></b>		
A. Income	-	-
1. Revaluations		
2. Gains on disposal	-	-
3. Write-backs		
4. Other Income		
B. Expense	-	(850)
1. Write-downs		
2. Impairment loss		(850)
3. Losses on disposal		
4. Other expenses		
<b>Net profit</b>	-	<b>(850)</b>
<b>Total</b>	-	<b>(850)</b>

The item “Impairment loss” shown in the previous year relates to impairment losses on equity investments fall then in the spin-off perimeter to UniCredit as of January 1, 2015.

### Section 17 - Net result from fair value measurement of property, plant and equipment and intangible assets - Item 250

There is no figure to report.

### Section 18 - Impairment of goodwill - Item 260

There is no figure to report.

### Section 19 - Gain (losses) on disposal of investments - Item 270

There is no figure to report.

### Section 20 - Income tax for the year on current operations - Item 290

#### 20.1 - Tax expense (income) related to profit or loss from continuing operations: breakdown

Component/Amounts	12/31/2015	12/31/2014
1. Current taxes ( - )	(48)	(7,006)
2. Adjustment to current tax of prior years (+/-)	30	26
3. Reduction of current taxes for the year (+)	-	-
3.bis Reduction in current tax for the year due tax credits under L.214/2011 (+)	-	-
4. Changes in deferred tax assets ( +/- )	75,918	20,249
5. Changes in deferred tax liabilities ( +/- )	-	-
6. Taxes expense for the year ( - ) (-1+/-2+3+/-4+/-5)	75,900	13,269

## 20.2 - Reconciliation of theoretical tax charge to actual tax charge

Income components/Amounts	12/31/2015	12/31/2014
<b>total profit (loss) before tax from continuing operations (item 280)</b>	<b>(254,196)</b>	<b>(39,076)</b>
Theoretical tax rate	27.50%	27.50%
Theoretical computed taxes on income	69,904	10,746
1. Different tax rates	-	-
2. Non-taxable income - permanent differences	3,043	496
3. Non-deductible expenses - permanent differences	(735)	(1,735)
4. IRAP (regional business tax)	3,507	3,559
5. Prior years and changes in tax rates	-	-
a) effect on current taxes	-	-
- tax loss carryforward/unused tax credit	-	-
- other effects of previous periods	-	-
b) effect on deferred taxes	-	-
- changes in tax rate	-	-
- tax recoveries from previous years deductible costs (-)	-	-
- tax adjustments temporary non-deductible costs (+)	-	-
- establishment of new taxes (-) revocation of previous (+)	-	-
6. Valuation adjustments and non-recognition of deferred taxes	-	-
- deferred tax assets write-downs	-	-
- deferred tax assets recognition	-	-
- deferred tax assets non-recognition	-	-
- deferred taxes non-recognition according to IAS 12.39 and 12.44	-	-
7. Measurement of associates	-	-
8. Other differences	181	204
<b>Income tax recognised in income statement</b>	<b>75,900</b>	<b>13,270</b>

The present table refers to a nominal IRES rate of 27.50%, while for IRAP the 5.57% rate for just the Veneto Region was used.

## Section 21 - Profit (loss) from groups of assets held for sale after tax - Item 310

There is no figure to report.

## Section 22 - Net profit or loss for the year attributable to minorities - Item 330

There is no figure to report.

## 23 - Other information

There is no figure to report.

## Section 24 - Earnings per share

Given the losses registered in the last two financial years, there are no figures to report.

## Part D – Consolidated Comprehensive Income

### ANALYTIC STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(€/000)			
Items	Gross amount	Income tax	Net amount
<b>10. Net profit (loss) for the year</b>	<b>(243,012)</b>	<b>75,900</b>	<b>(167,112)</b>
<b>Other comprehensive income not reclassified to profit or loss</b>			
20. Property, plant and equipment	-	-	-
30. Intangible assets	-	-	-
40. Defined-benefit plans	160	(44)	116
50. Non-current assets classified as held for sale	-	-	-
60. Portion of revaluation reserves from investments valued at equity	-	-	-
<b>Other comprehensive income after tax that may be reclassified to profit or loss</b>			
70. <b>Hedges of foreign investments:</b>	-	-	-
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
80. <b>Exchange differences</b>	-	-	-
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
90. <b>Cash flow hedges</b>	-	-	-
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
100. <b>Available for sale financial assets</b>	-	-	-
a) fair value changes	467	(128)	339
b) reclassification to profit or loss	-	-	-
- impairment losses	-	-	-
- gains/losses on disposal	-	-	-
c) other changes	-	-	-
110. <b>Non-current assets classified as held for sale</b>	-	-	-
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
c) other changes	-	-	-
120. <b>Portion of revaluation reserves from investments valued at equity</b>	-	-	-
a) fair value changes	-	-	-
b) reclassification to profit or loss	-	-	-
- impairment losses	-	-	-
- gains/losses on disposal	-	-	-
c) other changes	-	-	-
<b>130. Total other comprehensive income</b>	<b>627</b>	<b>(172)</b>	<b>455</b>
<b>140. Comprehensive income (items 10 + 130)</b>	<b>(242,385)</b>	<b>75,728</b>	<b>(166,657)</b>
<b>150. Consolidated comprehensive income attributable to minorities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>160. Consolidated comprehensive income attributable to Parent Company</b>	<b>(242,385)</b>	<b>75,728</b>	<b>(166,657)</b>

## Part E - Risks and hedging policies

### Section 1 – Credit risk

- Qualitative information
  - General aspects
  - Credit risk management policies
- Quantitative information
  - A - Credit quality
  - B - Distribution and concentration of loan exposures
  - C - Securitisation transactions
  - D - Disclosure on structured entities (other than vehicle companies for securitisation)
  - E - Disposal transactions
  - F - Banking Group - credit risk measurement models

### Section 2 – Market risks

- 1.2.1 Interest rate and price risks - regulatory trading book
- 1.2.2 Interest rate risk and price risk – banking book
- 1.2.3 Exchange rate risk
- 1.2.4 Derivative instruments

### Section 3 – Liquidity risk

- Qualitative information
- Quantitative information

### Section 4 - Operating risks

- Qualitative information
- Quantitative information

## Introduction

As illustrated in Part A - Accounting Policies, as of the date these 2015 consolidated financial statements were prepared, the investigation by the Bank of Italy for the request to be listed on the Register of Banking Groups was under way, as foreseen under article 64 of the TUB, presented by doBank with reference to its instrumental subsidiary, doRealEstate.

While awaiting the completion of this investigation, for the purposes of preparing the schedules and consolidated notes to the accounts, the provisions in the above cited Circular 262 - 4th update were in any case referred to, making the adjustments held appropriate to provide information able to express the capital and economic situation of doBank and its subsidiaries.

Specifically, for part E, the following adjustments were made with respect to the provisions in Circular 262, with reference to the parts for the consolidated financial statements:

- this part is divided into 4 sections;
  - o Section 1 – Credit risk
  - o Section 2 – Market risk
  - o Section 3 – Liquidity risk
  - o Section 4 - Operating risk
- with respect to the nomenclature in the tables found in Circular 262, the phrase "Banking Group" was removed from the title, while the structure and informational details requested were maintained.

Given the limited relevance of the two subsidiaries in relation to risk and hedging policies, when discussing qualitative information, reference is made solely to the holding doBank ("the Bank").

Relative to quantitative information, Sections 1, 2 and 3 refer to the scope of consolidation including doBank and its subsidiaries.

Section 4 - Operating risk refers solely to the holding doBank, as it is the only supervised subject.

## Section 1 – Credit risk

### *Qualitative information*

#### **General aspects**

The largest part of the Bank's assets subject to credit risk continue to be represented by impaired positions, all of which fall within the risk category of "non-performing" and consisting of both a historic portfolio that includes anomalous loans deriving from the management of the former UniCredit CMB Banca and Mediovenezie Banca S.p.A., and by a more representative portfolio - even if more contained with respect to the start also thanks to the completion of transactions which had effects on the ownership of said loans - which includes problem loans (non-performing) incorporated following the merger by incorporation of Aspra Finance S.p.A., in turn originating from acquisitions from other legal entities within the Italy area of the UniCredit Group and those from the Capitalia Group starting back in 2008.

In 2014, the Bank suffered in terms of a reduction of the stock of NPLs managed on its own account, with a correlated reduction in book values, due to effects coming from the self-securitisation transaction resolved by the Board of Directors, regarding the transfer by the Bank of a portfolio of receivables classified as non-performing deriving from various forms of loan contracts (including mortgages) to the

vehicle company known as Arena NPL One S.r.l, pursuant to Law 130/1999. This transaction, in line with the project at the time to reorganise the model used by the UniCredit Group to manage impaired loans, and in which the Bank served, among other things, as the Seller and Servicer, envisaged that adjustments for impairment made on the securitised loans would be recognised for accounting purposes directly in the balance sheet of the originator Bank. In regards to the same, these assets were not derecognised, and the Bank itself maintained all the residual risks and benefits from this securitisation transaction.

In December 2014, effective economically as of 1 January 2015, a partial demerger deed was established for asset and liability items in favour of UniCredit. This deed involved the transfer of ownership and consequently the risks associated with a sizeable portion of the own portfolio, considered to be non-strategic, mainly segregated through the previously cited self-securitisation transaction, as well as receivables for the exercising of releases and indemnities contractually foreseen for this portfolio of loans, equity investments not considered strategic, and other items connected to the area of business identified as "non-core". An addition was made to this deed, through a contract in February 2015 that better specified the equity situation of the Bank in regards to the business unit demerged, as defined in the partial demerger project as resolved by the relevant bodies. As a consequence of this additional amendment to the original demerger deed, the Bank saw, among other things, the transfer of the loans existing at the time to its investee UCCMI (now doRealEstate S.p.A.), as well as to third parties (Polis Fondi S.G.R.p.A.) as co-investors in investments to purchase portfolios of non-performing loans and finally, the transfer of transactions by the Bank to purchase without recourse certified receivables held by third parties in regards to the public administration. On this point, note that the equity investment currently held in the full share capital of Immobiliare Veronica 84 Srl, in liquidation was not part of the transfer, which was completed during the course of 2014, confirming its function as an more economically effective method of collecting certain creditor positions held by the Bank in regards to debtors who were guaranteed by Immobiliare.

During the course of financial year 2015, doBank S.p.A. further developed its activities to grant loans to performing counterparts, not only in regards to legal professionals (lawyers or associated legal firms) that already have a relationship with the bank, for example affiliation, but notably in regards to customers falling into the "consumer" category which, through regular investigation, proposal and resolution in regards of the principle of creditworthiness, medium/long-term loans have been granted in the form of mortgages, with the final goal being the awarding through auction of real estate items subject to enforcement and/or bankruptcy proceedings through the courts. This form of lending service ("auctioned mortgage" product), in turn accompanied by a correlated special current account opened to service the debt through instalment payments, represented a change, given that in the previous year only one loan had been resolved and disbursed, whereas nine were disbursed in 2015.

## Credit risk management policies

### *Organisational aspects*

#### **Factors that create credit risk**

Credit risk is defined as the possibility for a creditor that a financial obligation is not met, either at maturity or later. Based on a principle of proportionality, the Bank must provide itself with an internal process to manage said risk (risk measurement, investigation, disbursement, performance control and monitoring of exposures, review of credit lines, classification of positions at risk, actions in the case of anomaly, classification criteria, assessment and management of impaired exposures) that is adequate, coherent and periodically verified.

Therefore, in carrying out its banking activities, the Bank is exposed to the risks that its receivables, held for whatever reason, will not be honoured by third-party debtors at maturity and that they must be

written off, entirely or partially, due to worsening of the financial conditions of said debtors. This risk can be seen both in regards to impaired receivables coming from the acquisition of Aspra Finance S.p.A. and from the original property portfolio of Mediovenzie Banca S.p.A. /UGC Banca S.p.A., in similar business connected to the periodic acquisition of new portfolios of impaired loans from third parties, as well as additional existing credit activities.

Most of the activities that go beyond traditional banking activities can create further exposure to credit risk for the Bank. For example, "non-traditional" risk may derive from the signing of contracts to provide "credit collection" services, pursuant to which the company accrues trade receivables in regards to counterparts. The counterparts associated with these transactions could become non-compliant due to insolvency, political or economic events, a lack of liquidity, operational problems or other reasons.

Over time, the Bank has adjusted its organisational structure and operational model also with the goal of better providing itself with more effective internal supervision of activities to control and monitoring credit risk, both for performing loans and those in default, establishing the Credit Committee which in turn is supported by the Credit Risk & Recovery Management Department.

This department -which continued to exist until the most recent restructuring of the organisational model which was completed in the last two months of financial year 2015 - was responsible for ensuring, in compliance with the UniCredit Group guidelines, the correctness and consistency of processes preparatory to the making of resolutions by higher level company bodies and for providing opinions, when foreseen, to the assigned parent company bodies, related to evaluation of loans in default, and evaluation of credit transactions connected to innovative products that the Bank has and continues to propose.

The Credit Risk & Recovery Management Department included three distinct structures: Evaluation Unit, Recovery Evaluation Management Team and Credit Risk Management Unit.

The Evaluation Unit mainly worked to evaluate own receivables, guaranteeing second level controls, in particular for impaired loans.

The Recovery Evaluation Management Team was responsible for ensuring proper implementation of the Credit Rules issued by the previous parent company, in order to fully exercise its role of guidance, coordination and control within the banking group, thereby guaranteeing effective and efficient coordination of all activities connected with credit measurement and forecasts of incoming amounts and correlated loss forecasts, as well as proper execution of decision making processes associated with own positions, with particular reference to the decisions made by the collegial bodies and the CEO, monitoring implementation by the management and administrative/accounting structures.

In the context of the wider and detailed process to ensure compliance with the provisions deriving from the update to the prudential supervisory rules for banks, issued by the Bank of Italy, which also included changes to the internal control system with the primary objective of reinforcing banks' capacities, the Bank began intensive organisational and regulatory adjustment activities, in order to respect that requested by the supervisory body, also for the risk management area and, in regards to the Bank's specific core business, monitoring of the impaired portfolio as a whole. Under this structure, if the Evaluation Unit was responsible for second level controls on individual proposals, the Recovery Evaluation Management Team structure was responsible for the other controls, on the basis of plan prepared annually, in coordination with the other audit functions within the company.

Evaluating the creditworthiness of performing counterparts was added to the responsibilities of Recovery Evaluation Management, during the phases of loan disbursement and monitoring of the performance of relationships, which was combined within the context of supervising commercial assets with constant co-verification of on-time payments of trade receivables due from customers for service contracts, while also determining whether to monitor the economic and performance situations - both system and market - of the principals themselves, which are the main contributors to the Bank's turnover. All of this is done with the aim of providing an important contribution to any necessary proposals in terms of caution for the

regular continuation of contracts with principals, as well as in regards to proposals to make provisions on invoiced fees for which there is doubt surrounding collection.

An additional structure which also supervised credit risk was the Credit Risk Management Unit, responsible for carrying out the credit risk management process established by the parent company based on the Basel instructions regarding standards, methods and models used to measure and control credit risk, also guaranteeing respect for supervisory rules through systematic monitoring of the appropriate application of the Group's advanced credit risk models (specifically, due to the large portion of non-performing positions, the LGD-Loss Given Default parameter).

In relation to the noted corporate transaction which saw, among other things, the Bank's exit from the UniCredit banking group, and in compliance with the Board resolutions made in November 2015 and in respect for the principles of effective and efficient organisation, the Bank was required to create a new internal organisational structure with a more consistent model. This also had effects at the level of the corporate control functions, including Risk Management, which was also redesigned.

In fact, with the issuing of the Bank's new (internal/operational) Regulations, in its role as an independent and autonomous bank, the Risk Management department is now divided into only two structures: Credit Risk and Monitoring and Operational, Financial Risk & Pillar II.

There are four fundamental responsibilities assigned to Risk Management, summarised below:

- supervision of the process to manage and monitor credit, operating and reputational risk, in line with the regulatory provisions, developing and validating principles, methods and models to measure and control the same;
- participation, in the context of the Bank's Risk Appetite Framework (RAF) process, in the definition of qualitative/quantitative operating limits in taking on the various types of risk, as defined by the Board of Directors in the risk map, in line with risk appetite, taking explicit account of the results of stress tests and changes in the general economic and regulatory framework, ensuring that appropriate and independent internal analysis is carried out for each type of risk;
- continuous participation, in the context of the Bank's ICAAP (Internal Capital Adequacy Assessment Process), in activities to identify significant risks, both current and prospective, ensuring that policies to take on, manage and monitor these risks comply with the Bank's guidelines;
- issuing of opinions on significant transactions for the Bank in regards to the principle of compliance with the RAF, if necessary acquiring opinions from other departments involved in the risk management process, based on the nature of the transaction.

All of this in line with the execution of its role as the Department, permanent and independent, that carries out second level risk controls with direct access to the Board of Directors and Board of Statutory Auditors, communicating with these bodies without any restrictions or intermediation.

In turn, Credit Risk & Monitoring has taken on the activities, functions and prerogatives that fell within the three original structures of the Credit Risk & Recovery Management Department, better described above, while the Operational, Financial Risk & Pillar II structure was originally found within another internal Bank function in terms of the previous organisational chart.

## ***2.2 - Management, measuring and control systems***

Given that the exit from the UniCredit Group involved, for the purposes of calculating capital requirements, the abandonment of the AIRGB method, in favour of the Standard method, and that - as already illustrated - the Bank's core business is substantially focused on an impaired portfolio, credit quality control takes place at both the individual counterparty level and at the level of the overall portfolio. In particular, in regards to the component associated with individual non-performing positions, the logic of the processes and instruments supporting the activity of the Workout department allow the

relative workers (internal managers, primarily) to prepare accurate forecasts of expected amounts and time frames for recovery for individual positions, based on the relative progress of the recovery management process, also thanks to the use of specific software designed for the purpose. These analytical evaluations take into account all elements which objectively pertain to the position and, in any case, are performed by management in respect of the prudential principle. Measurement of the "mass" risk component for residual items of insignificant amounts is instead based on a specific model that forecasts expected future cash flows, based on historic series and appropriate subdivision into homogeneous categories of managed items.

A new indicator was introduced in 2015 to support management of default loans.

In fact, the Recovery Rate was created internally by the Bank on the basis of a project, developed by the Credit Risk Management Unit with the support of a project team including members of various internal departments, which led to the development of a statistical model to calculate the benchmark at the relationship level for substandard and non-performing items.

This benchmark is the result of analysis of past behaviour for a vast sample of insolvent customers and can be considered the best internal indication for the Bank in regards to collection forecasts connected to positions originating from banks, representing an additional step in the evolution of the Bank's processes. The benchmark was created for support management of positions, where this indicator is present, in order to make decisions for which collection forecasts (settlement resolutions, credit assessments, etc.) are of particular importance.

Also during the year, monitoring of credit risk continued for assets that go beyond the traditional banking activities of loans and deposits, guaranteeing constant verification of timely payment of trade receivables due from customers for service contracts, associated with a collection management process scaled to the degree payment is overdue. In this context, positions that indicate particularly critical issues are entrusted to legal management and are the subject of careful analytical assessment in order to appropriately determine the write-downs recognised. Another new aspect introduced in 2015 was a review of the process used for write-downs of these types of operational receivables, which also sees the involvement of the Risk Management area in order to guarantee coherent decision making in terms of the Bank's objectives.

The Credit & Risk Recovery Department, better described above, and now Risk Management, continued to monitor the performance of individual exposures, in particular impaired ones, and to assess the appropriateness of classification, amounts of provisions and the adequacy of the collection process.

These activities were and continue to be carried out, in compliance with the general internal regulatory framework, with the objective of effectiveness and efficiency, and respect for the principle of transparency.

To that end, actions, with respect to that indicated in the Bank's regulations, have the following approach:

- consolidated and risk-based, aimed at assessing credit risk, especially the most significant, as well as the Bank's corresponding organisational controls, taking the selected organisational and corporate structure into account,

and, above all:

- proportional, with a focus on adjusting controls in proportion to the size, systemic importance and problems of the Bank itself.

On the basis of this approach, the control process revolves around a combination of activities, not necessarily always catalogued, which make it possible to express a judgement of the Bank's current and prospective situation in regards to the specific credit risk taken or to be taken on and subject to measurement, which in the case of significant issues and/or anomalies, determines the adoption of appropriate corrective measures by the Bank.

The goal of credit risk analysis - as stated - is to assess exposure to the same, as well as the ability to govern, manage and control this type of risk.

This goal was of increased importance to the Bank in part due to the change that doBank saw in the context of its performing loan segment, which saw an increase in attention during the 1st half of 2015, with controls that were not sample-based but, in relation to the numbers that are still low but significant in terms of the new direction of the Bank, involved the entire area.

Therefore, all the basic activities were established, including spot checks, but principally regular checks. No anomalies of a substantial nature were found that would require significant corrective measures, while any smaller anomalies were quickly dealt with and resolved by identifying the cause, thanks also to synergy with other functions with the Bank. This was generally due to procedures which became better calibrated as performing loan activities began to grow.

### 2.3 - Credit risk mitigation techniques

Currently, the Bank does not make use of Credit Risk Mitigation (CRM) techniques to maximise mitigation of the real and personal guarantees on receivables and does not have any guarantees in its portfolio consisting of credit derivatives, nor does it make use of compensation agreements relative to normal and off-balance-sheet exposures.

Credit exposures mainly involve traditional loans to private individuals and companies. These loans may be guaranteed by "real" guarantees (e.g. mortgages on properties and liens on moveable assets or receivables and securities) or by "personal" guarantees (generally sureties from private individuals or companies).

Guarantees represent an accessory element of secured loans.

As already noted in another part of this Section, during the financial year in question, doBank, in the context of lending activities relative to performing "consumer" customers, disbursed the balance and closing of medium/long-term mortgage loans relative to the awarding of property units subject to enforcement through auctions. These lending operations were all supported by appropriate real guarantees in the form of voluntary substantial first degree mortgages on the assets awarded, which can be classified as residential properties.

These guarantees were acquired, on the basis of the appraisals made following the adopted model, as elements representing the accessory nature with respect to the loan approved and granted, without prejudice to the principles underlying the assessment of the counterparty/customer's creditworthiness and even if mortgages represent one of the fundamental elements in forecasts for collection.

The Bank has a policy to update its policies regarding the granting of loans guaranteed by mortgages on properties in line with the current regulatory provisions, guaranteeing that the acquisition and management of the mortgages is done using methods able to guarantee enforceability, and in reasonable time.

In particular, in this context, the Bank ensures, for example: the independence of the appraiser assigned to evaluate the property; execution of the assessment at a value not exceeding market value; appropriate insurance against damages to the mortgaged asset; that the residential property is used by the owner or destined for use by the latter through leasing; that the ability to pay the loan by the debtor does not depend, if not marginally, on financial flows coming from the mortgaged asset, but from the ability of the debtor to repay the debt with other sources; that the maximum loan-to-value does not exceed 80% of the market value of the property.

### 2.4 - Impaired financial assets

The Bank's loan portfolio mainly consists of impaired positions, in particular non-performing loans.

In order to determine provisions, on a periodic basis and every time new significant factors arise, the Bank has developed processes with clear regulations to analytically review positions in order to make changes to provisions, if necessary, based on the changes in recovery prospects and strategies implemented.

For these cases, the Business Plan function within the EPC management application is used ( "Analytical Business Plan"). The analytical assessment means that provisions are determined at the level of individual positions (individual evaluations) and not at a collective level.

These assessments are part of a continuous and systematic review done whenever a significant event or events occur, which can be known, through the application of normal due diligence and/or in relation to approved proposals, and in all cases in which the previous forecast is considered obsolete and, in any case, at least every two years.

On this point, we confirm that in 2015, verification activities continued relative to the preparation of the Business Plans, with the inclusion of "robust" and certain information elements to support the review of said BPs, and reduce collection times.

The main elements considered in order to correctly measure forecast losses are as follows:

- the equity of the customer and of any guarantors (net of any encumbrances);
- the current and prospective equity and economic situation of the main debtor;
- the existence of any repayment plans, signed by all guarantors, and regular compliance with the same;
- amount and enforceability of any existing accessory guarantees; real (more often) or personal guarantees obtained voluntarily or acquired through legal action.

Measurements of forecast loss were carried out in respect of precise policies, which dictate shared criteria based on internal historic series and inspired by the prudential principle.

The criteria used to determine write-downs is based on discounting of expected financial flows from capital and interest. In terms of determining current value, the fundamental elements used are estimated recoveries, relative maturities and the discount rate to be applied. To estimate recoveries from problem loans, analytical forecasts are used. In regards to the time component, analytical plans or, if not available, estimated values are used.

With reference to methods used to determine the discount rate to be applied, in particular for non-performing positions originating from relationships with a variable interest rate, application of IAS 39 requires the possibility of knowing the method used to determine the variable rate contractually foreseen for each transaction, and the relative reference parameters. These details, found in the legacy procedures which originated the relationships, are not historicised in the management procedure used for loans in default and therefore cannot be used for proper measurement of the discount rate. Given the special nature of the non-performing portfolio (coming mainly from legal entities of the former Capitalia Group and the UniCredit Group), over time this lack of information has been overcome by historicising the amount of the contractually applied variable rate at the time the non-performing positions were classified as defaulting, in the same way as is done for similar non-performing positions originating from fixed rate contracts.

In December 2015, the doBank S.p.A. Board of Directors approved a plan for a self-securitisation transaction regarding the Bank's own receivables, to be carried out in the first few months of 2016. This transaction foresees an initial acquisition by doBank of all the tranches of securities issued by the SPV and the subsequent sale of the same to third party investors, minus any portion of junior securities, equal to at least 5% of all the securities issued by the SPV, to be held under the "retention rule" in compliance with the regulatory constraints imposed by the Bank of Italy.

A presupposition for this transaction is the identification of a "sale price" for the securitised portfolio, in line with the measurement of the receivables originally carried out by the investor when the Bank was acquired, net of any recoveries collected in the meantime.

Therefore, the measurement of said receivables in the financial statements as at 31/12/2015 reflects the value communicated by the sole shareholder Avio S.à r.l. and the consequent economic impact is registered under the item "130 Net write-downs/write-backs for impairment", as illustrated in Part C - Section 8.1 of these Notes to the Accounts.

## Quantitative information

### A. Credit quality

#### A.1 - Impaired and non impaired credit exposures: amounts, write-downs, trends, economic and geographic breakdown

##### A.1.1 - Breakdown of financial assets by portfolio and credit quality (carrying value)

Portfolio/Quality	Non-performing loans	Probable defaults	Impaired past-due	Non impaired past due	Other non impaired exposures	Total
1. Available-for-sale financial assets	-	-	-	-	1,878	1,878
2. Held-to-maturity financial instruments	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	-	17,032	17,032
4. Loans and receivables with customers	164,573	-	-	-	2,095	166,668
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-	-
<b>Total 12/31/2015</b>	<b>164,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,005</b>	<b>185,578</b>
<b>Total 12/31/2014</b>	<b>1,605,602</b>	<b>-</b>	<b>21,866</b>	<b>-</b>	<b>863,594</b>	<b>2,447,330</b>

##### A.1.2 - Breakdown of credit exposures by portfolio and credit quality (gross and net values)

Portfolio/Quality	Impaired assets			Non impaired assets			Total (net exposure)
	Gross exposure	Specific write-downs	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. Available-for-sale financial assets	-	-	-	1,878	-	1,878	1,878
2. Held-to-maturity financial instruments	-	-	-	-	-	-	-
3. Loans and receivables with banks	-	-	-	17,032	-	17,032	17,032
4. Loans and receivables with customers	735,608	(571,035)	164,573	2,115	(20)	2,095	166,668
5. Financial assets at fair value through profit or loss	-	-	-	-	-	-	-
6. Financial instruments classified as held for sale	-	-	-	-	-	-	-
<b>Total 12/31/2015</b>	<b>735,608</b>	<b>(571,035)</b>	<b>164,573</b>	<b>21,025</b>	<b>(20)</b>	<b>21,005</b>	<b>185,578</b>
<b>Total 12/31/2014</b>	<b>9,399,469</b>	<b>(7,815,733)</b>	<b>1,583,736</b>	<b>863,953</b>	<b>(359)</b>	<b>863,594</b>	<b>2,447,330</b>

As foreseen in Circular 262, note that in the tables below relative to credit quality, on-balance-sheet exposures include all cash financial assets due from banks or customers, whatever accounting portfolio they are in, therefore also including financial instruments classified as held for sale.

### A.1.3 - On- and off-balance sheet credit exposures with banks: gross, net and overdue values

Type of exposure/Amounts	Gross exposure				Non impaired assets	Specific adjustments	Portfolio adjustments	Net exposure
	Impaired assets							
	Up to 3 months	3 to 6 months	6 months to 1 year	More than 1 year				
<b>A. On balance sheet exposure</b>								
a) Non-performing loans	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
b) Doubtful loans defaults	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
c) Overdue impaired exposures	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
d) Non impaired overdue exposures	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
e) Other non impaired exposures	-	-	-	-	17,032	-	-	17,032
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
<b>Total A</b>	-	-	-	-	<b>17,032</b>	-	-	<b>17,032</b>
<b>B. Off-balance sheet loans</b>	-	-	-	-	-	-	-	-
a) Impaired	-	-	-	-	-	-	-	-
b) Non impaired	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-
<b>Total A+B</b>	-	-	-	-	<b>17,032</b>	-	-	<b>17,032</b>

### A.1.4 - On-balance-sheet credit exposures with banks: trend of gross impaired exposures

There is no figure to report.

### A.1.4bis - On-balance-sheet credit exposures with banks: trend of gross exposures subject to concessions broken down by credit quality

There is no figure to report.

### A.1.5 - Impaired on-balance-sheet credit exposures with banks: trend of total write-downs

There is no figure to report.

### A.1.6 - On and off balance sheet credit exposures with customers: gross, net and overdue values

Type of exposure/Amounts	Gross exposure				Non impaired assets	Specific adjustments	Portfolio adjustments	Net exposure
	Impaired assets							
	Up to 3 months	3 to 6 months	6 months to 1 year	More than 1 year				
<b>A. On balance sheet exposures</b>								
a) Non-performing loans	-	-	-	735,608	-	(571,035)	-	164,573
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
b) Probable defaults	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
c) Overdue impaired exposures	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
d) Non impaired overdue exposures	-	-	-	-	201	-	(5)	196
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
e) Other non impaired exposures	-	-	-	-	3,792	-	(15)	3,777
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-
<b>Total A</b>	-	-	-	<b>735,608</b>	<b>3,993</b>	<b>(571,035)</b>	<b>(20)</b>	<b>168,546</b>
<b>B. Off-balance sheet exposures</b>	-	-	-	-	-	-	-	-
a) Impaired	-	-	-	-	-	-	-	-
b) Non impaired	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-
<b>Total A+B</b>	-	-	-	<b>735,608</b>	<b>3,993</b>	<b>(571,035)</b>	<b>(20)</b>	<b>168,546</b>

On-balance-sheet loan exposures include all cash financial assets due from customers, whatever accounting portfolio they are in (trading, available for sale, held to maturity, receivables, assets measured at fair value, financial assets held for sale), while the "gross" exposure of cash financial assets corresponds:

- to those in the portfolio measured at fair value, at the book value of the closing balances, prior to the evaluations made for the balance sheet;
- to others, at the book value of the financial assets gross of any specific and portfolio adjustments.

### A.1.7 - On-balance-sheet credit exposures with customers: trend of gross impaired exposures

Cause/Category	Non-performing loans	Probable defaults	Overdue impaired exposures
<b>A. Opening balance - gross exposure</b>	<b>9,399,422</b>	-	<b>1</b>
- of which: assets sold but not derecognised	-	-	-
<b>B. Increases</b>	<b>14,147</b>	-	-
B.1 transfers from performing loans	103	-	-
B.2 transfers from other impaired exposure	-	-	-
B.3 other increases	14,044	-	-
<b>C. Reduction</b>	<b>(8,677,961)</b>	-	<b>(1)</b>
C.1 transfers to performing loans	-	-	(1)
C.2 derecognised items	(42,488)	-	-
C.3 recoveries	(23,113)	-	-
C.4 sales proceeds	(30)	-	-
C.5 losses on disposals	-	-	-
C.6 transfers to other impaired exposure	-	-	-
C.7 other reductions	(8,612,330)	-	-
<b>D. Closing balance-gross exposure</b>	<b>735,608</b>	-	-
- of which: assets sold but not derecognised	-	-	-

Item C.4 "sales proceeds" includes recoveries received deriving from the disposal of individual loans and portfolios of loans.

Item C.7 "other decreases" includes the gross amount of loans and receivables with customers, including the securitised Arena NPL One portfolio which was demerged to UniCredit, effective as of 01/01/2015.

### A.1.7bis - On-balance-sheet credit exposures with customers: trend of gross exposures subject to concessions broken down by credit quality

There is no figure to report.

### A.1.8 - On-balance-sheet loan exposures with customers: trend of total write-downs

Cause/Category	Non-performing loans		Probable defaults		Overdue impaired exposures	
	Total	- of which: exposures subject to concessions	Total	- of which: exposures subject to concessions	Total	- of which: exposures subject to concessions
<b>A. Total opening write-downs</b>	<b>7,815,687</b>	-	-	-	-	-
- of which: assets sold but not derecognised	-	-	-	-	-	-
<b>B. Increases</b>	<b>265,851</b>	-	-	-	-	-
B.1. write-downs	257,582	-	-	-	-	-
B.2 losses on disposals	-	-	-	-	-	-
B.3 transfers from other of impaired exposure	-	-	-	-	-	-
B.4 other increases	8,269.00	-	-	-	-	-
<b>C. reductions</b>	<b>(7,510,503)</b>	-	-	-	-	-
C.1. write-backs from assestments	(6,916)	-	-	-	-	-
C.2. write-backs from recoveries	(10,143)	-	-	-	-	-
C.3 gains on disposal	-	-	-	-	-	-
C.4 write-offs	(43,956)	-	-	-	-	-
C.5 transfers to other impaired exposure	-	-	-	-	-	-
C.6 other reductions	(7,449,488)	-	-	-	-	-
<b>D. Final gross write-downs</b>	<b>571,035</b>	-	-	-	-	-
- of which: assets sold but not derecognised	-	-	-	-	-	-

Item B.1 contains analytical write-downs of receivables for 257 million, of which write-offs for 43.9 million.

Among the events which had a significant impact on the financial year, we note:

- the accounting alignment of the values to the residual purchase price, following the Bank's transfer to outside of the UniCredit Group, meaning that the requirements were no longer met that allowed receivables to be kept in the financial statements at constant values with respect to the original transferring parties. This transaction led to a 34.0 million reduction in the value of the receivables;
- the adjustment of the measurement of the portfolio of loans subject to future securitisation to the value attributed to the same by the new shareholder Avio S.à r.l. at the time the shares in the Bank were acquired from UniCredit. This new value led to write-downs for 223.2 million

Item C.6 "other decreases" mainly includes the amount of adjusted provisions relative to most of the securitised Arena NPL One portfolio which was demerged to UniCredit, effective as of 01/01/2015.

## A.2 Classification of exposure according to external and internal ratings

The Bank and its subsidiaries do not have any exposures with external ratings, nor do they use internal ratings in managing credit risk. When it was part of the UniCredit Group, doBank used internal ratings to measure credit risk with Advanced models, limited to only a (significant) portion of its impaired portfolio.

### A.2.1 Distribution of on- and off-balance-sheet credit exposure according to external ratings

There is no figure to report.

### A.2.2 Distribution of on- and off-balance-sheet exposure according to internal ratings

There is no figure to report.

## A.3 Distribution of secured loans according to type of guarantee

### A.3.1 - Secured loan exposure to banks

There is no figure to report.

### A.3.2 - Secured loan exposure to customers

	Net exposure	Collateral guarantee (1)				Personal guarantee (2)										Total (1) + (2)	
		Real estate - mortgages	Real estate - financial lease	Securities	Other collateral guarantee	C/N	Loan derivatives					Unsecured loans					
							Governments and Central banks	Other public entities	Banks	Other entities	Governments and Central banks	Other public entities	Banks	Other entities			
<b>1. Secured on balance sheet credit exposures:</b>	<b>105,891</b>	<b>63,986</b>	-	<b>154</b>	<b>61</b>	-	-	-	-	-	-	-	-	<b>9</b>	<b>1</b>	<b>41,390</b>	<b>105,602</b>
1.1 totally secured	103,664	63,850	-	99	61	-	-	-	-	-	-	-	-	9	1	39,645	103,664
- of which impaired	102,492	62,677	-	99	61	-	-	-	-	-	-	-	-	9	1	39,645	102,492
1.2 partially secured	2,227	136	-	55	-	-	-	-	-	-	-	-	-	-	-	1,746	1,937
- of which impaired	2,227	136	-	55	-	-	-	-	-	-	-	-	-	-	-	1,746	1,937
<b>2. Secured off-balance sheet credit exposures:</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 totally secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 partially secured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Classification of exposures between "fully guaranteed" and "partially guaranteed" was done by comparing the gross exposure with the amount of guarantees established contractually, also taking any additional guarantees into account, while in the "real guarantees" and "personal guarantees" column, the fair value

of the guarantees themselves is indicated, as estimated on the reporting date of the financial statements, as the said value cannot be greater than the book value of the exposures guaranteed. In the case of properties, when determining the fair value, the presumable price that could be realised through an auction through an enforcement or bankruptcy procedure was taken into account. In any case, if it was difficult to determine the fair value of the guarantee, it was possible to make reference to the contractual value of the same, up to the amount of the net exposure.

## B. Distribution and concentration of loan exposure

As foreseen in the regulations of the supervisory authority, note that in the tables below relative to the distribution and concentration of loan exposures, on- and off-balance sheet exposures include all on and off balance sheet financial assets due from banks or customers, whatever accounting portfolio they are in, therefore also including financial instruments classified as held for sale.

Distribution of on- and off-balance sheet credit exposures by the economic segment to which the debtors belong, as well as the payers (for guarantees given), is done using the classification criteria found in the "Classification of customers by sector and economic activity group" brochure, published by the Bank of Italy.

### B.1 - Distribution by segment of on- and off-balance sheet credit exposures to customers (book value)

Exposure/Counterparties	Governments			Other public bodies			Financial companies		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
<b>A. On balance sheet exposure</b>									
A.1 Non-performing loans	-	-	-	-	-	-	389	(2,614)	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.2 Probable defaults	-	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.3 Overdue impaired exposures	-	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.4 Non impaired exposures	547	-	(5)	-	-	-	1,528	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
<b>Total A</b>	<b>547</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,917</b>	<b>(2,614)</b>	<b>-</b>
<b>B. Off-balance sheet exposures</b>									
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-
B.2 Probable defaults	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-
B.4 Non impaired exposures	-	-	-	-	-	-	-	-	-
<b>Total B</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total 12/31/2015 (A+B)</b>	<b>547</b>	<b>-</b>	<b>(5)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,917</b>	<b>(2,614)</b>	<b>-</b>
<b>Total 12/31/2014 (A+B)</b>	<b>936</b>	<b>-</b>	<b>-</b>	<b>554</b>	<b>(281)</b>	<b>(68)</b>	<b>15,600</b>	<b>(210,126)</b>	<b>(8)</b>

Exposure/Counterparties	Insurance companies			Non-financial companies			Other subjects		
	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments	Net exposure	Specific write-downs	Portfolio adjustments
<b>A. On balance sheet exposure</b>									
A.1 Non-performing loans	-	-	-	148,069	(507,083)	-	16,115	(61,338)	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.2 Probable defaults	-	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.3 Overdue impaired exposures	-	-	-	-	-	-	-	-	-
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
A.4 Non impaired exposures	-	-	-	723	-	(8)	1,175	-	(7)
- of which: exposures subject to concessions	-	-	-	-	-	-	-	-	-
<b>Total A</b>	-	-	-	148,792	(507,083)	(8)	17,290	(61,338)	(7)
<b>B. Off-balance sheet exposures</b>									
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-
B.2 Probable defaults	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-
B.4 Non impaired exposures	-	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-	-
<b>Total 12/31/2015 (A+B)</b>	-	-	-	148,792	(507,083)	(8)	17,290	(61,338)	(7)
<b>Total 12/31/2014 (A+B)</b>	-	-	-	1,250,633	(5,381,714)	(2)	453,147	(2,232,752)	(1)

## B.2 - Distribution of on- and off-balance sheet credit exposures to customers by geographic area (book value)

Exposure/Geographical area	ITALY		OTHER EUROPEAN		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
<b>A. On balance sheet exposures</b>										
A.1 Non-performing loans	164,461	(567,775)	112	(3,260)	-	-	-	-	-	-
A.2 Probable defaults	-	-	-	-	-	-	-	-	-	-
A.3 Overdue impaired exposures	-	-	-	-	-	-	-	-	-	-
A.4 Non impaired exposures	3,973	(20)	-	-	-	-	-	-	-	-
<b>Total A</b>	168,434	(567,795)	112	(3,260)	-	-	-	-	-	-
<b>B. Off-balance sheet exposures</b>										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Probable defaults	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Non impaired exposures	-	-	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-	-	-
<b>Total 31/12/2015 (A+B)</b>	168,434	(567,795)	112	(3,260)	-	-	-	-	-	-
<b>Total 31/12/2014 (A+B)</b>	1,717,201	(7,791,073)	3,647	(33,221)	15	(247)	2	(212)	5	(199)

### B.3 - Distribution of on- and off-balance sheet credit exposures to banks by geographic area (book value)

Exposure/Geographical area	ITALY		OTHER EUROPEAN		AMERICA		ASIA		REST OF THE WORLD	
	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs	Net exposure	Total write-downs
<b>A. Cash exposure</b>										
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
A.2 Probable defaults	-	-	-	-	-	-	-	-	-	-
A.3 Overdue impaired exposures	-	-	-	-	-	-	-	-	-	-
A.4 Non impaired exposures	17,032	-	-	-	-	-	-	-	-	-
<b>Total A</b>	<b>17,032</b>	-	-	-	-	-	-	-	-	-
<b>B. Off-balance sheet exposures</b>										
B.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-
B.2 Probable defaults	-	-	-	-	-	-	-	-	-	-
B.3 Other impaired assets	-	-	-	-	-	-	-	-	-	-
B.4 Non impaired exposures	-	-	-	-	-	-	-	-	-	-
<b>Total B</b>	-	-	-	-	-	-	-	-	-	-
<b>Total 31/12/2015 (A+B)</b>	<b>17,032</b>	-	-	-	-	-	-	-	-	-
<b>Total 31/12/2014 (A+B)</b>	<b>813,912</b>	-	-	(1)	-	(44)	-	-	-	-

### B.4 - Significant exposures

This item includes the amount (unweighted value and weighted value) and the number of "risk positions" which are classified as "significant exposures" based on the provisions of Circular no. 286 of 17 December 2013 "Instructions for completion of prudential reporting for banks and brokerage companies", issued by the Bank of Italy.

The Bank's portfolio consists of variously fragmented positions, as a whole of limited size.

Below is the relative table:

	12/31/2015	12/31/2014
a) Amount (book value)	245,179	1,284,025
b) Amount (weighted value)	60,880	292,042
c) Number	3	2

### Other quantitative information on credit risk for the holding

As already noted, during the most recent financial years, doBank used a "mixed" approach to calculate capital requirements for credit risk and, therefore, for certain types of loans the IRB Advanced Approach was used (for those coming from the merger by incorporation of Aspra Finance S.p.A. and pertaining to the portion of the non-performing portfolio to which said method was also used prior to the merger) while the Standard method was used for those which lacked a model certified by the Bank of Italy.

As more fully described in section F below (Credit risk measurement models), the Bank now uses solely the simplified standardized approach.

Therefore, the Loan Portfolio, whether impaired or not, secured or unsecured, is measured using the Standard Method, including for other residual items in the assets not classified under "Receivables".

With reference to the calculation of Capital Requirements and in particular prudential requirements for credit risk, we illustrate the amounts subject to calculation summarised in the table below, in contrast to that indicated in the financial statements as at 31/12/2014, no longer includes details regarding the subdivision of the receivables portfolio into two macro-aggregates referring to positions measured using the AIRB and Standard methods (figures in Euro):

12/31/2015			
	NOMINAL VALUE	WRITE-DOWNS	EQUIVALENT VALUE
	Amount	Amount	Amount
<b>Loans Portfolio - Standard</b>	<b>849,391,896</b>	<b>674,985,650</b>	<b>174,406,245</b>
<b>Other Asset - Standard</b>	<b>182,715,820</b>	<b>19,861</b>	<b>182,695,959</b>
<b>Margin on credit lines</b>	<b>754,030</b>	<b>-</b>	<b>754,030</b>
<b>Total Risk Assets</b>	<b>1,032,861,746</b>	<b>675,005,511</b>	<b>357,856,235</b>

Deferred tax assets, subdivided as follows, are also included among significant risk assets measured using the standardized approach:

- those not based on future profitability and for which the requirements established under article 39 of CRR 575/2013 are met. For these components, which amounted to 118.0 million at 31/12/2015, the regulations foresee application of a risk weighting factor of 100%;
- those based on future profitability and originating from temporary differences and for which a weighting factor of 250% is applied, foreseen in article 48 of CRR 575/2013, in that it is contained within the threshold of 10% of own funds.

Measurement of the items in the assets using the standard approach led to the recognition of risk weighted assets (RWA) of 331.9 million, which corresponds to a requirement of 26.5 million, at 8%.

Below is a table which summarises the amounts indicated, showing the nominal values and relative weighting (figures in Euro):

Standardized Methodology for Credit Risks - RWA December 2015				
Risk Weighted Assets Settembre 2015	ASSET DETAIL	AMOUNT	weight %	RWA
59526.02	Exposures to or guaranteed by central governments or central banks	12,736,820	-	-
		117,975,704	100%	117,975,704
		8,527,465	250%	21,318,664
59526.07	Exposures to or guaranteed by public sector entities	209,541	20%	41,908
59526.12	Exposures to or guaranteed by supervised entities	39,123,708	20%	7,824,742
		-	0%	-
59526.11	Exposures to or guaranteed by corporates and other entities	754,030	0%	-
		4,413,346	100%	4,413,346
		-	0%	-
59526.16	Retail exposures	1,228,130	75%	921,098
		-	0%	-
59526.20	Exposures in default	158,743,419	100%	158,743,419
		13,570,723	150%	20,356,085
59526.27	Equity exposures	2	100%	2
59526.29	Other exposures	483	0%	-
		343,448	20%	68,690
		229,416	100%	229,416
	<b>Total Risk Assets - Standard Methodology</b>	<b>357,856,235</b>		<b>331,893,073</b>

## C. Securitisation transactions

### C.1 Securitisation transactions

#### *Qualitative information*

During the course of 2015, no new securitisation transactions were carried out.

During the course of 2014, a sizeable portion of the own portfolio was segregated, through a self-securitisation transaction with the vehicle company “Arena Npl One S.r.l.”, pursuant to Law 130 of 30 April 1999, in the context of which doBank subscribed all the securities issued by the vehicle company.

As the Originator, the Bank is involved in the Quercia Funding S.r.l. securitisation and in the second portfolio of Aurora SPV S.r.l. In 2015, doBank also served as the servicer in the securitisations for Quercia Funding S.r.l. (until 5 February 2015) and for the three portfolios of Aurora SPV S.r.l. (for Aurora 2 SPV until October 2015, while for Aurora SPV and Aurora 3 SPV, there is a Termination Agreement that will apply by the end of the first quarter 2016. The Bank also served as Sub-Servicer for UniCredit for securitisations pursuant to Capitalia S.p.A. (Trevi Finance S.p.A. and Trevi Finance n.2 S.p.A. ended in 2014, while Trevi Finance n.3 S.r.l. ended in September 2015).

As prescribed under the regulations, self-securitisation transactions such as that cited above (Arena Npl One srl) are not reported in the quantitative tables of this Part C.

Below the main characteristics of each securitisation are indicated:

#### **QUERCIA FUNDING S.r.l. Securitisation**

The Company, as a vehicle company, carried out a securitisation transaction for non-performing loans in May 2001, together with Cariverona Banca S.p.A. (now UniCredit S.p.A.). The transaction involved the transfer without recourse, pursuant to Law 130 of 30.4.1999, of positions classified as non-performing to the Italian vehicle company Quercia Funding srl. As of December 2011, Quercia Funding is not a part of the UniCredit Banking Group.

The Bank took on the role of "Servicer", which ended on 05/02/2015, while its role as "Corporate Servicer Provider" had already ended in 2014.

#### **Securitisation, Aurora SPV S.r.l. – Aurora 1**

The Company, as a vehicle company, carried out the first securitisation transaction for non-performing loans transferred from the vehicle companies Trevi Finance S.p.A., Trevi Finance no.2 S.p.A. and Trevi Finance n.3 S.r.l. in March 2013. The transaction involved the transfer without recourse, pursuant to Law 130 of 30.4.1999, of around 8,500 positions classified as non-performing to the Italian vehicle company Aurora SPV S.r.l.

The Bank was assigned as the Servicer and Corporate Service Provider for the transaction. In these roles, among other things, doBank supervises the recovery stages, as well as receipt of the loans, prepares periodic reporting and is responsible for the administrative/accounting aspects of the company. In addition, the Bank acquired a 19.7% stake in the securities issued, both for the senior tranche (for an initial 1.46 million, already fully redeemed) and in the junior tranche (for an initial 0.49 million), simultaneously signing a co-investment contract with the investor PC3.

### **Securitisation, Aurora SPV S.r.l. – Aurora 2**

The Company, as a vehicle company, carried out a second securitisation transaction in December 2013, for non-performing loans transferred directly by the Bank. The transaction involved the transfer without recourse, pursuant to Law 130 of 30.4.1999, of around 4,800 positions classified as non-performing to the Italian vehicle company Aurora SPV S.r.l., with full derecognition of the loans from the financial statements of the transferring party.

The Bank continues to serve as the "Corporate Services Provider" for the transaction.

### **Securitisation, Arena Npl One s.r.l. - Arena One**

In the context of the project to rationalise the Bank's activities, in November 2014 a self-securitisation transaction for non-performing loans was carried out, in cooperation with UniCredit S.p.A. Specifically, part of the own portfolio, consisting of loans from the area pertaining to the former Aspra Finance (gross balance of around 8.46 billion and net balance before time value discounting of 1.22 billion) was transferred to Arena Npl One, which issued senior and junior securities for a total amount of 1.22 billion, entirely subscribed by the Bank. The ABS securities are both unrated and listing is not foreseen on any regulated market.

In the context of this transaction, doBank was, in addition to serving as the Originator and Investor, assigned as the Corporate Services Provider and Servicer until 31/12/2014 and, as of 01/01/2015, the Auxiliary Servicer. In fact, as of said date, as a consequence of the demerger of the business unit to UniCredit S.p.A., the role of Servicer, as well as that of Originator and Servicer passed to the latter. Through these roles, among other things, doBank supervises the recovery stages, as well as receipt of the loans and is responsible for the administrative/accounting aspects of the company.

## **INFORMATION ON SECURITISATIONS**

Below are tables which summarise securitisation transactions originating with the Bank, for which securities have been successfully sold to third parties.

SECURITISATION NAME:	ARENA NPL ONE	
Type of transaction:	Traditional - Self-securitization	
Originator:	doBank S.p.A. (ex UniCredit Credit Management Bank S.p.A.)	
Issuer:	Arena NPL S.r.L.	
Servicer:	doBank S.p.A.	
Arranger:	UBS	
Target transaction:	Funding	
Type of assets securitised:	ordinary loans - mortgages - funding	
Quality of assets securitised:	Non-performing loans	
Closing date:	04/12/2014	
Nominal value of reference portfolio:	8,460,706,273 €	
Net amount of pre-existing writedowns/writebacks:	8,460,706,273 €	
Disposal Profit & Loss realized:	0 €	
Portfolio disposal price:	1,217,349,311 €	
Issue guarantees granted by the bank:	-	
Issue guarantees granted by third parties:	-	
Bank lines of credit:	-	
Third parties lines of credit:	-	
Other credit enhancements:	-	
Other relevant information:	-	
Ratings Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred:	-	
Amount and conditions of tranching:		
. ISIN	IT0005070120	IT0005070138
. Type of security	Senior	Junior
. Class	A	B
. Rating	n.r.	n.r.
. Quotation	not listed	not listed
. Issue date	04/12/2014	04/12/2014
. Legal maturity	2040	2040
. Call option	Clean-up call	
. Expected duration	2.4	2.4
. Rate	2%	5.0%
. Subordinated level	-	Sub A
. Reference position	304,300,000 €	913,049,310 €
. Security subscribers	doBank S.p.A. transferred to UniCredit	doBank S.p.A. transferred to UniCredit

<b>SECURITISATION NAME:</b>	<b>AURORA 2</b>	
Type of transaction:	Traditional	
Originator:	doBank S.p.A. (ex UniCredit Credit Management Bank S.p.A.)	
Issuer:	Aurora SPV srl	
Servicer:	doBank S.p.A.	
Arranger:	AnaCap Financial Ltd	
Target transaction:	Funding	
Type of assets securitised:	ordinary loans - mortgages - funding	
Quality of assets securitised:	Non-performing loans	
Closing date:	19/12/2013	
Nominal value of reference portfolio:	699,393,888 €	
Net amount of pre-existing writedowns/writebacks:	11,269,751 €	
Disposal Profit & Loss realized:	-69,751 €	
Portfolio disposal price:	11,200,000 €	
Issue guarantees granted by the bank:	-	
Issue guarantees granted by third parties:	-	
Bank lines of credit:	-	
Third parties lines of credit:	-	
Other credit enhancements:	-	
Other relevant information:	-	
Ratings Agencies:	No Rating Agency	
Amount of CDS or other supersenior risk transferred:	-	
Amount and conditions of tranching:		
. ISIN	IT0004983893	IT0004983885
. Type of security	Senior	Junior
. Class	A	B
. Rating	n.r.	n.r.
. Quotation	not listed	not listed
. Issue date	19/12/2013	19/12/2013
. Legal maturity	2045	2045
. Call option	Clean-up call	
. Expected duration	2.1	2.1
. Rate	3%	6.5%
. Subordinated level	-	Sub A
. Reference position	6,562,500 €	2,187,500 €
. Security subscribers	Prime Credit 3 S.A.R.L.	Prime Credit 3 S.A.R.L.

## Quantitative information

### C.1 - Exposure from "own" securitisation transactions, broken down by type of securitised asset and type of exposure

There is no figure to report.

### C.2 - Exposure from main "third-party" securitisation transactions, broken down by type of securitised asset and type of exposure

Type of securitised assets/Exposure	Cash exposure					Guarantees given					Credit lines				
	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior	Senior	Mezzanine	Junior			
	Book value	Write-downs/Write-backs	Book value	Write-downs/Write-backs	Book value	Write-downs/Write-backs	Book value	Write-downs/Write-backs	Book value	Write-downs/Write-backs	Book value	Write-downs/Write-backs			
Aurora 1 - AFS Junior Security															
. Non-performing loans					1,528							985			

### C.3 - Equity investments in securitisation vehicles

Securitisation name/Vehicle company name	Registered office	Consolidation	Assets			Liabilities			
			Loans	Debt securities	Others	Senior	Mezzanine	Junior	Others
AURORA SPV S.r.L. - Aurora 1	Verona	NO		1,528					

### C.4 - Non-consolidated securitisation vehicles

#### Nature of equity investments

In the context of non-consolidated securitisations, that with Aurora SPV s.r.l. - Aurora 1 should be noted, for which the underlying portfolio of loans amounted to a total of 7,904 thousand at 31/12/2015, of which doBank holds 19.80% of the senior securities and 19.86% of the junior securities.

The Bank does not hold any equity investment within the securitisation companies cited, nor has it established any loan operations with said SPVs.

#### Nature of the risks

Below exposures relative to Aurora 1 are indicated, as well as the maximum amount of exposure to losses deriving from equity investments in the vehicle, essentially consisting of the book value of the same.

In fact, no liabilities exist, nor do guarantees or loans issued to said entity, either contractually or implicitly under the form of financial support without contractual obligations.

Financial statement items/type of structured entities	Amounts at 31/12/2015						
	Accounting portfolios, assets	Total Assets (A)	Accounting portfolios, liabilities	Total Liabilities (B)	Net carrying amount (C=A-B)	Maximum exposure to risk of loss (D)	Difference between exposures to risk of loss and carrying amount (E=D-C)
Vehicle company issuing ABS		1,528		-	1,528	1,528	-
	HFT		Payables				
	FVO		Securities				
	AFS	1,528	HFT				
	HTM		FVO				
	LAR						

HFT= Financial assets held for trading  
FVO= Financial assets measured at fair value  
HTM= Financial assets held to maturity  
AFS= Financial assets available for sale  
LAR= Loans to customers

Payables= Loans from customers  
Securities= Securities issued  
HFT= Financial liabilities held for trading  
FVO= Financial liabilities measured at fair value

### C.5 Servicer activities – own securitisations: collection of securitised loans and redemption of securities issued by the vehicle company for securitisation

Vehicle company	Securitized assets (year end figure)		Loans collected during the year		% of securities redeemed (years end figures)						
	Impaired	Performing	Impaired	Performing	Senior		Mezzanine		Junior		
					Impaired assets	Performing assets	Impaired assets	Performing assets	Impaired assets	Performing assets	
AURORA SPV S.r.L. - Aurora 1	7,904		5,045		100%					22%	
AURORA SPV S.r.L. - Aurora 2	7,405		1,625		100%					23%	
AURORA SPV S.r.L. - Aurora 3	17,484		3,871		100%					0%	

### C.6 - Consolidated securitisation vehicles

There is no figure to report.

### D. Disclosure on structured entities not consolidated for accounting purposes (other than vehicle companies for securitisation)

There is no figure to report.

### E. Disposal transactions

#### A. Financial assets sold but not fully derecognised

There is no figure to report.

#### B. Financial assets disposed of and fully derecognised with recognition of continuous involvement

There is no figure to report.

### F. Credit risk measurement models

Prudential regulatory requirements foresee - for credit risk - two methods of calculating capital requirements:

a) the traditional standardized approach, an evolution of the system deriving from the 1988 Agreement on Capital; and

b) the Internal Rating Based (IRB) method, in turn subdivided into basic and advanced IRB,

in its history, the Bank did not initially activate advance risk measurement models, while subsequently it used the same LGD models used by the UniCredit Group to measure credit risk on a portion or macro-aggregate of the overall impaired portfolio measured with AIRB (which at 31/12/2014 amounted to 82% in terms of net IAS values); the remaining portion was measured using the standard approach.

With the exit from the UniCredit Group, which was completed in the fourth quarter of 2015, the Bank returned to using the simplified standardized approach which - as noted - involves subdivision of exposures into various classes (portfolios), based on the nature of the counterparty, the technical

characteristics of the relationship, or the methods used to carry out the latter, with various weighting ratios applied to each portfolio.

At the System level, the sensitivity of the traditional standardized approach with respect to credit risk has grown over the course of time, through greater segmentation of loan portfolios and the use of ratings issued by export credit agencies (ECA) or specialised external credit assessment institutions (ECAI), recognised by the supervisory authorities.

On this point, please refer to the second Consultation Paper issued in December 2015 by the Basel Committee, regarding a revision of the standard approach for credit risk (consultation will remain open until 11 March 2016) which, among other things, noted the need - in regards to weighting credit risk - to improve banks' own due diligence procedures used to measure creditworthiness and their risk management function.

In this context, the Bank does not intend to make use of the ratings issued by recognised ratings agencies, therefore applying a 100 percent weighting factor to all credit exposures, naturally with the exception of that expressly foreseen in the regulatory requirements in regards to certain cases, for which prudential treatment is applied based on the counterparty and technical form.

## Section 2 – Market risks

### 2.1 Interest rate and price risks - Regulatory trading book

#### *Qualitative information*

##### **A. General aspects**

Financial risks consist in the fluctuations of the value of positions held by the bank, consequent to changes in the prices/market factors. doBank does not have an exposures affected by this risk. The Bank does not carry out trading, nor does it hold portfolios of equity-based securities for trading or UCITS units.

##### **B. Management and measurement of interest rate risk and price risk**

The Bank does not carry out trading, nor does it hold portfolios of securities for trading.

Therefore, the Bank has not implemented any specific processes to manage interest rate risk and price risk, nor does it use advanced methods to measure the same. Interest rate risk is periodically monitored, using the standard methods established under the current regulatory instructions issued by Bank of Italy.

#### *Quantitative information*

##### **1. Regulatory trading book: breakdown by residual duration (re-pricing date) of cash financial assets and liabilities and financial derivatives**

There is no figure to report.

## **2. Regulatory trading book: breakdown by exposures in equity securities and stock indexes by the main stock market countries**

There is no figure to report.

## **3. Regulatory trading book: internal models and other sensitivity analysis methods**

Internal models were not adopted.

### **2.2 Interest rate risk and price risk – Banking book**

#### ***Qualitative information***

##### **A. General aspects, management procedures and measurement of interest rate risk and price risk**

The special nature of the equity items of doBank, which mainly holds impaired loans as assets, means that assessing the balance of temporal deadlines for repricing is of little value. This situation justifies the lack of specific processes and methods to measure interest rate risk.

##### **B. Fair value hedging**

In consideration of the specific nature of the Bank's assets, this activity is not carried out.

##### **C. Cash flow hedging**

In consideration of the specific nature of the Bank's assets, this activity is not carried out.

## Quantitative information

### 1. Banking book: distribution according to residual duration (re-pricing date) of financial assets and liabilities

Type/ Residual duration	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	More than 10 years	Unspecified term
<b>1. Balance sheet assets</b>	<b>18,523</b>	<b>269</b>	<b>164,908</b>	-	-	-	<b>1,528</b>	-
1.1 Debt securities	-	350	-	-	-	-	1,528	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	350	-	-	-	-	1,528	-
1.2 Loans to banks	17,032	-	-	-	-	-	-	-
1.3 Loans to customers	1,491	269	164,908	-	-	-	-	-
- current accounts	724	-	92,550	-	-	-	-	-
- other loans	767	269	82,192	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	767	269	82,192	-	-	-	-	-
<b>2. Balance sheet liabilities</b>	<b>6,629</b>	-	-	<b>175,131</b>	-	-	-	-
2.1 Deposit from customers	6,629	-	-	175,131	-	-	-	-
- current accounts	6,629	-	-	-	-	-	-	-
- other loans	-	-	-	175,131	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	175,131	-	-	-	-
2.2 Deposit from banks	-	-	-	-	-	-	-	-
- current accounts	-	-	-	-	-	-	-	-
- other liabilities	-	-	-	-	-	-	-	-
2.3 Debt securities in issue	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with prepayment option	-	-	-	-	-	-	-	-
- others	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	-	-	-	-	-	-	-
3.1 Physically settled financial derivatives	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Cash settled financial derivatives	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
<b>4. Other off balance sheet transactions</b>	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

The item "Loans to customers" includes the doBank portfolio which, following the merger by incorporation of Aspra Finance, consists mainly of impaired loans to which the residual life class of "3 to 6 months" has conventionally been applied, on the basis of the predicted completion of the cited securitisation transaction.

The item "Deposits from customers - other liabilities" includes loans payable that will be repaid at the time of the cited securitisation transaction and for which the original maturity date of 01/02/2016 has been postponed to 01/10/2016.

### 2. Banking book: internal models and other sensitivity analysis methods

Internal models were not adopted.

## 2.3 Exchange rate risk

doBank and its subsidiaries are not subject to exchange rate risk in that there are no assets or liabilities in foreign currencies.

## 2.4 Derivative instruments

There is no figure to report.

# Section 3 – Liquidity risk

## *Qualitative information*

### **A. General aspects, management processes and liquidity-risk measurement methods**

Liquidity risk is the risk of not being able to pay one's debts in the time required and at sustainable costs. It can occur due to the inability to obtain funds or due to limits on the liquidation of assets. The two types cited generate two distinct types of risk:

*funding liquidity risk*, or the risk of unavailable funds: this occurs when one cannot efficiently access expected or unexpected cash flows, without compromising ordinary operations and financial balance, connected to the repayment of liabilities or with respect to commitments to disburse funds).

*market liquidity risk*: this occurs when the market situation does not make it possible to realise the financial assets held, in order to honour commitments.

The short term liquidity risk management process foresees strategies and procedures intended to verify daily liquidity and is aimed at ensuring that over time liquid instruments of an amount able to allow the bank to honour its commitments are maintained.

Measurement of the level of risk exposure is based on daily monitoring of the accumulated balance of total liquidity, with reference to a series of pre-set temporal ranges, over a 12 month time horizon.

The process used to manage structure liquidity risk is aimed at monitoring possible imbalances in the structure of assets and liabilities held by the bank, over a one year time horizon. To that end, we note that the particular composition of the bank's balance sheet items, which feature the presence of assets consisting of impaired loans which, in the initial months of 2016 will be involved in a securitisation transaction and, among liabilities, a loan that will be repaid at the same time as the transaction, indicates substantial structural balance.

## Quantitative information

### 1. Distribution by maturity according to residual contractual term of financial assets and liabilities

Item/Maturities	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Unspecified term
<b>Balance sheet assets</b>	<b>16,261</b>	-	-	7	362	164,591	136	181	2,484	1,704
A.1 Government securities	-	-	-	-	350	-	-	-	-	-
A.2 Other debt securities	-	-	-	-	-	-	99	-	1,528	-
A.3 Units in investment funds	-	-	-	-	-	-	-	-	-	-
A.4 Loans	16,261	-	-	7	12	164,591	37	181	956	1,704
- Banks	15,328	-	-	-	-	-	-	-	-	1,704
- Customers	933	-	-	7	12	164,591	37	181	956	-
<b>Cash liabilities</b>	<b>9,582</b>	-	-	-	-	-	176,585	-	-	-
B.1 Deposits and current accounts	9,582	-	-	-	-	-	1,454	-	-	-
- Banks	2,953	-	-	-	-	-	1,454	-	-	-
- Customers	6,629	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	175,131	-	-	-
<b>Off balance sheet transactions</b>	-	-	-	-	-	-	-	-	-	-
C.1 Physically settled financial derivatives	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.2 Cash settled financial derivatives	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits to be received	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees given	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with equity swap	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without equity swap	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

The item "Loans - customers" includes the doBank portfolio which, following the merger by incorporation of Aspra Finance, consists mainly of impaired loans to which the residual life class of "3 to 6 months" has conventionally been applied, on the basis of the predicted completion of the cited securitisation transaction.

The item "Other liabilities" includes loans payable that will be repaid at the time of the cited securitisation transaction and for which the original maturity date of 02/01/2016 has been postponed to 10/01/2016.

## Section 4 - Operating risks

### *Qualitative information*

#### **A. General aspects, management and measuring of operational risk**

##### **Operating Risk - definition**

Operating risk is the risk of loss due to errors, violations, interruptions, damages caused by internal processes, personnel, systems, or caused by external events. This definition includes legal and compliance risk, but excludes strategic and reputational risk. For example, losses deriving from internal or external fraud, employment relationships or workplace safety, customer complaints, distribution of products, fines and other sanctions deriving from violation of regulations, damages to the company's assets, interruptions of operations and malfunctioning systems and management of processes all can be defined as operating risks.

##### **Methodology**

In order to calculate operational risk capital, the Bank adopted the following methods:

- basic indicator approach for prior to 2009;
- subsequent to approval by the Bank of Italy, the advanced method (AMA - Advanced Measurement Approach), from 2009-2011;
- from 2011 to closing, the "partial use" method, that is the basic indicator approach for the incorporated portion of Aspra Finance S.p.A. and the advanced measurement approach for the part pertaining to the former UniCredit CMB;
- as of 31/12/2015, the Basic Indicator Approach (BIA) method.

##### **Organisational requirements for management of operating risks**

doBank has defined a management system for operating risks, with a combination of policies and procedures to control, measure and mitigate operating risks. The operating risk policies are shared principles that establish the roles of company departments, the risk control department and the interactions with the other departments involved in the process.

doBank has developed its risk control structure in respect of the supervisory regulations and the relative activities and levels of responsibility have been determined and formalised in an appropriate manner in the company's internal regulations and rules.

The governance structure in terms of operating risk foresees, in addition the direct involvement of top management, the participation of the Operating Risk Committee, which was established to monitor exposure to operating risk, as well as mitigation actions and methods to measure and control it. In addition, a permanent Mitigation Actions workgroup has been established, in order to identify risk areas and implement specific corrective actions in response. To control operating risk, doBank has created a specific Operational, Financial Risk & Pillar II department.

### Quantitative information

To manage operating risk, doBank has a structured combination of processes, departments and employees dedicated to collecting and determining the following elements:

- internal data on operating losses;
- determining and calculating risk indicators;
- preparing corporate reporting;
- determining risk capital.

#### Internal data on operating losses

doBank collects data on operating losses and classifies them within the following reference classes, based on that defined in the New Basel Agreement on Capital and Regulation (EU) 575/2013 of the European Parliament and Council of 26 June 2013:

- Internal fraud
- External fraud
- Employment contracts and workplace safety
- Customers, products and business practices
- Damages to property, plant and equipment
- System failure or breakdown
- Process execution, delivery and management.

Below is a breakdown by percentage of the losses recognised in 2015.

DISTRIBUTION PER RISK EVENT TYPE	%
Execution	73%
Clients	14%
Employment practices	13%
Internal fraud	0%
External fraud	0%
Asset damages	0%
IT systems	0%
Total	100%

In 2015, the category that saw the largest amount of losses was that of process execution, delivery and management. No losses were seen connected to internal or external fraud, damages to property, plant and equipment or to system failures or breakdowns.

#### Risk indicators

Risk indicators are a prospective component that reflects changes in the risk profile for better or worse in a timely manner, following changes in operating segments or in the human, technological and organisational resources, as well as in the internal control system.

Risk indicators have been created for doBank, which are monitored on a monthly basis. On a quarterly basis, an action plan is prepared for any indicators not falling within the range established by the Operating Risk Committee.

#### Reporting System

The Bank has created a reporting system that ensures information on operating risks reaches the company bodies and manages of the relevant organisational departments in a timely manner. The frequency and

content of the reporting is in line with the level of risk and varies based on the recipient and how they use the information.

**Quantification of Operating Risk at 31/12/2015**

At 31/12/2015, risk capital for doBank, calculated using the BASE method, came to 20.8 million.

In particular, we refer to Circular 285 "Supervisory provisions for banks", issued by Bank of Italy on 17 December 2013. In regards to operating risk, this circular fully implements Regulation 575/2013 "Capital Requirement Regulations (CRR)", issued by the European Parliament on 26 June 2013, containing the updated definition of the relevant indicator.

## Part F – Consolidated Shareholders' Equity

### Section 1. Consolidated Shareholders' Equity

- A. Qualitative information
- B. Quantitative information

### Section 2. Own funds and banking regulatory ratios

- A. Qualitative information
- B. Quantitative information

### Section 3. Capital and capital ratios for insurance (not present)

### Section 4. Capital adequacy for the financial conglomerate (not present)

## Introduction

As illustrated in Part A - Accounting Policies, as of the date these 2015 consolidated financial statements were prepared, the investigation by the Bank of Italy for the request to be listed on the Register of Banking Groups was under way, as foreseen under article 64 of the TUB, presented by doBank with reference to its instrumental subsidiary, doRealEstate.

While awaiting the completion of this investigation, for the purposes of preparing the schedules and consolidated notes to the accounts, the provisions in the above cited Circular 262 - 4th update were in any case referred to, making the adjustments held appropriate to provide information able to express the capital and economic situation of doBank and its subsidiaries.

In particular, for part F, Section 1 provides the consolidated information for doBank and its subsidiaries, while Section 2 refers solely to doBank, as the only regulated subject.

## Section 1 – Consolidated Shareholders' Equity

### A. Qualitative information

Consolidated shareholders' equity consists of the combination of share capital, reserves, treasury shares, valuation reserves and profits for the year for the companies falling within the scope of consolidation. All financial instruments that are not classified as financial assets or liabilities based on that established under the international accounting standards are considered part of equity.

For regulatory purposes, the capital figure used is determined based on the current Bank of Italy regulations and constitutes the reference document for prudential supervisory provisions. To that end, we note that the prudential supervisory aggregates refer solely to the holding doBank ("the Bank").

In calculating prudential requirements, the Bank must respect a minimum ratio of 8%. This ratio was reduced to 6% up to the point of exit from the UniCredit Group, due to the 25% reduction in requirements which banks belonging to Italian banking groups enjoy, pursuant to the cited Bank of Italy provisions.

## B. Quantitative information

### B.1 - Consolidated shareholders' Equity: breakdown

	Banking Group	insurance Companies	Other Companies	Consolidation Adjustments and Eliminations	Total
<b>Equity</b>			<b>41,440</b>	<b>(160)</b>	<b>41,280</b>
Share premiums			-	-	-
Reserves			<b>176,467</b>	<b>107,800</b>	<b>284,267</b>
Equity instruments			-	-	-
(Treasury shares)			(277)	-	(277)
Valuation reserves			<b>1,027</b>	-	<b>1,027</b>
- Financial assets available for sale			714	-	714
- Property, plant and equipment			-	-	-
- Intangible assets			-	-	-
- Foreign investment hedging			-	-	-
- Cash flow hedging			-	-	-
- Exchange rate differences			-	-	-
- Non-current assets held for sale			-	-	-
- Actuarial gains (losses) on benefits schemes with defined life			(116)	-	(116)
- Portions of valuation reserves relative to equity investments measured at equity			-	-	-
- Special revaluation laws			429	-	429
<b>Profit (loss) for the financial year</b>			<b>(179,153)</b>	<b>12,041</b>	<b>(167,112)</b>
<b>Net assets</b>			<b>39,504</b>	<b>119,681</b>	<b>159,185</b>

### B.2 - Revaluation reserves for available-for-sale assets: breakdown

Assets/Amounts	Banking group		Insurance companies		Other companies		Elimination and consolidation adjustments		Total 12/31/2015	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1 Debt securities					714				714	
2 Equity securities										
3 Mutual fund shares										
4 Loans										
<b>Total 31/12/2015</b>					<b>714</b>				<b>714</b>	
<b>Total 31/12/2014</b>					<b>374</b>				<b>374</b>	

### B.3 - Revaluation reserves for available-for-sale assets: annual change

	Debt securities	Equity securities	UCITS units	Loans
<b>1. Opening balances</b>	<b>374</b>	-	-	-
<b>2. Increases</b>	<b>342</b>	-	-	-
2.1 Increases in fair value	342	-	-	-
2.2 Reversal to income statement of negative reserves:				
for impairment				
for disposal				
<b>2.3 Other changes</b>	-	-	-	-
<b>3. Decreases</b>	<b>(2)</b>	-	-	-
3.1 Decreases in fair value	(2)	-	-	-
3.2 Write-downs for impairment				
3.3 Reversal to income statement of positive reserves: from sale				
3.4 Other changes				
<b>4. Closing balances</b>	<b>714</b>	-	-	-

### B.4 - Revaluation reserves on defined benefit obligations: annual change

	Banking Group	Insurance Companies	Other Companies	Consolidation Adjustments and Eliminations	Total 31/12/2015
<b>1. Opening balances</b>				<b>(265)</b>	<b>(265)</b>
<b>2. Increases</b>				149	149
2.1 Increases in fair value				116	116
2.2 Other changes				33	33
<b>3. Decreases</b>				-	-
3.1 Decreases in fair value				-	-
3.2 Other changes				-	-
<b>4. Closing balances</b>	-	-		<b>(116)</b>	<b>(116)</b>

## Section 2 - Own funds and minimum capital ratios

### 2.1 Regulatory scope of application

Bank of Italy Circular no. 285 of 17 December 2013, as amended, states that the prudential consolidation elements from the assets and liabilities are calculated on the basis of the consolidation methods outlined in the regulations on financial statements (Bank of Italy Circular no. 262).

The prudential scope of consolidation is constructed based on prudential regulations and differs from the scope of consolidation in the Consolidated Financial Statements, which refer to the IAS/IFRS.

doBank represents the sole company subject to prudential consolidation subjected to supervision by Bank of Italy. Consequently, below, solely for doBank S.p.A. qualitative and quantitative information is provided relative to regulatory capital and capital adequacy.

### 2.1 Own funds

The Bank's own funds, calculated with reference to the main regulatory standards known as "Basel 3" and contained in Directive 2013/36/EU (CRD IV) and Regulation (EU) 575 of 26 June 2013 (CRR), amount to a

total of 111.6 million, summing together Common Equity Tier 1 - CET1, Additional Tier 1 - AT1 and Tier 2 - T2, mainly consisting of share capital and the "Reserves" item.

## A. Qualitative information

### 1. Common Equity Tier 1 - CET1

Common Equity Tier 1 includes, in addition to share capital, the reserves, treasury shares, and the result for the period, "other comprehensive income" (OCI of 1.0 million) and therefore, before elements are deducted and before the effects of the transitional regime, it amounts to 167 million. Deductions consist of deferred tax assets recognised on taxable income for the financial year (53.6 million), the book value of junior ABS issued by Aurora SPV Srl in the context of a non-performing loan securitisation transaction, and classified among "available for sale assets" (1.5 million) and finally, the value of intangible assets (41 thousand). Net of prudential filters, (equal to 0.2 million) total Common Equity Tier 1 comes to 111.6 million.

### 2. Additional Tier 1 - AT1

There are no elements classified as Additional Tier 1.

### 3. Tier 2 - T2

Tier 2 capital at 31/12/2015 amounted to zero, while at 31/12/2014 it amounted to 11.2 million, consisting of the calculable excess from write-downs on expected losses, as determined with advanced models to calculate capital requirements. With the exit from the UniCredit Group, these IRB models can no longer be applied, as indicated in Part E - Section 1. Credit Risk.

### 4. Unrealised profits and losses relative to exposures with central administrations classified among "Available-for-sale financial assets - AFS"

With reference to the indications found in the Bank of Italy Supervisory Bulletin no. 12 of December 2013, in reference to transitional instructions regarding own funds involving the treatment of unrealised profits and losses relative to exposures with the central government classified within "available-for-sale financial assets" (AFS) as per IAS 39, the Bank exercised the right foreseen in the Second Part, Chapter 14, section II, paragraph 2, last line of Circular 285, containing "Supervisory provisions for banks" with reference to consolidated and individual own funds. In line with the application of said right, the Bank, relative to securities issued by central governments of countries in the Eurozone included in the portfolio of "financial assets available for sale - AFS", did not include in any element of own funds gains or losses not realised relative to the exposures in regards to the central governments classified among "available-for-sale financial assets", of IAS 39, based on the methods foreseen in article 467 of the CRR.

## B. Quantitative information

	12/31/2015	12/31/2014
<b>A. Common Equity Tier 1 (CET1) before prudential filters</b>	<b>166,985</b>	<b>1,246,558</b>
of which grandfathered CET1 instruments		
B. CET1 prudential filters (+/-)		
<b>C. CET1 gross of deductions and transitional adjustments (A+/-B)</b>	<b>166,985</b>	<b>1,246,558</b>
<b>D. Items to be deducted from CET1</b>	<b>55,152</b>	<b>1,981</b>
<b>E. Transitional adjustment - Effect on CET1 (+/-), including minority interests subject to transitional adjustments</b>	<b>(193)</b>	<b>(374)</b>
<b>F. Common Equity Tier 1 - CET1 (C - D+/-E)</b>	<b>111,640</b>	<b>1,244,203</b>
<b>G. Additional Tier 1 (AT1) gross of deductions and transitional adjustments</b>		
of which grandfathered AT1 instruments		
<b>H. Items to be deducted from AT1</b>		
<b>I. Transitional adjustments - Effect on AT1 (+/-), including qualifying instruments issued by subsidiaries and computable in AT1 due to transitional provisions</b>		
<b>L. Additional TIER 1 Capital - AT1 (G-H+/-I)</b>		
<b>M. Tier 2 (T2) Capital gross of deductions and transitional adjustments</b>		<b>11,222</b>
of which grandfathered T2 instruments		
<b>N. Items to be deducted from T2</b>		
<b>O. Transitional adjustments - Effect on T2 (+/-), including qualifying instruments issued by subsidiaries and computable in AT2 due to transitional provisions</b>		
<b>P. Tier 2 Capital (M - N +/- O)</b>	<b>-</b>	<b>11,222</b>
<b>Q. Total Own Funds (F + L + P)</b>	<b>111,640</b>	<b>1,255,425</b>

### A. Common Equity Tier 1 - CET1

This item includes:

- fully paid capital of 41.3 million
- negative treasury shares reserve for 277 thousand
- other reserves for 126.0 million, including the net loss for the year of -188.6 million

### D. Items to be deducted from CET1

This item includes:

- deferred tax assets recognised on negative taxable income for the year of 53.6 million
- value of the junior securities of Aurora SPV, classified in item 40. "Available-for-sale assets" totalling 1.5 million
- other intangible assets, equal to 41 thousand

### E. Transitional regime - Impact on CET1 (+/-)

This item includes the following transitional adjustments:

- positive filter of 92 thousand, equal to 80% of the amount relative to defined-benefit plans (IAS 19)
- deduction deriving from unrealised profits on the fair value measurement of elements constituting "available for sale assets" for 285 thousand

## 2.3 Capital adequacy

## A. Qualitative information

Within the Bank, the relevant department carries out constant monitoring of the development of total profits for regulatory purposes, with respect to the changes in various risk profiles, in order to achieve appropriate balance within the overall structure.

## B. Quantitative information

Categories/Amounts	Unweighted amounts		Weighted amounts/requirements	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
<b>A. RISK ASSETS</b>				
<b>A.1 Credit and counterparty risk</b>	<b>357,856</b>		<b>331,893</b>	
1. Standardized approach	357,856	1,639,599	331,893	604,980
2. IRB approaches	-	7,401,990	-	1,265,391
2.1 Foundation				
2.2 Advanced	-	7,401,990	-	1,265,391
3. Securitisations				
<b>B. CAPITAL REQUIREMENTS</b>				
<b>B.1 Credit and counterparty risk</b>			<b>26,551</b>	<b>149,630</b>
<b>B.2 Credit valuation adjustment risk</b>				
<b>B.3 Settlement risk</b>				
<b>B.4 Market risk</b>				
1. Standard approach			-	
2. Internal models				
3. Concentration risk				
<b>B.5 Operating risk</b>			<b>20,790</b>	<b>28,266</b>
1. Basic indicator approach			20,790	
2. Traditional standardized approach				
3. Advanced measurement approach			-	28,266
<b>B.6 Other calculation elements</b>			-	<b>(44,474)</b>
<b>B.7 TOTAL CAPITAL REQUIREMENTS</b>			<b>47,341</b>	<b>133,422</b>
<b>C. RISK ASSETS AND CAPITAL RATIOS</b>				
C.1 Risk-weighted assets			591,768	1,667,772
C.2 Common Equity Tier 1/Risk weighted assets (CET1 capital ratio)			19%	75%
C.3 Tier 1 Capital/Risk weighted assets (Tier1 capital ratio)			19%	75%
C.4 Total own funds/Risk-weighted assets (Total capital ratio)			19%	75%

### Note:

(1) In calculating prudential requirements, the figures at 2015 use a requirement of 8%, while the figures at 2014, as doBank then belonged to an Italian banking group, took into account a 25% reduction in the requirement (from 8% to 6%, based on the Basel III rules).

(2) In items C.2, C.3 and C.4, the amount of risk-weighted assets (C.1) is determined, for all the Banks, independent of whether or not they belong to a banking group, as the product of all prudential requirements (B.7) and 12.5 (the inverse of the minimum capital ratio of 8%).

## Part G - Business combinations

### Section 1 - Transactions carried out during the financial year

The structure and management strategy for non-performing loans were subject to reorganisation within the UniCredit Group model for management of impaired loans in Italy, which led to the partial demerger to UniCredit S.p.A., effective as of 1 January 2015, of the business unit identified as "non-core" and of the business unit relative to the real estate items coming from ex Capitalia business from doRealEstate (previously UniCredit Credit Management Immobiliare) - 100% controlled by the Bank -, as in the demerger deed stipulated on 23 December 2014 and following authorisation received from the Bank of Italy on 24 October 2014, pursuant to article 57 of the Consolidated Law on Banking (TUB).

As of 31 October 2015, UniCredit Credit Management Bank S.p.A. changed its name to doBank S.p.A., following the operation to acquire the Bank by Avio S.à r.l., an affiliate of both the American group Fortress Investment Group LLC and Eurocastle Investment Limited. This determined, as of the same date, the exit of doBank from the UniCredit Banking Group.

### Section 2 - Transactions carried out after December 31, 2015

No business combinations occurred after the end of the financial year.

### Section 3 - Retrospective Adjustment

No retrospective adjustments were made after the end of the financial year.

## Part H - Related party transactions

### Introduction

The introduction of international accounting standards involves the application of the regulations regarding disclosures on related party transactions established in IAS 24, also in line with the provisions of Bank of Italy Circular 262 of 22 December 2005 (4th update of 15 December 2015).

In terms of definitions, on the basis of the text of IAS 24 in its most recent version, approved by EU Regulation 632/2010, a party is considered related to the entity preparing the financial statements if:

- a) it directly or indirectly, through one or more intermediaries,
  - controls the entity, or is controlled, or is subject to common control (including the parent companies, subsidiaries and associates);
  - holds an equity investment in the entity such as to be in a position to exercise significant influence on the latter;
  - jointly controls the entity;
- b) the Party is an associate of the entity (based on the definition in IAS 28);
- c) the Party is a joint venture in which the entity holds an equity investment;
- d) the Party is a senior manager with strategic responsibilities for the entity or its holding;
- e) the Party is a close relative of one of the subjects referred to in points a) or d);
- f) the Party is a subsidiary, jointly controlled subsidiary or is subject to significant influence by one of the subjects pursuant to points d) or e), or those subjects hold, directly or indirectly, a significant percentage of voting rights;
- g) the Party is a pension fund for employees of the entity, or any other entity correlated with the same.

Below are the main related party transactions, recognised by type of counterparty.

## 1. Information on remuneration of senior managers with strategic responsibilities

### Fees to Administrative Bodies and Senior Managers with strategic responsibilities

The fees paid to the administrative bodies and senior managers with strategic responsibilities during the course of 2015 are summarised below.

	12/31/2015
Short term benefits	1,162
Other long term benefits	136
Severance indemnity	-
<b>Total</b>	<b>1,298</b>

No loans or guarantees were given to Directors, Statutory Auditors or Senior Managers with strategic responsibilities.

## 2. Information on transactions with related parties

Below is information on other related party transactions not included in the previous section, relative to information on fees paid to Directors and Senior Managers.

As of the date the transfer of the shares - 31/10/2015 - doBank and its subsidiaries are outside of the UniCredit banking group and therefore, at 31/12/2015, no longer indicate accounting items referring to relationships with the former parent UniCredit, nor with other companies within the same group.

During the period, ordinary related party transactions were carried out, falling within the following categories:

- Stipulation of contracts for provision of services
- Stipulation of contracts relative to loans

All related party transactions carried out during the period described above, falling in the above categories, were carried out in the interest of the Group and under conditions similar to those applied for transactions with independent third parties or, in the case of provision of services, were governed on the basis of a minimum floor commensurate with recovering the relative production costs.

### 2.2 Transactions with holdings

Due to the transaction which transferred the doBank shares, as of 01/11/2015 the company which holds the controlling equity investment in the Bank is now Avio Société à responsabilité limitée (Avio S.à.r.l.), operating under Luxembourg law and affiliated with both the Fortress Group and Eurocastle Investment. It holds 98% of the share capital. The remaining 2%, consisting of 175,000 treasury shares, valued at cost, for a total of Euro 277,165.20, is held by the Bank itself.

Avio S.à r.l. does not carry out management or coordination activities with the Bank, as defined under articles 2497 and subsequent of the Civil Code.

At 31/12/2015, there are no balance sheet or economic balances existing in regards to the new holding. Nonetheless, we note a loan of 175.1 million originally disbursed to doBank by UniCredit at the time the extraordinary dividend was distributed by the same, equal to 594 million.

This loan was subsequently transferred by UniCredit to Avio and then, in December 2015, the latter transferred it in equal portions of 87.55 million each to Siena Holdco and Verona Holdco, two companies

operating under Luxembourg law, respectively affiliated with the Fortress Group and with Eurocastle Investment Limited.

Until 31/10/2015, the holding was UniCredit S.p.A., for which below we note the values relative to the economic effects of the relationships carried out by doBank and its subsidiaries with the same for the pro-quota portion of the financial year.

#### Costs/Revenues relative to UniCredit S.p.A. - 2015 figures until 31/10/2015

Type	Balances at 12/31/2015	Balances at 12/31/2014
Interest income/expense	206	3,491
Fee and commission income/expense	59,559	58,149
Administrative expenses	(1,978)	(1,804)
Other income/expense	4,864	80,190
	<b>62,651</b>	<b>140,026</b>

Relations with UniCredit mainly refer to activities to manage anomalous receivables via mandate and loan repurchase transactions, as well as - relative to operating costs - administrative and IT outsourcing services governed by specific agreements and reciprocal seconded personnel.

### 2.3 Transactions with other companies of the banking group

With reference to economic figures accruing through the date of exit from the UniCredit Group, that is until 31/10/2015, below is a summary of the main revenues/costs relative to services provided/received between doBank and its subsidiaries and companies within the UniCredit Group. These include receivable collection activities, administrative and IT outsourcing, and seconded personnel governed by specific agreements.

#### Costs/Revenues - 2015 figures until 31/10/2015

Type	Balances at 12/31/2015	Balances at 12/31/2014
Fee and commission income/expense	7,537	8,579
Administrative expenses	(13,998)	(12,637)
Other income/expense	213	352
	<b>(6,248)</b>	<b>(3,706)</b>

## Part I – Share-based Payments

### A. Qualitative information

#### 1. Description of payment agreements based on own equity instruments

##### 1.1. Instruments in issue

Medium-long term incentive plans intended for doBank employees, represented by the existing residual portion of plans applied by the UniCredit Group and payable on the following types of instruments:

- Equity-Settled Share Based Payment which foresee the payment of shares
- Cash Settled Share Based Payment which foresee the payment of money.

The first category includes the assignment of:

- **Stock Options** assigned to selected beneficiaries among top and senior management and key Group resources and representing rights to subscribe UniCredit shares;
- **Performance Stock Option** attributed to selected beneficiaries among top and senior management and key resources and representing rights to subscribe UniCredit shares which the same undertakes to assign, on the condition that performance objectives are met, as established by the UniCredit Board of Directors;
- **Share Plan for Talent** which offers selected company employees free UniCredit shares, which the same undertakes to assign, on the condition that performance objectives are met, as established by the UniCredit Board of Directors;
- **Group Executive Incentive System** which offers elected executives within the UniCredit Group variable compensation, which is paid within five years. The beneficiaries receive payment in money and/or shares in relation to meeting performance conditions (different from market conditions), based on those established in the Plan regulations;
- **Group Executive Incentive System (Bonus Pool)** which offers selected executives and notable personnel, identified on the basis of regulatory requirements, a bonus structure that will consist of immediate payments (following performance evaluation) and deferred payments, in cash and in ordinary UniCredit shares, over timeframe between 1 and 6 years. This payment structure ensures alignment with the interests of shareholders and is subject to verification of penalty clauses (which apply in the case that specific profitability, equity and liquidity thresholds are not met at the Group level and/or at the Country/Division level) and clawback clauses (when legally applicable) based on that established in the plan regulations (both representing vesting conditions other than market conditions);
- **Employee Share Ownership Plan (ESOP - Let's Share)** which offers eligible UniCredit Group employees the opportunity to acquire ordinary UniCredit shares with the advantage of the assignment of a number of "free shares", or the right to receive them, based on the quantity of shares acquired by each participant ("Investment Share") during the "subscription period".

Assignment of the free shares is subordinate to compliance with the vesting conditions (not market conditions) established in the plan rules.

The second category includes assignments similar to Share Appreciation Rights connected to the share value and the performance results of certain UniCredit Group companies.

## 1.2. Measurement model

### 1.2.1 Stock Option and Performance Stock Option

To estimate the economic value of the stock options and performance stock options, the Hull and White model has been adopted.

The model is based on price distribution on a trinomial tree, determined using the Boyle algorithm and estimates the probability of early use on the basis of a deterministic model connected:

- to the achievement of a market value equal to a multiple (M) of the value of the exercise price;
- to the propensity for early exit of assignees (E) after the vesting period has ended.

The economic and equity effects of the plan will be recognised during the vesting period of the instruments.

In 2015, no new stock option and/or performance stock option plans were assigned.

### 1.2.2 Share Plan For Talent

The plan offers selected beneficiaries free UniCredit shares which are transferred in three instalments, each of one has annual vesting.

The economic value of the share is equal to the market price of the share minus the current value of dividends not allocated in the period running from the date the promise is made and the future delivery of the share. The parameters are estimated using methods similar to those used for stock options.

The economic and equity effects of the plan will be recognised during the vesting period of the instruments.

During the course of 2015, no new plans were assigned.

### 1.2.3 Group Executive Incentive System

The amount of the incentive is determined on the basis of the achievement of qualitative and quantitative objectives described in the plan. Specifically, determination of achievement of objectives is expressed in variable percentage terms ranging from 0% to 150% (non-market vesting conditions). This percentage, corrected through application of a risk/sustainability factor - Group Gate - upon the initial payment and multiplied by the amount of the incentive, determines the actual amount paid to the beneficiary.

The economic and equity effects are divided as a function of the duration of the Plans.

### Group Executive Incentive System "Bonus Pool 2014" - Shares

The economic value of the share assigned is equal to the market price of the share minus the current value of dividends not allocated in the period running from the date the promise is made and the future delivery of the share.

The plan is structured in clusters, each of which may involve from two to three deferred instalment payments of shares, based on the time interval defined in the plan regulations.

	Assigned shares			
	Group Executive Incentive System - Bonus Pool 2014			
	Instalment (2017)	Instalment (2018)	Instalment (2019)	Instalment (2020)
Assignment date Bonus Opportunity Economic Value	21-Jan-2014	21-Jan-2014	21-Jan-2014	21-Jan-2014
Share number definition date - Date of Board resolution	09-Apr-2015	09-Apr-2015	09-Apr-2015	09-Apr-2015
Start of Vesting period	1-Jan-2014	1-Jan-2014	1-Jan-2014	1-Jan-2014
End of Vesting period	31-Dec-2016	31-Dec-2017	31-Dec-2018	31-Dec-2019
UniCredit share market price [€]	6.269	6.269	6.269	6.269
Economic value of vesting conditions [€]	-0.240	-0.430	-0.710	1.069
<b>Performance Share unit value when granted [€]</b>	<b>6.029</b>	<b>5.839</b>	<b>5.559</b>	<b>5.200</b>

### Group Executive Incentive System 2015 (Bonus Pool)

The new 2015 incentive system is based on a bonus pool approach, in line with the supervisory requirements and market practices, which defines:

- sustainability, through direct connection with company results, and alignment with relevant risk categories, through the use of specific indicators which mirror the reference risk-appetite framework;
- the connection between the bonus and the organisational structure, outlining the bonus pool at the country/division level, with future revision at the UniCredit Group level;
- the allocation of bonuses to beneficiaries identified as executive and other more important employees, identified on the basis of criteria provided by the European Banking Authority (EBA), and to other specific roles, on the basis of local regulatory requirements;
- a payment structure distributed over a 6 year time frame and consisting in a mix of cash and shares, in line with the most recent regulatory requirements issued in Directive 2013/36/EU (CRD IV).

The economic and equity effects will be recognised during the vesting period of the instruments.

#### 1.2.4 Employee Share Ownership Plan (Let's Share 2015 Plan)

The tables below indicate the parameters relative to the Free Shares (or rights to receive them) connected to the "Employee Share Ownership Plan", approved in 2014.

##### Measurement Free Share ESOP 2015

	Free Share 1st Subscription Period	Free Share 2nd Subscription Period
Assignment date of Free Shares to Group employees	30-Jan-2015	31-Jul-2015
Start of Vesting period	30-Jan-2015	31-Jul-2015
End of Vesting period	30-Jan-2016	31-Jul-2016
Unit fair value of Free Shares [€]	<b>5.280</b>	<b>6.078</b>

All the economic and equity effects of the plan, relative to the Free Shares assigned, will be recognised during the vesting period (with the exception of adjustments, in line with that foreseen in the plan regulations, which will be recognised at the first useful reporting date subsequent to the vesting period).

For 2015, the Let's Share plan foresees the use of shares to be obtained on the market. To that end, participants grant a broker (internal or external to the UniCredit Group) a mandate to acquire shares to be deposited in an account held by the participant.

## B. Quantitative information

### 2. Other Information

The Bank does not foresee the use of medium/long-term incentive plans in 2016.

### Effects on the Economic Result

All Share-Based Payments assigned after 7 November 2002, with the vesting period ending after 1 January 2005 fall within the area of application of the regulations.

#### Equity and economic effects connected with share-based payments

(€/000)

	2015		2014	
	Total	Vested Plans	Total	Vested Plans
Costs	122		-1	
- regarding Equity Settled Plans	-1		-24	
- regarding Cash Settled Plans	123		23	
Amounts paid to Unicredit S.p.A. for vested plans		0		119
Amounts paid to employees for Cash Settled Plans		71		44
Debt to UniCredit S.p.A.	161		177	
Debt to employees regarding Cash Settled Plans	0	161	122	177

## Part L – Segment reporting

At the date of approval of these consolidated financial statements, not being received by the Bank of Italy enrollment of Banking Groups under art. 64 TUB, the information of Segment Reporting is not prepared in accordance with Circular 262 - Chapter 3, paragraph 7.

Moreover, in view of the transition period represented by the financial year 2015, the determination of business sectors is still being defined. However, please refer to the Directors' report with regards to the results and information on the various areas of operation of doBank and its subsidiaries.

## Annex 1 – Table of fees due for the year for services provided by the Auditing Firm and by entities belonging to the Auditing Firm network Deloitte & Touche S.p.A.

Disclosure of external auditors' fees - doBank S.p.A. - Financial Year 2015 - Deloitte network							
pursuant to article 149-duodecies CONSOB regulation no. 11971/99, as amended							
Auditing Services	SERVICER PROVIDER	SUBJECT THAT RECEIVES SERVICE	Description of service	start date	end date	Fees in Euro (exclusive of VAT and expenses)	
	Name	Name					
Auditing Firm	Deloitte & Touche SpA	doBank S.p.A.	Legal auditing of Financial Statements	01/01/2013	31/12/2021	117,386	
			Legal auditing of interim report	01/01/2013	31/12/2021	43,734	
		doRealEstate S.p.A.	Legal auditing of Financial Statements	01/01/2013	31/12/2021	9,051	
Totale Revisore							
Total auditing services						170,171	
Other services other than auditing	SERVICER PROVIDER	SUBJECT THAT RECEIVES SERVICE	Description of service	Type	start date	end date	Fees in Euro (exclusive of VAT and expenses)
	Name	Name					
Auditing Firm	Deloitte & Touche SpA	doBank S.p.A.	Checks for signing of tax declarations	tax and other services	01/01/2013	31/12/2021	4,577
		doRealEstate S.p.A.	Checks for signing of tax declarations		01/01/2013	31/12/2021	1,320
Total Auditor						5,897	
Auditor network						0	
Total Auditor network						0	
Total Other services other than auditing						5,897	
<b>Grand Total</b>						<b>176,068</b>	

## Annex 2 – Reconciliation of Consolidated Condensed Account to Mandatory Reporting Schedule

CONDENSED		MANDATORY	
2015		2015	
Items	Amount	Items	Amount
Net Interest	0.8	10 INTEREST INCOME AND SIMILAR REVENUES	1.0
		20 INTEREST EXPENSE AND SIMILAR CHARGES	(0.2)
<b>Sub-total</b>	<b>0.8</b>		<b>0.8</b>
Fee and Commission Income	80.9	40 FEE AND COMMISSION INCOME	80.9
Fee and Commission Expense	(11.0)	50 FEE AND COMMISSION EXPENSE	(11.0)
Other net Operating Income/expenses	18.4	220 of which: OTHER NET OPERATING INCOME (*)	18.4
<b>Sub-total</b>	<b>88.3</b>		<b>88.3</b>
Payroll costs	(46.5)	150 ADMINISTRATIVE COSTS: a) STAFF EXPENSES	(46.5)
Other administrative expenses	(46.5)	150 ADMINISTRATIVE COSTS: b) OTHER ADMINISTRATIVE EXPENSES	(46.5)
Other Operating Income - Recovery of expenses	5.4	220 of which: OTHER NET OPERATING INCOME (*)	5.4
Amortisation depreciation and impairment losses on intangible and tangible assets	0.0	200 IMPAIRMENT/WRITE-BACKS ON PROPERTY, PLANT AND EQUIPMENT	0.0
		210 IMPAIRMENT/WRITE-BACKS ON INTANGIBLE ASSETS	0.0
<b>Sub-total</b>	<b>(87.6)</b>		<b>(87.6)</b>
Net Provisions for risks and charges	(4.1)	190 PROVISIONS FOR RISKS AND CHARGES	(4.1)
Net Write-downs of loans	(240.4)	130 IMPAIRMENT LOSSES	(240.4)
Net income (losses) from investments	0.0	100 GAINS (LOSSES) ON DISPOSAL	0.0
		240 PROFIT (LOSS) OF ASSOCIATES	0.0
<b>Sub-total</b>	<b>(244.5)</b>		<b>(244.5)</b>
Income tax for the year	75.9	290 TAX EXPENSE (INCOME) RELATED TO PROFIT OR LOSS FROM	75.9

(\*) Item 220 “Other Operating Income” in the Consolidated Condensed Income Statement is allocated in “Expenses Recoveries” and in “Other Income”

## **INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Shareholders of  
doBank S.p.A.**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of doBank S.p.A. and its subsidiaries, which comprise the Consolidated Balance Sheet as at December 31, 2015, the Consolidated Income Statement, the Consolidated Statement of comprehensive income, the Consolidated Statement of Changes in Shareholders' Equity and the Consolidated Cash Flows Statement for the year then ended, and the related explanatory notes.

#### *Management's Responsibility for the Consolidated Financial Statements*

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, paragraph 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

#### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of doBank S.p.A. and its subsidiaries as at December 31, 2015, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

## **Report on Other Legal and Regulatory Requirements**

*Opinion on the consistency of the report on operations with the consolidated financial statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of doBank S.p.A., with the consolidated financial statements of doBank S.p.A. and its subsidiaries as at December 31, 2015. In our opinion the report on operations is consistent with the consolidated financial statements of doBank S.p.A. and its subsidiaries as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

*Signed by*

**Maurizio Ferrero**

Partner

Milan, Italy

March 11, 2016

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