

MEDIOBANCA INTERNATIONAL (LUXEMBOURG)



*Interim Report
for the six months ended December 31, 2015*

MEDIOBANCA INTERNATIONAL (Luxembourg)

SOCIÉTÉ ANONYME

SHARE CAPITAL € 10,000,000.00

HEAD OFFICE: 4, BOULEVARD JOSEPH II – L-1840 LUXEMBOURG



*Board of Directors meeting
1st February 2016*

BOARD OF DIRECTORS

		Term expires	Location
MASSIMO DI CARLO	CHAIRMAN	2017	ITALY
STEFANO BIONDI	MANAGING DIRECTOR	2017	LUXEMBOURG
PETER W. GERRARD	»	2017	LUXEMBOURG
LUCA MACCARI	DIRECTOR	2017	ITALY
MASSIMO BERTOLINI	»	2017	ITALY
LIVIO WINTELER	»	2017	ITALY
ALEX SCHMITT	»	2017	LUXEMBOURG
STEPHANE BOSI	»	2017	LUXEMBOURG

LEGAL ADVISOR

BONN & SCHMITT	LUXEMBOURG
----------------	------------

INDEPENDENT AUDITOR

PRICEWATERHOUSECOOPERS S.C.	LUXEMBOURG
-----------------------------	------------

CONTENTS

	Page
Board of Directors' review of operations	5
Statement of Directors' Responsibilities	12
Independent Auditor's Report	13
Interim accounts	
Statement of financial position	18
Statement of comprehensive income	19
Statement of changes in equity	20
Cash flows statement	22
Notes to the interim accounts	
Part A – Accounting policies	24
Part B – Notes to the statement of financial position	27
Part C – Notes to the statement of comprehensive income	57
Part D – Operating segment information	69
Part E – Information on risks and related hedging policies	73
Part H – Related party disclosures	100
Part I – Other information	102
Part J – Subsequent events	103

Mediobanca International (Luxembourg) S.A.
Head Office: 4, Boulevard Joseph II, L-1840 Luxembourg
Mediobanca Banking Group
Share capital: € 10,000,000 fully paid up

FINANCIAL SITUATION AT 31 DECEMBER 2015
BOARD OF DIRECTORS' REVIEW OF OPERATIONS

Against a backdrop of declining oil prices, accommodative monetary policy and a relatively weak external value of the euro, the economic recovery this year has been resilient and widespread across Member States. The impact of the positive factors is fading, while new challenges are appearing, such as the slowdown in emerging market economies and persisting geopolitical tensions. The pace of growth is expected to resist the challenges in 2016 backed by other factors, such as better employment performance supporting real disposable income, easier credit conditions, progress in financial deleveraging and higher investment. In some countries, the positive impact of structural reforms will also contribute to supporting growth further. Overall, euro area real GDP is forecast to grow by 1.6% in 2015, rising to 1.8% in 2016 and 1.9% in 2017. For the EU as a whole, real GDP is expected to rise from 1.9% this year to 2.0% in 2016 and 2.1% in 2017¹.

The steep fall in oil and other commodity prices has recently driven headline inflation in the euro area into negative territory. However, this masks the fact that wage growth, strengthening private consumption and the narrowing of the output gap are beginning to add increasing pressure to prices. Annual inflation is expected to rise from 0.1% in the euro area and 0% in the EU this year, to 1.0% and 1.1% respectively next year, and to 1.6% in both areas in 2017².

Outside EU, growth in emerging markets and developing economies – while still accounting for over 70 per cent of global growth³ – declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

Overall activity remains resilient in the United States and Canada, supported by still-easy financial conditions and strengthening housing and labour markets, but with dollar strength weighing on manufacturing.

Growth in China is expected to slow primarily reflecting weaker investment growth. India and the rest of emerging Asia are generally projected to continue growing, although with some countries impacted by the China' slowdown.

Latin America is also expected to slow, mainly reflecting the recession in Brazil and the decrease in commodities prices.

Higher growth is projected for the Middle East, but lower oil prices and geopolitical tensions, continue to weigh on the outlook.

During the six months under review the Bank reported a net profit of € 9,0m down approx. 35% compared to December 2014 (€ 13,8m). A detailed analysis of the performance registered on the main income and financial items will be made further in this report.

As regards the Bank's activity, significant events that have taken place during the six months under review include:

- securities borrowing of High Quality Liquid Assets ("HQLAs") to comply with the Liquidity Coverage Ratio ("LCR"): in order to ensure the compliance with the LCR requirement on an individual basis, starting from October 1, 2015 (as per EU Delegated Act, art. 38) the institution agreed upon the possibility to enter into securities lending agreements whereby Mediobanca

¹ Source: European Commission – Autumn 2015 economic forecast.

² Source: European Commission – Autumn 2015 economic forecast.

³ Source: IMF world economic outlook.

International borrows HQLAs from the Group Treasury (approx. EUR 450 million nominal amount) for a sufficient period in exchange for payment of a fee which has been estimated in approx. EUR 1,5 million per year. This arrangement has indeed allowed to keep stable the institution's net cash outflows (i.e. the denominator of the reference ratio), whilst increasing the stock of HQLAs (i.e. the numerator of the liquidity ratio).

- Contribution to the single resolution fund: in December 2015, as announced in CSSF Circular 15/628 and based on the Commission Delegated Regulation EU 2015/63 supplementing the BRRD with regard to ex ante contribution to resolution financing arrangements, the CSSF has determined the payment of the Bank for the year 2015 amounting to EUR 250k (of which EUR 205k as basic annual contribution, and EUR 45k as risk adjustment).
- CRS law: following the vote by the Luxembourg Parliament on December 9, 2015 and its publication on December 24, 2015 the “CRS law” on automatic exchange of financial information in the field of taxation entered into force. The CRS law transposes into national law the EU Council Directive 2014/107 of December 9, 2014 amending Directive 2011/16 as regards mandatory automatic exchange on information on the field of taxation (the “DAC 2”). The DAC 2 provides for the Member States to require their Financial Institutions to implement reporting and due diligence rules, which are fully consistent with those set out in the Common Reporting Standard (CRS) developed by the OECD.

RESTATED STATEMENT OF FINANCIAL POSITION

Statement of financial position has been restated in the customary manner to provide the most accurate reflection of the Bank's operations.

	31/12/2015	30/06/2015	Chg.
	€m	€m	%
Net treasury investments	1.240,7	835,3	48,5%
Fixed financial assets (HTM & LRO)	60,0	254,6	-76,4%
Loans and advances	3.373,5	2.965,3	13,8%
Tangible and intangible assets	–	–	–
Equity investments	4,2	4,2	0%
Other assets	2,2	3,1	-29,0%
TOTAL ASSETS	4.680,6	4.062,5	15,2%
Funding	4.374,3	3.767,9	16,1%
Other liabilities	8,6	5,9	45,8%
<i>of which: tax liabilities</i>	4,1	2,8	46,4%
Net equity	288,7	264,8	9,0%
Profit	9,0	23,9	-62,3%
TOTAL LIABILITIES	4.680,6	4.062,50	15,2%

Net treasury investments – the item increased by 48,5% from € 835,3m to € 1.240,7m and includes:

- Financial assets held for trading (other than derivatives) which increased by 2,9%, from € 156,1m to € 160,7m, due to a smooth growth of loan trading.
- Net treasury application (including money market financial instruments such as repos, time deposits, etc.) which increased by 49,5%, from € 812m to € 1.214,3m, primarily due to higher outstanding balances on the current accounts held with the Parent.
- Mark to market value of OTC derivatives is stable at € -134,3m (€ -132,8m at June 30, 2015).

	31/12/2015	30/06/2015	Chg.
	€m	€m	%
Financial assets HFT other than derivatives	160,7	156,1	2,9%
Net treasury application	1.214,3	812,0	49,5%
Mark to market value of OTC derivatives	-134,3	-132,8	1,1%
Net treasury investments	1.240,7	835,3	48,5%

Fixed financial assets – this portfolio brings together the Bank's holding in securities issued by the Parent Company and classified under IAS 39 as held to maturity. This item decreased by 76,4% from € 254,6m to € 60m due to several reimbursements occurred during the first semester of the fiscal year.

Loans and advances – this item increased by 13,8% from € 2.965,3m to € 3.373,5m which reflects a persisting growth of corporate lending. The institution's net credit risk exposure (i.e. excluding the amounts already guaranteed by financial pledge of the Parent and/or third Insurers/public Agencies) also increased, passing from € 821,2m at the end of June 2015, to € 926,7m at the end of December 2015.

In an environment which remains challenging, non performing exposures (including forbearance) are stable at € 53,4m (€ 53,9m at June 30, 2015) representing approx. 1,6% of corporate loans, and remain fully guaranteed by the Parent.

	31/12/2015	30/06/2015	Chg.
	€m	€m	%
Performing loans	3.320,1	2.911,4	14,0%
Non-performing loans and forbearance	53,4	53,9	-0,9%
Loans and advances	3.373,5	2.965,3	13,8%

Equity investments – in September 2011 the Bank purchased via a share deal all the 1.000 shares of Jodewa S.à R.L. (subsequently renamed in Mediobanca International Immobilière S.à R.L.) a real estate company, that as of April 2012, owns the building that currently houses the Bank's head office. During the previous fiscal year a test was carried out to assess the presence of any impairment indicator, and in particular whether the carrying amount of the real estate property may be higher than its recoverable amount. An independent evaluation made in this respect by a primary advisor has confirmed the fairness of the Bank's estimate.

Other assets – this item decreased by 29% from € 3,1m to € 2,2m due to decreasing commissions accrued on outstanding commitments.

Funding – this item increased by 16,1%, passing from € 3.767,9m to € 4.374,3m. In detail:

- Amount due to banks and customers increased by 2,6%, passing from € 2.640,7m to € 2.709m;
- The above variation has been (more than) offset by the decrease of borrowings under the EMTN Programme, which passed from € 1.101,8m at the end of June 2015, to € 996,1m at the end of December 2015.
- Fair value valuation of hedging derivatives is stable at € -293,3m (€ -284,8m at June 30, 2015);
- Borrowings under the existing “Euro Commercial Paper” and “French CD” Programmes notably increased passing from € 310,2m to € 962,5m (+210,3%).

	31/12/2015	30/06/2015	Chg.
	€m	€m	%
Amount due to banks and customers	2.709,0	2.640,7	2,6%
Notes issued	996,1	1.101,8	-9,6%
FV Hedging of financial liabilities	-293,3	-284,8	3,0%
Short term funding debt instruments	962,5	310,2	210,3%
Funding	4.374,3	3.767,9	16,1%

Other liabilities – this item increased by 45,8% from € 5,9m to € 8,6m. This growth is mainly due to the following factors: (i) provisioning of tax liabilities for the semester (net of the tax advances already paid to the Fiscal Administration), and (ii) outstanding balance on transitory accounts.

Net equity – No dividends have been distributed during the semester, and the increase from € 264,8m to € 288,7m is exclusively attributable to the provisioning of the net profit from the previous fiscal year. The strategy of the institution remains focused on strengthening its own funds.

RESTATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income has been restated in the customary manner to provide the most accurate reflection of the Bank's operations.

	6 mths to 31/12/2015	6 mths to 31/12/2014	Chg.
	€m	€m	%
Net interest income	15,1	15,7	-3,8%
Net trading income	-0,1	-1,1	-90,9%
Net fee and commission income	1,9	5,6	-66,1%
TOTAL INCOME	16,9	20,2	-16,3%
Wages and salaries	-0,5	-0,5	0%
Other administrative expenses	-3,2	-2,3	39,1%
OPERATING COSTS	-3,7	-2,8	32,1%
Loans impairment	-0,3	-0,2	50,0%
Provisions for other financial assets	—	—	—
Other profit (losses)	—	—	—
PROFIT BEFORE TAX	12,9	17,2	-25,0%
Fiscal provision	-3,9	-3,4	14,7%
TOTAL COMPREHENSIVE INCOME	9,0	13,8	-34,8%

Net interest income – this item decreased by 3,8%, from € 15,7m to € 15,1m, due to:

- Lower interests received on corporate lending (-5,1%, from € 37,4m to € 35,5m) by reason of decreasing interest rates;
- Stable cost of financing (which passed from € -29,5m to € -29m);
- Higher income from treasury operations which have increased by 10,3%, from € 7,8m to € 8,6m.

	6 mths to 31/12/2015	6 mths to 31/12/2014	Chg.
	€m	€m	%
Interests receivables – corporate lending	35,5	37,4	-5,1%
Interests payables – proprietary funding	-29,0	-29,5	-1,7%
Treasury	8,6	7,8	10,3%
Net interest income	15,1	15,7	-3,8%

Net trading income – decreased from € -1,1m in December 2014 to € -0,1m in December 2015 and can be explained as follows:

	6 mths to 31/12/2015	6 mths to 31/12/2014	Chg.
	€m	€m	%
Realised gains/losses	0,8	3,0	-73,3%
Unrealised gains/losses (mtm valuation)	-1,4	-2,9	-51,7%
Forex gains/losses	0,5	-1,2	-141,7%
Net trading income	-0,1	-1,1	-90,9%

- Dealing profits are € 0,8m (€ 3m at December 2014) and mainly reflect a decrease on the amount collected as unwinding fees on OTC derivatives.
- Unrealised mark to market valuations generated a loss of € -1,4m (€ -2,9m at December 2014). In this respect it is worth remarking that the Parent Bank is substantially the only swap counterpart of the institution.
- Forex exposures conversely generated an income of € 0,5m (€ -1,2m at December 2014).

Net fee and commission income – this item decreased when compared to December 2014 (from € 5,6m to € 1,9m). Other commissions in particular account for a loss of € -1,2m (€ 0,7m at December 2014) and represent fees paid/payable to the Parent for services received by the Treasury under the EMTN Programme (e.g. dealing and/or structuring fees) and the LCR Regulation.

	6 mths to 31/12/2015	6 mths to 31/12/2014	Chg.
	€m	€m	%
Net commission income (lending)	3,1	4,9	-36,7%
Net commission income (other)	-1,2	0,7	-271,4%
Net commission income	1,9	5,6	-66,1%

Operating costs – this item increased by 32,1%, from € -2,8m to € -3,7m with the main components which performed as follows:

- wages and salaries are stable at € -0,5m (€ -0,5m at December 2014);
- other costs have grown from € -2,3m to € -3,2m mainly due to (i) increasing fees charged by the Parent Company under the service agreement, and (ii) increasing fees paid to outside advisors in connection with IT projects.

Impairment of loans and advances – impairment of loan and advances is almost nil (€ -0,3m) reflecting the current “appetite” for credit risk of the institution which is stable when compared with June 2015.

pp. BOARD OF DIRECTORS
CHAIRMAN
(Mr. M. Di Carlo)

MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

Statement of Directors' responsibilities

To the best of our knowledge, the interim accounts of MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A. (the “Bank”) give a true and fair view of the assets, liabilities, financial position and profit and loss of the Bank in accordance with applicable accounting standards. The Directors' report includes a fair view of (I) the Bank's development, (II) its position, and (III) a description of the opportunities and risks relevant to the Bank that arose during the period ended 31 December 2015.

Luxembourg, 1 February 2016

The Board of Directors

Massimo Di Carlo

Stefano Biondi

Peter W. Gerrard

Massimo Bertolini

Livio Winteler

Stephane Bosi

Luca Maccari

Alex Schmitt

INDEPENDENT AUDITOR'S REPORT





Report on Review of interim financial information

To the Board of Directors of
Mediobanca International (Luxembourg) S.A.

We have reviewed the accompanying interim financial information of Mediobanca International (Luxembourg) S.A. (the "Company"), which comprises the statement of financial position as at 31 December 2015 and the statement of comprehensive income for the six-month period then ended.

Board of Directors' responsibility for the interim accounts

The Board of Directors is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim financial information that is free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express a conclusion on this interim financial information based on our review. We conducted our review in accordance with International Standard on Review Engagements (ISRE 2410) "Review of interim financial information performed by the independent auditor of the entity". This standard requires us to comply with relevant ethical requirements and conclude whether anything has come to our attention that causes us to believe that the interim financial information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework.

A review of interim financial information in accordance with ISRE 2410 is a limited assurance engagement. The "Réviseur d'entreprises agréé" performs procedures, primarily consisting of making inquiries of management and others within the Company, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of Mediobanca International (Luxembourg) S.A. as of 31 December 2015, and of its financial performance for the six-month period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 03 Febraury 2016

A black and white image of a handwritten signature, appearing to read 'B. Ebert', on a dark background.

Björn Ebert

INTERIM ACCOUNTS



STATEMENT OF FINANCIAL POSITION

	Assets	31/12/2015	30/06/2015
		€	€
10.	Cash and cash balances with Central Banks	2.801.111	315.509
20.	Financial assets held for trading	584.549.734	542.276.759
50.	Financial assets held to maturity	57.252.318	251.846.653
60.	Loans and advances to Credit Institutions	1.913.926.135	1.271.098.029
70.	Loans and advances to Customers	3.043.990.075	2.635.782.833
80.	Hedging derivatives	293.322.166	284.949.080
100.	Equity investments	4.150.000	4.150.000
120.	Property, plant and equipment	15.362	21.656
130.	Intangible assets	—	—
	<i>of which: goodwill</i>	—	—
140.	Tax assets	—	—
	<i>a) current</i>	—	—
	<i>b) deferred</i>	—	—
160.	Other assets	2.171.193	2.780.325
	TOTAL ASSETS	5.902.178.094	4.993.220.844

	Liabilities and equity	31/12/2015	30/06/2015
		€	€
10.	Amounts due to Credit Institutions	2.248.301.359	1.778.619.058
20.	Amounts due to Customers	832.035.381	988.182.164
30.	Debt securities in issue	1.958.670.342	1.412.019.711
40.	Trading liabilities	558.167.551	519.004.302
60.	Hedging derivatives	—	132.149
80.	Tax liabilities	4.098.703	2.845.817
	<i>a) current</i>	3.171.643	1.969.217
	<i>b) deferred</i>	927.060	876.600
100.	Other liabilities	3.151.957	3.692.787
160.	Reserves	278.724.856	254.812.047
190.	Share capital	10.000.000	10.000.000
200.	Profit for the year	9.027.945	23.912.809
	TOTAL LIABILITIES AND EQUITY	5.902.178.094	4.993.220.844

The accompanying notes form an integral part of the interim accounts.

STATEMENT OF COMPREHENSIVE INCOME

	Item	31/12/2015	31/12/2014
		€	€
010.	Interests receivable and similar income	50.612.436	52.966.023
020.	Interests payable and similar charges	-36.313.578	-38.009.249
030.	Net interest income	14.298.858	14.956.774
040.	Fee and commission income	6.587.474	10.803.707
050.	Fee and commission expense	-5.038.426	-5.254.404
060.	Net fee and commission income	1.549.048	5.549.303
080.	Net trading income/expense	1.073.359	-231.269
090.	Net hedging income/expense	67.722	-45.519
100.	Gain or loss on disposal or repurchase of:	-127.402	-46.685
	<i>a) loans and receivables</i>	12.227	-294.560
	<i>b) financial assets available for sale</i>	—	—
	<i>c) financial assets held to maturity</i>	—	—
	<i>d) financial liabilities</i>	-139.629	247.875
120.	Total income	16.861.585	20.182.604
130.	Value adjustments in respect of:	-314.175	-184.688
	<i>a) loans and receivables</i>	-446.293	-169.507
	<i>b) financial assets available for sale</i>	—	—
	<i>c) financial assets held to maturity</i>	—	—
	<i>d) other financial operations</i>	132.118	-15.181
140.	Net income from banking activities	16.547.410	19.997.916
180.	Administrative expenses:	-3.717.990	-2.782.037
	<i>a) personnel costs</i>	-506.041	-447.539
	<i>b) other administrative expenses</i>	-3.211.949	-2.334.497
200.	Value adjustments in respect of tangible assets	-6.295	-3.815
210.	Value adjustments in respect of intangible assets	—	—
220.	Other operating income/expense	19.602	5.835
280.	Profit (loss) of the ordinary activity before tax	12.842.727	17.217.899
290.	Income tax on the ordinary activity	-3.814.782	-3.399.343
340.	Profit (loss) for the year	9.027.945	13.818.556
350.	Other comprehensive income, net of tax	—	—
360.	Total comprehensive income for the year, net of tax	9.027.945	13.818.556

The accompanying notes form an integral part of the interim accounts.

STATEMENT OF CHANGES IN EQUITY FROM 01/07/2015 TO 31/12/2015 (in €)

	Balance as of June 30, 2015	Allocation of the profit for the previous period		Changes during the reference period					Balance as of Dec 31, 2015
		Reserves	Dividends and other fund applications	Changes in reserves	Transactions involving equity			Profit (loss) of the period	
					New shares issued	Treasury shares derivatives	Stock options and others		
Share capital	10.000.000	—	—	—	—	—	—	—	10.000.000
a) ordinary shares	10.000.000	—	—	—	—	—	—	—	10.000.000
b) other shares	—	—	—	—	—	—	—	—	—
Profit brought forward	—	—	—	—	—	—	—	—	—
Reserves	254.812.047	23.912.809	—	—	—	—	—	—	278.724.856
a) legal reserve	1.000.000	—	—	—	—	—	—	—	1.000.000
b) free reserve	229.811.747	23.437.534	—	—	—	—	—	—	253.249.281
c) special reserve ⁽¹⁾	24.000.300	475.275	—	—	—	—	—	—	24.475.575
d) FTA reserve	—	—	—	—	—	—	—	—	—
Valuation reserves	—	—	—	—	—	—	—	—	—
a) AFS securities	—	—	—	—	—	—	—	—	—
b) cash flow hedges	—	—	—	—	—	—	—	—	—
c) special laws – others	—	—	—	—	—	—	—	—	—
Own shares	—	—	—	—	—	—	—	—	—
Comprehensive income of the period	23.912.809	-23.912.809	—	—	—	—	—	9.027.945	9.027.945
Total equity	288.724.856	—	—	—	—	—	—	9.027.945	297.752.801

⁽¹⁾ As of 30 June 2015 and 2014 the Bank has opted for the exoneration of the net wealth tax charge provided that the following conditions have been respected:

- A reserve equivalent to 5 times the net wealth tax charge for each year is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

The accompanying notes form an integral part of the interim accounts.

STATEMENT OF CHANGES IN EQUITY FROM 01/07/2014 TO 31/12/2014 (in €)

	Balance as of June 30, 2014	Allocation of the profit for the previous period		Changes during the reference period					Balance as of Dec 31, 2014
		Reserves	Dividends and other fund applications	Changes in reserves	Transactions involving equity			Profit (loss) of the period	
					New shares issued	Treasury shares derivatives	Stock options and others		
Share capital	10.000.000	—	—	—	—	—	—	—	10.000.000
a) ordinary shares	10.000.000	—	—	—	—	—	—	—	10.000.000
b) other shares	—	—	—	—	—	—	—	—	—
Profit brought forward	—	—	—	—	—	—	—	—	—
Reserves	235.800.426	19.011.621	—	—	—	—	—	—	254.812.047
a) legal reserve	1.000.000	—	—	—	—	—	—	—	1.000.000
b) free reserve	207.719.551	13.130.446	—	8.961.750	—	—	—	—	229.811.747
c) special reserve ⁽¹⁾	27.080.875	5.881.175	—	-8.961.750	—	—	—	—	24.000.300
d) FTA reserve	—	—	—	—	—	—	—	—	—
Valuation reserves	—	—	—	—	—	—	—	—	—
a) AFS securities	—	—	—	—	—	—	—	—	—
b) cash flow hedges	—	—	—	—	—	—	—	—	—
c) special laws – others	—	—	—	—	—	—	—	—	—
Own shares	—	—	—	—	—	—	—	—	—
Comprehensive income of the period	19.011.621	-19.011.621	—	—	—	—	—	13.818.556	13.818.556
Total equity	264.812.047	—	—	—	—	—	—	13.818.556	278.630.603

⁽¹⁾ As of 30 June 2014 and 2013 the Bank has opted for the exoneration of the net wealth tax charge provided that the following conditions have been respected:

- A reserve equivalent to 5 times the net wealth tax charge for each year is recorded following the decision of the Shareholders meeting;
- The reserve will be maintained for a period at least of five years.

The accompanying notes form an integral part of the interim accounts.

CASH FLOW STATEMENT – Direct Method

(in € k)

A.	Cash flow from operating activities	Amount	
		31/12/2015	30/06/2015
1.	Operating activities	9.152	-1.306
	– interest received	46.917	131.938
	– interest paid	-41.230	-136.532
	– net fee and commission received/paid	6.545	15.553
	– dividends and similar income	—	—
	– net premium income	3.261	-848
	– cash payments to employees	-404	-804
	– other income (expenses)	-2.967	-4.874
	– Tax income (expenses)	-2.970	-5.739
2.	Cash generated/absorbed by financial assets	-1.225.746	258.072
	– amounts due from customers	-394.358	83.410
	– amounts due from banks: on demand	-405.193	-280
	– amounts due from banks: other	-270.521	262.383
	– financial assets measured at fair value	-155.674	-87.441
	– other assets	—	—
3.	Cash generated/absorbed by financial liabilities	1.021.593	-291.750
	– amounts due to banks: on demand	-67	-195.833
	– amounts due to banks: other	539.466	6.938
	– amounts due to clients	-170.000	-260.946
	– debt securities in issue	506.337	174.493
	– financial liabilities measured at fair value	145.857	-16.402
	– other liabilities	—	—
	Net cash flow (outflow) from operating activities	-195.001	-34.984
B.	Investing activities	—	—
	– equity investment	—	—
	– acquisitions of held-to-maturity investments	195.000	35.000
	– acquisitions of tangible assets	—	-16
	– acquisitions of intangible assets	—	—
	Net cash flow (outflow) from investing activities	195.000	34.984
C.	Financing activities	—	—
	– issues/purchases of subordinated debts (Tier II)	—	—
	Net cash flow (outflow) from financing activities	—	—
	Net cash flow (outflow) during year	-1	—

RECONCILIATION	Amount	
	31/12/2015	30/06/2015
Cash and cash equivalents: balance at 1 July	1	1
Total cash flow (outflow) during year	-1	—
Cash and cash equivalents: balance at 31 December	—	1

The accompanying notes form an integral part of the interim accounts.

NOTES TO THE INTERIM ACCOUNTS



PART A – ACCOUNTING POLICIES

Section 1

Statement of conformity with IAS/IFRS

The Bank's financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) including the interpretation documents issued by the SIC and the IFRIC, and endorsed by the European Commission up to December 31, 2015.

The abridged interim report has been drawn up in conformity with IAS 34 on interim financial reporting.

Section 2

General principles

The interim accounts comprise:

- statement of financial position;
- statement of comprehensive income;
- statement of changes in equity;
- cash flow statement (direct method);
- notes to the interim accounts.

All the statements have been drawn up in conformity with the general principles provided for under IFRS and the accounting policies illustrated in section 4, and show data for the period under review compared with that for the previous financial period.

This first half financial report is subject to a limited audit of the accounts by PWC Luxembourg, Société coopérative.

Section 3

Basis of preparation

The interim accounts are prepared on the historical cost basis except for financial instruments held for trading, for derivatives concluded for hedging purposes, which are measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

The statement of financial position, statement of comprehensive income and the statement of changes in equity are presented in Euro (€) and all values are rounded to the nearest Euro. Cash flow statement and notes to the interim accounts are presented in € k unless otherwise stated.

The preparation of interim accounts in accordance with IFRS as adopted by the European Union requires management to make judgments, estimates and assumptions that affect the application of policies

and reported amounts of assets and liabilities, income and expense items. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Section 4

Accounting policies

The same accounting policies and methods of computation have been followed in the interim financial statement as compared with the annual accounts as at 30 June 2015.

Section 5

Significant accounting estimates and judgment

In the process of applying the Bank's accounting policies, management makes estimates and assumptions concerning the future and the amounts recognized in the interim accounts. The most significant uses of judgment and estimates are as follows:

Going concern

The Bank's Board of Directors has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the Board of Directors is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the interim accounts continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for structured securities. The valuation of financial instruments is described in more detail in Section 4.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances on a monthly basis to assess whether an impairment loss should be recorded in the income statement. In particular, management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results

may differ, resulting in future changes to the allowance. Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilization, loan to collateral ratios, etc.), and judgments to the effect of concentrations of risks and economic data. The impairment loss on loans and advances is disclosed in more detail in Section 4.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. There are no deferred tax assets as at 31 December 2015.

PART B – NOTES TO THE STATEMENT OF FINANCIAL POSITION



ASSETS

Section 1

Heading 10: Cash and cash balances with Central Banks

1.1 Cash and cash balances with Central Banks (in € k)

	31/12/2015	30/06/2015
a) Cash	—	1
b) Demand deposit held at Central Banks	2.801	315
Total	2.801	316

Credit institutions established in Luxembourg are required to hold a minimum reserve with the Luxembourg Central Bank. These deposits represent 1% of some of their liabilities. Compliance with the reserve requirement is determined on the basis of the institutions' average daily reserve holdings over the maintenance period, thus reserves of credit institutions can vary from one day to another following their treasury management, the money market or their expectations in interest rates.

Mandatory reserve deposits with the central Bank are not used in the Bank's day to day operations, and are therefore not part of Cash and cash equivalent as disclosed in the cash flow statement.

Section 2

Heading 20: Financial assets held for trading

2.1 Financial assets held for trading: composition (in € k)

Item/Value	31/12/2015			30/06/2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1. Debt securities	—	—	—	—	—	—
1.1 Structured	—	—	—	—	—	—
1.2 Other debt securities	—	—	—	—	—	—
2. Equities	—	—	—	—	—	—
3. UCITS units	—	133.055	—	—	134.019	—
4. Loans and advances	27.629	—	—	22.090	—	—
4.1 Repos	—	—	—	—	—	—
4.2 Others	27.629	—	—	22.090	—	—
Total A	27.629	133.055	—	22.090	134.019	—
B. Derivative products						
1. Financial derivatives	—	286.860	128.785	—	274.663	102.915
1.1 Trading	—	10.228	128.785	—	10.977	102.915
1.2 Linked to FV options	—	—	—	—	—	—
1.3 Others	—	276.632	—	—	263.686	—
2. Credit derivatives	—	7.331	890	—	7.440	1.150
2.1 Trading	—	7.331	890	—	7.440	1.150
2.2 Linked to FV options	—	—	—	—	—	—
2.3 Others	—	—	—	—	—	—
Total B	—	294.191	129.675	—	282.103	104.065
Total (A+B)	27.629	427.246	129.675	22.090	416.122	104.065
Total Level 1, Level 2 and Level 3	584.550			542.277		

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

2.3 Financial assets held for trading: by borrower/issuer (in € k)

Item/Value	31/12/2015	30/06/2015
A. CASH ASSETS		
1. Debt securities	—	—
a. Governments and central Banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other issuers	—	—
2. Equities	—	—
a. Banks	—	—
b. Other issuers	—	—
- insurances	—	—
- financial companies	—	—
- non-financial companies	—	—
- others	—	—
3. UCITS units	133.055	134.019
4. Loans and advances	27.629	22.090
a. Governments and central Banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	27.629	22.090
5. Impaired assets	—	—
a. Governments and central Banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other entities	—	—
6. Assets sold but not derecognized	—	—
a. Governments and central Banks	—	—
b. Other public agencies	—	—
c. Banks	—	—
d. Other issuers	—	—
Total A	160.684	156.109
B. DERIVATIVE PRODUCTS		
a. Banks	423.866	386.168
b. Customers	—	—
Total B	423.866	386.168
Total A+B	584.550	542.277

2.4 Financial assets held for trading: derivative products (in € k)

Type of derivatives/Underlying assets	Interest rates		Foreign currency/gold		Equities		Credit		31/12/2015		30/06/2015	
	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value	Notional amount	Fair value
OTC derivative products												
1) Financial derivatives:	825.254	278.725	75.204	254	164.880	136.666	—	—	1.065.338	415.645	1.228.498	377.578
– with exchange of principal	90.000	215.547	75.204	254	—	—	—	—	165.204	215.801	182.221	205.618
– options bought	—	—	75.204	254	—	—	—	—	75.204	254	92.221	80
– other derivatives	90.000	215.547	—	—	—	—	—	—	90.000	215.547	90.000	205.538
– without exchange of principal	735.254	63.178	—	—	164.880	136.666	—	—	900.134	199.844	1.046.277	171.960
– options bought	—	—	—	—	—	—	—	—	—	—	—	—
– other derivatives	735.254	63.178	—	—	164.880	136.666	—	—	900.134	199.844	1.046.277	171.960
2) Credit derivatives:	—	—	—	—	—	—	524.238	8.221	524.238	8.221	591.279	8.590
– with exchange of principal	—	—	—	—	—	—	430.982	4.486	430.982	4.486	464.948	3.755
– without exchange of principal	—	—	—	—	—	—	93.256	3.735	93.256	3.735	126.331	4.835
Total	825.254	278.725	75.204	254	164.880	136.666	524.238	8.221	1.589.576	423.866	1.819.777	386.168

Section 5

Heading 50: Financial assets held to maturity

5.1 Financial assets held to maturity: composition (in € k)

	Book value	Fair value 31/12/2015			Book value	Fair value 30/06/2015		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Debt securities	57.252	—	59.321	—	251.847	255.402	—	—
1.1 Structured	—	—	—	—	—	—	—	—
1.2 Other debt securities	57.252	—	59.321	—	251.847	255.402	—	—
2. Loans and advances	—	—	—	—	—	—	—	—
Total	57.252	—	59.321	—	251.847	255.402	—	—

5.2 Financial assets held to maturity: by borrower/issuer (in € k)

Type of transactions/Value	31/12/2015	30/06/2015
1. Debt securities:	57.252	251.847
a) Governments and Central Bank	—	—
b) Other public agencies	—	—
c) Bank	57.252	251.847
d) Other issuers	—	—
2. Loans and advances to:	—	—
a) Governments and Central Bank	—	—
b) Other public agencies	—	—
c) Bank	—	—
d) Others	—	—
Total book value	57.252	251.847
Total fair value	59.321	255.402

Section 6

Heading 60: Loans and advances to credit institutions

6.1 Loans and advances to credit institutions: composition (in € k)

Type of transactions/Value	31/12/2015				30/06/2015			
	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
1. Current accounts and demand deposits	1.167.351	—	1.167.351	—	515.726	—	515.726	—
1.1 current accounts	647.544	—	647.544	—	282.486	—	282.486	—
1.2 stock lending deposits	—	—	—	—	—	—	—	—
1.3 others deposits on demand	519.807	—	519.807	—	233.240	—	233.240	—
2. Term deposits	—	—	—	—	—	—	—	—
3. Other receivables	743.783	—	743.783	—	752.581	—	752.581	—
3.1 amounts due under repo agreements	413.315	—	413.315	—	421.674	—	421.674	—
3.2 amounts due under finance leases	—	—	—	—	—	—	—	—
3.4 other amounts due	330.468	—	330.468	—	330.907	—	330.907	—
4. Debt securities	2.792	—	2.792	—	2.791	—	2.631	—
4.1 structured	—	—	—	—	—	—	—	—
4.2 other debt securities	2.792	—	2.792	—	2.791	—	2.631	—
Total book value	1.913.926	—	—	—	1.271.098	—	—	—
Total fair value	—	—	1.913.926	—	—	—	1.270.938	—

None of the loans and borrowings of the Bank is hedged with financial instruments. The Bank does not book any receivable under the terms of finance lease (IAS 17).

Section 7

Heading 70: Loans and advances to customers

7.1 Loans and advances to customers: composition (in € k)

Type of transactions/Value	31/12/2015					30/06/2015				
	Book Value		Fair Value			Book Value		Fair Value		
	Performing	Impaired	Level 1	Level 2	Level 3	Performing	Impaired	Level 1	Level 2	Level 3
Loans	2.990.599	53.392	—	3.041.427	—	2.581.892	53.891	—	2.642.752	—
1. Current accounts	—	—	—	—	—	—	—	—	—	—
2. Repos	—	—	—	—	—	—	—	—	—	—
3. Mortgages	—	—	—	—	—	—	—	—	—	—
4. Credit cards, personal loans inc. wage assignment loans	—	—	—	—	—	—	—	—	—	—
5. Finance leasing	—	—	—	—	—	—	—	—	—	—
6. Factoring	—	—	—	—	—	—	—	—	—	—
7. Other loans	2.990.599	53.392	—	3.041.427	—	2.581.892	53.891	—	2.642.752	—
Debt securities	—	—	—	—	—	—	—	—	—	—
8 Structured	—	—	—	—	—	—	—	—	—	—
9 Other	—	—	—	—	—	—	—	—	—	—
Total	2.990.599	53.392	—	3.041.427	—	2.581.892	53.891	—	2.642.752	—

7.2 Loans and advances to customers: by borrower/issuer (in € k)

Type of transactions/Value	31/12/2015		30/06/2015	
	Performing	Impaired	Performing	Impaired
1. Debt securities:	—	—	—	—
a) Governments	—	—	—	—
b) Other public agencies	—	—	—	—
c) Other issuers	—	—	—	—
- non-financial undertakings	—	—	—	—
- financial companies	—	—	—	—
- insurances	—	—	—	—
- other entities	—	—	—	—
2. Loans and advances to:	2.990.599	53.392	2.581.892	53.891
a) Governments	—	—	—	—
b) Other public agencies	—	—	—	—
c) Other issuers	2.990.599	53.392	2.581.892	53.891
- non-financial undertakings	2.639.428	39.680	2.221.562	40.179
- financial companies	351.171	13.712	360.330	13.712
- insurances	—	—	—	—
- other entities	—	—	—	—
Total	2.990.599	53.392	2.581.892	53.891

Section 8

Heading 80: Hedging derivatives

8.1 Hedging derivatives: by type of hedging and levels (in € k)

	31/12/2015			Notional value	30/06/2015			Notional value
	Fair value				Fair value			
	level 1	level 2	level 3		level 1	level 2	level 3	
A. Financial derivatives	—	293.322	—	357.556	—	284.949	—	377.245
1) Fair value	—	293.322	—	357.556	—	284.949	—	377.245
2) Cash flow	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	293.322	—	357.556	—	284.949	—	377.245

8.3 Hedging derivatives: by portfolio hedged and hedge type (in € k)

31/12/2015 Operations/Type of hedging	Fair Value Hedge					Cash Flow Hedge	
	Specific				Generic	Specific	Generic
	Interest risk	Currency risk	Credit risk	Other risks			
1. Financial assets available-for-sale	—	—	—	—	—	—	—
2. Lending portfolio	—	—	—	—	—	—	—
3. Financial assets held-to-maturity	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—
TOTAL ASSETS	—	—	—	—	—	—	—
1. Amounts due to Banks/Customers	292.314	—	—	—	—	—	—
2. Debt securities in issue	1.008	—	—	—	—	—	—
TOTAL LIABILITIES	293.322	—	—	—	—	—	—
TOTAL	293.322	—	—	—	—	—	—

30/06/2015 Operations/Type of hedging	Fair Value Hedge					Cash Flow Hedge	
	Specific				Generic	Specific	Generic
	Interest risk	Currency risk	Credit risk	Other risks			
1. Financial assets available-for-sale	—	—	—	—	—	—	—
2. Lending portfolio	—	—	—	—	—	—	—
3. Financial assets held-to-maturity	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—
TOTAL ASSETS	—	—	—	—	—	—	—
1. Amounts due to Banks/Customers	281.660	—	—	—	—	—	—
2. Debt securities in issue	3.289	—	—	—	—	—	—
TOTAL LIABILITIES	284.949	—	—	—	—	—	—
TOTAL	284.949	—	—	—	—	—	—

Section 10

Heading 100: Equity investments

10.1 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: disclosures on shareholding (in € k)

Equity investments consist of a participation in a real estate company which owns the building where the Bank moved its head office in April 2012.

Name	Registered Office	Type of relationship ⁴	Ownership relationship		Voting rights ⁵
			Investor Company	% Interest	
Mediobanca International Immobilière S.à r.l.	Luxembourg	3	Mediobanca International (Luxembourg) S.A.	100	-

In accordance with article 83 of the Law of 17 June 1992 as amended, this undertaking is not consolidated since it represents a negligible interest to the consolidated financial situation.

10.2 Investments in subsidiaries, jointly-controlled companies and companies subject to significant influence: financial information (in € k)

Name	Total assets	Total revenues	Net profit (loss)	Shareholders' equity	Book value
Mediobanca International Immobilière S.à r.l.	1.969	80	18	1.614	4.150

The fiscal year of Mediobanca International Immobilière S.à r.l. runs from 1 July to 30 June as modified by the extraordinary shareholders' meeting held on 15 May 2012.

The Bank, looking at the Luxembourg real estate trend market of 2015, has decided not to make any impairment test.

⁴ Type of relationship:

1 = Joint control

2 = Subject to significant influence

3 = Exclusively controlled and not consolidated

⁵ Voting rights available at the general meeting. Voting rights are disclosed only if different from the percentage of ownership.

Section 12

Heading 120: Property, plant and equipment

12.1 Tangible assets stated at cost (in € k)

Assets/value	31/12/2015	30/06/2015
A. Core assets		
1.1 owned by the Group	15	22
a) land	—	—
b) buildings	—	—
c) furniture and fitting	5	6
d) electronic equipment	—	—
e) other assets	10	16
1.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
c) furniture	—	—
d) electronic equipment	—	—
e) other assets	—	—
Total A	15	22
B. Assets held for investment purposes		
2.1 owned by the Group:	—	—
a) land	—	—
b) buildings	—	—
2.2 acquired under finance leases:	—	—
a) land	—	—
b) buildings	—	—
Total B	—	—
Total (A+B)	15	22

12.2 Core tangible assets: movements during the period (in € k)

	Land	Buildings	Furniture	Electronic equipment	Other assets	Total
A. Gross opening balance	—	—	46	—	42	88
A.1 Total net value reductions	—	—	-39	—	-37	-76
A.2 Net opening balance	—	—	7	—	5	12
B. Additions:	—	—	1	—	17	18
B.1 Purchases	—	—	—	—	17	17
B.2 Improvement expenses, capitalized	—	—	—	—	—	—
B.3 Write-backs	—	—	—	—	—	—
B.4 Increases in fair value recognized in:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
B.5 Increases arising due to exchange rates	—	—	—	—	—	—
B.6 Transfers from properties held for investment purposes	—	—	—	—	—	—
B.7 Other additions	—	—	1	—	—	1
C. Reductions:	—	—	-2	—	-2	-4
C.1 Disposals	—	—	—	—	—	—
C.2 Depreciation charges	—	—	-2	—	-2	-4
C.3 Value adjustments for impairment taken to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.4 Reductions in fair value charged to:	—	—	—	—	—	—
a) net equity	—	—	—	—	—	—
b) profit and loss account	—	—	—	—	—	—
C.5 Reductions due to exchange rates	—	—	—	—	—	—
C.6 Transfers to:	—	—	—	—	—	—
a) assets held for investment purposes	—	—	—	—	—	—
b) assets being sold	—	—	—	—	—	—
C.7 Other reductions	—	—	—	—	—	—
D. Net closing balance	—	—	6	—	20	26
D.1 Total net value reductions	—	—	-41	—	-39	-80
D.2 Gross closing balance	—	—	47	—	59	106

Section 15

Heading 150: Other assets

15.1 Other assets (in € k)

	31/12/2015	30/06/2015
- Gold, silver and precious metal	—	—
- Accrued income other than capitalized income	1.957	2.568
- Trade receivables or invoice to be issued	4	2
- Amount due from tax revenue Authorities (not recorded under heading 140)	210	210
- Other	—	—
Total	2.171	2.780

Liabilities

Section 1

Heading 10: Amounts due to credit institutions

1.1 Amounts due to credit institutions: composition (in € k)

Type of transaction/amounts	31/12/2015	30/06/2015
1. Due to central Banks	—	—
2. Due to Banks	2.248.301	1.778.620
2.1 Current accounts and demand deposits	21.290	73.322
2.2 Term deposits	350.069	—
2.3 Borrowings	1.876.804	1.704.905
2.3.1 Leasing & stock lending	—	—
2.3.2 Others	1.876.804	1.704.905
2.4 Amounts due under commitments to buy back own shares	—	—
2.5 Other amounts due	138	393
Total book value	2.248.301	1.778.620
Fair value - livello 1	—	—
Fair value - livello 2	2.248.301	1.778.620
Fair value - livello 3	—	—
Total fair value	2.248.301	1.778.620

Breakdown of Heading 10: “Amounts due to credit institutions” - subordinated debt

Subordinated liabilities included - under the heading Due to Banks – a subordinated debt assimilated to Tier 2 equal to € 50.000.000.

1.2 Amounts due to credit institutions: items subject to specific hedges (in € k)

	31/12/2015	30/06/2015
1. Items subject to specific fair value hedges for:	313.705	303.725
a) interest rate risk	313.705	303.725
b) exchange rate risk	—	—
c) more than one risk	—	—
2. Items subject to specific cash flow hedges for:	—	—
a) interest rate risk	—	—
b) exchange rate risk	—	—
c) other	—	—
Total	313.705	303.725

Items subject to micro fair value hedge are “Schuldscheine” subscribed by third party credit institutions.

Section 2

Heading 20: Amounts due to customers

2.1 Amounts due to customers: composition (in € k)

Type of transaction/amounts	31/12/2015	30/06/2015
1. Current accounts and demand deposits	—	—
2. Term deposits	—	100.000
3. Customers' funds managed on a non-discretionary basis	—	—
4. Borrowings	832.035	888.182
4.1 leasing	—	—
4.2 others	832.035	88.182
5. Amounts due under commitments to buyback own shares	—	—
6. Liabilities in respect of assets sold but not derecognized	—	—
6.1 Amounts due under reverse repo agreements	—	—
6.2 Others	—	—
7. Other amounts due	—	—
Total book value	832.035	988.182
Fair value - livello 1	—	—
Fair value - livello 2	861.726	1.019.369
Fair value - livello 3	—	—
Total fair value	861.726	1.019.369

Section 3

Heading 30: Debt securities in issue

3.1 Debt securities in issue: composition (in € k)

Type of transaction/amounts	31/12/2015				30/06/2015			
	Book value	Livello 1	Livello 2 ¹	Livello 3	Book value	Livello 1	Livello 2	Livello 3
A. Listed securities	785.144	—	804.405	—	843.412	—	866.097	—
1. notes	785.144	—	804.405	—	843.412	—	866.097	—
1.1 structured	51.545	—	54.533	—	23.367	—	23.551	—
1.2 others	733.599	—	749.872	—	820.045	—	842.546	—
2. other securities	—	—	—	—	—	—	—	—
2.1 structured	—	—	—	—	—	—	—	—
2.2 others	—	—	—	—	—	—	—	—
B. Unlisted securities	1.173.526	—	1.175.048	—	568.608	—	569.043	—
1. notes	210.994	—	212.516	—	258.379	—	258.814	—
1.1 structured	189.428	—	192.356	—	200.764	—	204.384	—
1.2 others	21.566	—	20.160	—	57.615	—	54.430	—
2. other securities	962.532	—	962.532	—	310.229	—	310.229	—
2.1 structured	—	—	—	—	—	—	—	—
2.2 others	962.532	—	962.532	—	310.229	—	310.229	—
Total	1.958.670	—	1.979.453	—	1.412.020	—	1.435.140	—

¹ Fair value does not include issuer risk; if issuer risk was considered, the fair value of debt securities issued would decrease by € 17m approximately, as at December 31, 2015.

3.2 Debt securities: items subject to specific hedging (in € k)

Type of transaction/amounts	31/12/2015	30/06/2015
A. Securities subject to specific fair value hedges	209.090	234.026
1. Interest rate risk	209.090	234.026
2. Currency risk	—	—
3. Other risks	—	—
B. Securities subject to specific cash flow hedges	—	—
1. Interest rate risk	—	—
2. Currency risk	—	—
3. Other risks	—	—
Total	209.090	234.026

3.3 Debt securities: items measured at amortised cost (in € k)

Type of transaction/amounts	31/12/2015	30/06/2015
A. Debt securities	787.048	867.765
1. Structured	180.102	163.549
2. Other	606.946	704.216
B. Other financial instruments	962.532	310.229
1. Structured	—	—
2. Other	962.532	310.229
Total	1.749.580	1.177.994

Section 4

Heading 40: Financial liabilities held for trading

4.1 Financial liabilities held for trading: composition (in € k)

Type of transaction/amounts	31/12/2015				30/06/2015			
	Nominal value	Fair Value			Nominal value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Cash liabilities								
1. Amount due to Banks	—	—	—	—	—	—	—	—
2. Amount due to customers	—	—	—	—	—	—	—	—
3. Debt securities	—	—	—	—	—	—	—	—
3.1 Bonds	—	—	—	—	—	—	—	—
3.1.1 Structured	—	—	—	—	—	—	—	—
3.1.2 Other bonds	—	—	—	—	—	—	—	—
3.2 Other securities	—	—	—	—	—	—	—	—
3.2.1 Structured	—	—	—	—	—	—	—	—
3.2.2 Other	—	—	—	—	—	—	—	—
Total A	—	—	—	—	—	—	—	—
B. Derivatives instruments								
1. Financial derivatives	778.150	—	280.747	129.004	1.318.596	—	411.149	103.236
1.1 Trading	648.952	—	4.988	129.004	1.189.398	—	147.684	102.987
1.2 Related to Fair Value option	—	—	—	—	—	—	—	—
1.3 Other	129.198	—	275.759	—	129.198	—	263.465	249
2. Credit derivatives	525.511	—	148.417	—	368.282	—	4.619	—
2.1 Trading	525.511	—	148.417	—	368.282	—	4.619	—
2.2 Related to Fair Value option	—	—	—	—	—	—	—	—
2.3 Other	—	—	—	—	—	—	—	—
Total B	1.303.661	—	429.164	129.004	1.686.878	—	415.768	103.236
Total (A+B)	1.303.661	—	429.164	129.004	1.686.878	—	415.768	103.236

4.3 Financial liabilities held for trading: derivative products (in € k)

Type of transaction/amounts	Interest rate		Foreign currency/gold		Equity		Credit		31/12/2015		30/06/2015	
	Notional	FV	Notional	FV	Notional	FV	Notional	FV	Notional	FV	Notional	FV
OTC derivative products												
1. Financial derivatives	419.946	277.100	148.410	2.950	209.794	129.701	—	—	778.150	409.751	1.318.596	514.385
1.1 With exchange of principal	90.000	215.546	145.654	2.819	—	—	—	—	235.654	218.365	581.861	210.930
- options issued	—	—	145.654	2.819	—	—	—	—	145.654	2.819	491.861	5.403
- other derivatives	90.000	215.546	—	—	—	—	—	—	90.000	215.546	90.000	205.527
1.2 Without exchange of principal	329.946	61.554	2.756	131	209.794	129.701	—	—	542.496	191.386	736.735	303.455
- options issued	—	—	—	—	—	—	—	—	—	—	—	—
- other derivatives	329.946	61.554	2.756	131	209.794	129.701	—	—	542.496	191.386	736.735	303.455
2. Credit derivatives	—	—	—	—	—	—	525.511	148.417	525.511	148.417	368.282	4.619
2.1 With exchange of principal	—	—	—	—	—	—	380.519	8.053	380.519	8.053	363.282	4.615
2.2 Without exchange of principal	—	—	—	—	—	—	144.992	140.364	144.992	140.364	5.000	4
Total	419.946	277.100	148.410	2.950	209.794	129.701	525.511	148.417	1.303.661	558.168	1.686.878	519.004

Section 6

Heading 60: Hedging derivatives

6.1 Hedging derivatives: by type of hedging/underlying levels (in € k)

	31/12/2015			Notional value	30/06/2015			Notional value
	Fair value				Fair value			
	level 1	level 2	level 3		level 1	level 2	level 3	
A. Financial derivatives	—	—	—	—	—	132	—	1.031
1) Fair value	—	—	—	—	—	132	—	1.031
2) Cash flow	—	—	—	—	—	—	—	—
B. Credit derivatives	—	—	—	—	—	—	—	—
1) Fair value	—	—	—	—	—	—	—	—
2) Cash flow	—	—	—	—	—	—	—	—
Total	—	—	—	—	—	132	—	1.031

6.2 Hedging derivatives: by portfolio hedged/hedge type (in € k)

Hedged items	Fair value hedges					Cash flow hedge		31/12/2015	30/06/2015
	Specific				Generic	Specific	Generic		
	Interest Risk	Currency rate	Credit risk	Other risks					
1. Financial assets AFS	—	—	—	—	—	—	—	—	—
2. Lending portfolio	—	—	—	—	—	—	—	—	—
3. Financial assets HTM	—	—	—	—	—	—	—	—	—
4. Portfolio	—	—	—	—	—	—	—	—	—
TOTAL ASSETS	—	—	—	—	—	—	—	—	—
1. Amounts due	—	—	—	—	—	—	—	—	—
2. Debt securities in issue	—	—	—	—	—	—	—	—	132
3. Portfolio	—	—	—	—	—	—	—	—	—
TOTAL LIABILITIES	—	—	—	—	—	—	—	—	132
TOTAL	—	—	—	—	—	—	—	—	132

Section 8

Heading 80: Tax liabilities

8.1 Tax liabilities: current tax liabilities (in € k)

	31/12/2015	30/06/2015
Corporate income tax (IRC)	2.511	1.576
Municipal business tax (ICC)	639	359
Other	72	34
Total	3.222	1.969

The Bank is liable for all taxes to which the credit institutions are subject to in Luxembourg. The Bank has opted for the exoneration of the net wealth tax charge of € 1.292.690 (30 June 2014: € 1.197.635) provided the following conditions are fulfilled:

- (1) A reserve equivalent to 5 times the net wealth tax liability is created. A new reserve has to be created each year. This requires a decision of the general shareholders' meeting and this reserve has to appear in the statement of financial position. If the profit of the year is not sufficient to create the reserve, it is possible to transfer the profit of the preceding years to create such reserve.
- (2) This reserve is maintained for a period of at least 5 years after the year of the credit.

The amount of net wealth tax that can be reduced is the lower of net wealth tax and corporate income tax before tax credits, and the reduction will be equalled to one fifth of the reserve booked.

8.2 Current tax liabilities: composition (in € k)

	IRC	ICC	Other	Total
Balance at the beginning of the period				
A. Current fiscal liabilities (+)	11.576	3.359	229	15.164
B. Advances paid (-)	10.000	3.000	195	13.195
A.1 Fiscal liabilities: increase (+)	2.935	880	404	4.219
- provisions of the period	2.935	880	404	4.219
- transfers	—	—	—	—
- others	—	—	—	—
A.2 Fiscal liabilities: decrease (-)	—	—	—	—
- payments of the period (assessments)	—	—	—	—
- transfers	—	—	—	—
- others	—	—	—	—
B.1 Advances paid: increase (+)	2.000	600	366	2.966
- payments/advances	2.000	600	306	2.906
- transfers	—	—	—	—
- others	—	—	60	60
B.2 Advances paid: decrease (-)	—	—	—	—
- payments of the period (assessments)	—	—	—	—
- transfers	—	—	—	—
- others	—	—	—	—
Total A. Fiscal liabilities	14.511	4.239	633	19.383
Total B. Advances paid	12.000	3.600	561	16.161
Current fiscal liabilities (A-B)	2.511	639	72	3.222

8.3 Changes in deferred tax liabilities during the period (in € k)

Deferred tax liabilities	31/12/2015	30/06/2015
1. Initial amount	877	877
1.1 Initial amount	877	877
2. Additions	—	—
2.1 Deferred tax originating during the period	—	—
a) for previous years	—	—
b) due to changes in accounting policies	—	—
c) amounts written back	—	—
d) other addition	—	—
2.2 New taxes or increases in tax rates	—	—
2.3 Other additions	—	—
3. Reductions	—	—
3.1 Deferred tax reversed during the period	—	—
a) amounts written off as unrecoverable	—	—
b) reverse to comprehensive income	—	—
c) due to changes in accounting policies	—	—
3.2 Reduction in tax rates	—	—
3.3 Other reductions	—	—
Total	877	877

8.4 Deferred tax assets and liabilities by financial statement captions (in € k)

	31/12/2015			30/06/2015		
	Deferred tax assets	Deferred tax liabilities	Tax rate 29,22%	Deferred tax assets	Deferred tax liabilities	Tax rate 29,22%
Cash and cash equivalent	—	—	—	—	—	—
Financial assets hft	—	—	—	—	—	—
Loans and advances	—	—	—	—	—	—
Hedging derivatives	—	—	—	—	—	—
Other assets	—	—	—	—	—	—
Total assets	—	—	—	—	—	—
Amounts due	—	—	—	—	—	—
Debt securities	—	—	—	—	—	—
Financial liabilities hft	—	—	—	—	—	—
Hedging derivatives	—	—	—	—	—	—
Other liabilities	—	—	—	—	—	—
Shareholders' equity	—	-3.000	-877	—	-3.000	-877
Total liabilities	—	-3.000	-877	—	-3.000	-877

Section 10

Heading 100: Other liabilities

10.1 Other liabilities (in € k)

	31/12/2015	30/06/2015 ¹
1. Payment agreements (IFRS2)	—	—
2. Impaired endorsements	922	1.054
3. Working capital payables and invoices pending receipts	1.184	2.348
4. Prepaid expenses other than capitalized expenses on related financial assets	—	—
5. Amounts due to revenue authorities	—	—
6. Amount due to staff	26	18
7. Other items	1.020	273
- coupons and dividends pending collection	194	195
- available sum payable to third parties	826	78
- premium, grants and other items in respect of lending transactions	—	—
- credit notes to be issued	—	—
- other	—	—
Total	3.152	3.693

¹Certain prior year amounts have been reclassified for consistency with the current period presentation.

Pending invoices mainly refer to amount payable to the Parent Bank under the service agreement.

Section 16

Heading 160: Reserves

16.1 Reserves (in € k)

Under Luxembourg law an amount equal to at least 5% of the net profit must be allocated to a legal reserve until such reserve equals 10% of the issued share capital. This reserve is not available for dividends distribution and has been already fully provisioned on the previous exercises.

As of December 31, 2015 the Bank has taken up the option to credit net wealth tax against the tax itself, provided that the following conditions have been respected:

- The IRC (corporate income tax) charge must be at least equal to the IF (net wealth tax) charge in order to credit the entire amount of the IF, if not only the amount of IF equivalent to the IRC charge can be credited;
- The Bank has to book a reserve for an amount at least 5 times the IF tax charge due for the financial year 2011;
- This reserve will be maintained for a minimum period of 5 years.

(in € k)	31/12/2015	30/06/2015
A. Reserves	278.725	254.812
A.1 legal reserve	1.000	1.000
A.2 free reserve	253.249	229.812
A.3 special reserve ⁽¹⁾	24.476	24.000
A.4 FTA reserve	—	—

⁽¹⁾ Reserve linked to the exoneration of net wealth tax charge.

Section 19

Heading 190: Share capital

19.1 Share capital

As of 30 June 2015 and 2014, the issued capital of the Bank amounts to € 10.000.000 and is divided into 1 million shares with a par value of € 10 each.

Authorised capital and issue share capital coincide.

Other information

1. Guarantees and commitments (in € k)

	31/12/2015	30/06/2015
1. Financial guarantees given to:	8.600	51.620
a) Banks	—	—
b) Customers	8.600	51.620
2. Commercial guarantees given to:	—	—
a) Banks	—	—
b) Customers	—	—
3. Irrevocable commitments to lend funds:	1.432.797	1.429.899
a) Banks	3.031	—
b) Customers	1.429.766	1.429.899
4. Commitment underlying credit derivatives: hedge sales	443.319	484.759
Total	1.884.716	1.966.278

Amounts are shown net of collective or specific impairment booked at the reporting date.

The Bank is a member of the non-profit making organisation “Association pour la Garantie des Dépôts, Luxembourg” (AGDL) that was established on 25 September 1989. The AGDL has as its sole objective the establishment of a mutual system for the guarantee of cash deposits for the benefit of customers of the member credit institutions of the Association and for claims arising from investment transactions in favour of investors with the credit institutions and investment firms which are members of the Association.

The guarantee of cash deposits and of claims arising from investment transactions in favour of clients, individuals and certain companies as defined by the regulations is limited to a maximum amount fixed at the equivalent value in all currencies of € 100.000 per cash deposit and € 20.000 per claim arising out of investment transactions. If the guarantee is called, the annual payment to be made by each member is limited to 5% of Shareholders’ equity.

Intervention by the deposit guarantee scheme is notably financed by the prior constitution of reserve by associates. In this respect the Bank has not accounted for any provision nor contribution to the AGDL, since cash deposits and/or depositors with which the institution is currently dealing belong to categories specifically excluded from the protection scheme. Furthermore the Bank has analysed the EU-Directive 2014/49 on deposit guarantee scheme. Based on the current business model, the management estimates that no particular impact will occur from the implementation of this Directive into Luxembourg Law.

5. Assets managed and traded on behalf of customers (in € k)

Type of service	31/12/2015	30/06/2015
1. Securities traded on behalf of customers		
a) Purchases	—	—
1. settled	—	—
2. pending settlement	—	—
b) Disposals	—	—
1. settled	—	—
2. pending settlement	—	—
2. Asset management	—	—
a) individuals	—	—
b) groups	—	—
3. Securities under custody/managed on a non-discretionary basis	1.219.238	1.034.182
a) customers' securities held on deposit: in connection with the Bank's activity as deposit bank (not including asset management)	—	—
1. securities issued by bank drawing up financial statements	—	—
2. other securities	—	—
b) other customers' securities held on deposit (not including asset management): others	—	—
1. securities issued by bank drawing up financial statements	—	—
2. other securities	—	—
c) customers' securities held on deposit with customers	1.153.149	773.181
d) own securities held on deposit with customers	66.089	261.001

PART C – NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME



Section 1

Headings 10 and 20: Net interest income

1.1 Interest and similar income: composition (in € k)

	Performing assets			Non Performing assets ⁽¹⁾	6 mths to 31/12/15	6 mths to 31/12/14
	Debt securities	Loans	Other financial assets			
1. Financial assets held for trading	—	465	—	—	465	670
2. Financial assets at fair value	—	—	—	—	—	—
3. AFS securities	—	—	—	—	—	—
4. Financial assets held to maturity	2.965	—	—	—	2.965	3.595
5. Loans and advances to credit institutions	—	8.721	—	—	8.721	8.548
6. Loans and advances to customers	—	31.112	—	230	31.342	32.362
7. Hedging derivatives	—	—	7.119	—	7.119	7.791
8. Financial assets sold but not derecognized	—	—	—	—	—	—
9. Other assets	—	—	—	—	—	—
Total	2.965	40.298	7.119	230	50.612	52.966

⁽¹⁾ During the fiscal year the Bank has not executed any financial guarantee on a non performing exposure; non performing loans are all restructured positions fully covered by financial guarantees.

1.2 Interest expense and similar charges: composition (in € k)

	Payables	Notes	Other liabilities	6 mths to 31/12/15	6 mths to 31/12/14
1. Amount due to Banks	-13.779	—	—	-13.779	-11.904
2. Amount due to customers	-7.927	—	—	-7.927	-10.336
3. Debt securities	—	-12.049	—	-12.049	17.448
4. Trading liabilities	—	—	—	—	—
5. Liabilities at fair value	—	—	—	—	—
6. Liabilities in respect of assets sold but not yet derecognized	—	—	—	—	—
7. Other liabilities	—	—	—	—	—
8. Hedging derivatives	—	—	-2.559	-2.559	-33.217
Total	-21.706	-12.049	-2.559	-36.314	-38.009

Section 2

Headings 40 and 50: Net fee and commission income

2.1 Fee and commission income: composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
a) guarantees given	213	213
b) credit derivatives	—	—
c) management, trading and advisory services:	104	658
1. securities dealing	—	—
2. currency dealing	—	—
3. asset management	—	—
4. securities under custody and non-discretionary	—	—
5. depositary services	—	—
6. securities placing	104	88
7. procurement of orders	—	570
8. advisory services	—	—
9. agency fees	—	—
9.1 asset management	—	—
9.2 insurance products	—	—
9.3 other products	—	—
d) collection and payment services	—	—
e) securitization servicing	—	—
f) factoring servicing	—	—
g) tax collection and receipt services	—	—
h) lending services	6.270	9.933
Total	6.587	10.804

2.2 Fee and commission expense (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
a) guarantees received	—	-1.857
b) credit derivatives	—	—
c) management and services:	-140	—
1. securities dealing	-140	—
2. currency dealing	—	—
3. asset management:	—	—
3.1 own portfolio	—	—
3.2 clients' portfolios	—	—
4. securities custody and non-discretionary management	—	—
5. securities placing	—	—
6. door-to-door sales of securities, products and services	—	—
d) collection and payment services	-3.360	—
e) lending services	-1.538	-3.397
Total	-5.038	-5.254

Section 3

Heading 80: Net trading income (expense)

3.1 Net trading income (expense): composition (in € k)

	Value increases	Dealing profits	Value reductions	Dealing losses	6 mths to 31/12/15	6 mths to 31/12/14
1. Trading assets	—	—	-4.920	-20	-4.940	1.079
1.1 Debt securities	—	—	—	—	—	—
1.2 Equities	—	—	—	—	—	—
1.3 OICR units	—	—	-4.682	—	-4.682	656
1.4 Loans and receivables	—	—	-238	-20	-258	423
1.5 Others	—	—	—	—	—	—
2. Trading liabilities	—	—	—	—	—	-734
2.1 Debt securities	—	—	—	—	—	—
2.2 Payables	—	—	—	—	—	—
2.3 Other	—	—	—	—	—	-734
3. Other financial assets and liabilities: difference arising on exchange rates	247.676	—	-246.762	—	914	14.636
4. Derivative products	70.536	1.168	-66.605	—	5.099	-15.212
4.1 Financial derivatives:	54.981	197	-55.473	—	-295	-15.701
– on debt securities/interest rates	6.736	138	-6.867	—	7	64
– on equities/share indexes	39.491	59	-39.542	—	8	75
– on foreign currency/gold	8.754	—	-9.064	—	-310	-15.837
– others	—	—	—	—	—	-3
4.2 Credit derivatives	15.555	971	-11.132	—	5.394	489
Total	318.212	1.168	-318.287	-20	1.073	-231

Section 4

Heading 90: Net hedging income (expense)

4.1 Net hedging income (expense): composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
A. Income from:		
A.1 Fair value hedge derivatives	11.188	92.721
A.2 Financial assets hedged (fair value)	—	—
A.3 Financial liabilities hedged (fair value)	915	3.625
A.4 Cash flow hedge financial derivatives	—	—
A.5 Assets and liabilities in foreign currency	—	—
Total hedging income (A)	12.103	96.346
B. Expenses relating to:		
B.1 Fair value hedge derivatives	-330	-936
B.2 Financial assets hedged (fair value)	—	—
B.3 Financial liabilities hedged (fair value)	-11.705	-95.456
B.4 Cash flow hedge financial liabilities	—	—
B.5 Assets and liabilities in foreign currency	—	—
Total hedging expenses (B)	-12.035	-96.392
C. Net hedging income (A-B)	68	-46

Section 5

Heading 100: Gain (or loss) on disposal or repurchase

5.1 Gains (losses) on disposals/repurchases: composition (in € k)

	6 mths to 31/12/15			6 mths to 31/12/14		
	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
Financial assets						
1. Due from Banks	—	—	—	—	—	—
2. Due from customers	12	—	12	—	-295	-295
3. AFS securities	—	—	—	—	—	—
3.1 Debt securities	—	—	—	—	—	—
3.2 Equities	—	—	—	—	—	—
3.3 UCITS units	—	—	—	—	—	—
3.4 Loans and advances	—	—	—	—	—	—
4. Financial assets held to maturity	—	—	—	—	—	—
Total assets	12	—	12	—	-295	-295
Financial liabilities						
1. Due to Banks	—	—	—	—	—	—
2. Due to customers	—	—	—	—	—	—
3. Debt securities in issue	—	-139	-139	248	—	248
Total liabilities	—	-139	-139	248	—	248

Section 6

Heading 130: Adjustments for impairment

6.1 Adjustments for impairment: lending portfolio (in € k)

Transactions/Income-linked components	Value adjustments			Amounts recovered				6 mths to 31/12/15	6 mths to 31/12/14
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Due from Banks	—	—	—	—	—	—	—	—	-24
B. Due from customers	—	—	-446	—	—	—	—	-446	-146
C. Total	—	—	-446	—	—	—	—	-446	-170

Legend

A = interests

B = other amounts recovered

6.2 Adjustments for impairment: other financial transactions (in € k)

Transactions/Income-linked components	Value adjustments			Amounts recovered				6 mths to 31/12/15	6 mths to 31/12/14
	Specific		Portfolio	Specific		Portfolio			
	Write offs	Others		A	B	A	B		
A. Guarantees given	—	—	33	—	—	—	—	33	-1
B. Credit derivatives	—	—	—	—	—	—	—	—	—
C. Commitments	—	—	—	—	—	—	99	99	-14
D. Other transactions	—	—	—	—	—	—	—	—	—
E. Total	—	—	33	—	—	—	99	132	-15

Legend

A = interest

B = other amounts recovered

Section 7

Heading 180: Administrative expenses

7.1 Personnel cost: composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
1. Employees	-386	-338
a) wages and salaries	-342	-294
b) social security charges	-14	-13
c) severance indemnities	—	—
d) pension contributions	-20	-19
e) transfers to severance indemnity provision	—	—
f) transfers to post-employment and similar benefits:	—	—
– defined contribution	—	—
– defined benefit	—	—
g) payments to outside complementary pension schemes:	-4	-3
– defined contribution	-4	-3
– defined benefit	—	—
h) expenses incurred in connection with share payment schemes	—	—
i) other staff benefits	-6	-9
2. Other staff	—	—
3. Board members	-120	-110
Total	-506	-448

7.2 Other administrative expenses: composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14 ¹
OTHER ADMINISTRATIVE EXPENSES		
– legal, tax and professional services	-139	-119
– loan recovery activity	—	—
– marketing and communication	-3	-4
– property	-100	-91
– EDP	-412	-316
– Info-provider	—	—
– bank charges, collection and payment fees	-16	-13
– operating expenses	-1.909	-1.490
– other staff expenses	-9	-12
– other costs	-220	-67
– indirect and other taxes	-404	-222
Total other administrative expenses	-3.212	-2.334

¹ Certain prior year amounts have been reclassified for consistency with the current period presentation.

Section 8

Heading 200: Value adjustments in respect of tangible assets

8.1 Value adjustments in respect of tangible assets: composition (in € k)

	Depreciation and other reduction	Adjustments for impairment	Amounts recovered	6 mths to 31/12/15	6 mths to 31/12/14
A. Tangible assets					
A.1 Owned:	-6	—	—	-6	-4
– Core	-6	—	—	-6	-4
– Investment	—	—	—	—	—
A.2 Acquired under finance leases:	—	—	—	—	—
Total	-6	—	—	-6	-4

Section 10

Heading 220: Other operating income (expenses)

10.1 Other operating income (expenses): composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
A. Other income (expenses) – other	—	—
– Sundry other expense reimbursements	—	—
– Direct debit expense reimbursements	—	—
– Income for services given to third Companies	—	—
– Other income	—	—
– Other charges	—	—
B. Other income (expenses) – amounts recovered	20	6
– withholding tax	—	—
– Amounts recovered from staff	—	—
– Amounts recovered from clients	—	—
– Other amounts recovered	20	6
Total	20	6

Section 11

Heading 290: Income tax on the ordinary activity

11.1 Income tax on the ordinary activity: composition (in € k)

	6 mths to 31/12/15	6 mths to 31/12/14
1. Current taxes	-3.815	-3.399
2. Changes in current tax for previous financial years	—	—
3. Decrease in current tax for period	—	—
4. Changes in deferred tax assets	—	—
4.1 related to previous fiscal exercise (reverse to the comprehensive income)	—	—
4.2 generated in the fiscal exercise	—	—
5. Changes in deferred tax liabilities	—	—
5.1 related to previous fiscal exercise (reverse to the comprehensive income)	—	—
5.2 generated in the fiscal exercise	—	—
Total	-3.815	-3.399

PART D – OPERATING SEGMENT INFORMATION

A. PRIMARY SEGMENT REPORTING

The Bank does not run separate accounts or reporting for individual divisions or other business segments, primary because the business is essentially focused on wholesale banking. Upper management uses specific markets segment reporting (i.e. geographical, economic sector, ratings) to evaluate segment's income, expenses, assets, liabilities and so on in order to assess profitability and riskiness of the business. The Bank's segmental reporting is based on the following operating segments: corporate lending, export finance, leverage acquisition, project finance, other.

A.1 Financial statement by business segment (in € k)

		CORPORATE LENDING	EXPORT FINANCE	LEVERAGE FINANCE	PROJECT FINANCE	OTHER
10.	Cash and cash equivalent	1.597	—	952	252	—
20.	Financial assets held for trading	98.110	—	58.522	15.491	412.426
50.	Financial assets held to maturity	32.634	—	19.466	5.153	—
60.	Loans and advances to credit institutions	1.090.938	—	650.735	172.253	—
70.	Loans and advances to customers	1.735.074	—	1.034.957	273.959	—
80.	Hedging derivatives	167.194	—	99.729	26.399	—
100.	Equity investments	—	—	—	—	4.150
120.	Tangible assets	—	—	—	—	15
130.	Intangible assets	—	—	—	—	—
140.	Tax assets	—	—	—	—	—
160.	Other assets	1.238	—	738	196	—
	Total assets at 31/12/2015	3.126.785	—	1.865.099	493.703	416.591
	Total assets at 30/06/2015	2.701.494	215.246	1.465.683	234.022	376.776
10.	Amount due to Credit institutions	-1.281.532	—	-764.422	-202.347	—
20.	Amount due to customers	-474.260	—	-282.892	-74.883	—
30.	Debt securities in issue	-1.116.442	—	-665.948	-176.280	—
40.	Financial liabilities held for trading	-238.148	—	-142.053	-37.602	-140.364
60.	Hedging derivatives	—	—	—	—	—
80.	Tax liabilities	-2.336	—	-1.394	-369	—
100.	Other liabilities	-1.797	—	-1.072	-284	—
160.	Shareholders' equity	-164.573	—	-98.166	-25.985	—
	Total liabilities at 31/12/2015 ⁽¹⁾	-3.279.088	—	-1.955.947	-517.750	-140.364
	Total liabilities at 30/06/2015 ⁽¹⁾	-2.826.176	-225.179	-1.533.329	-244.823	-139.801

⁽¹⁾ Profit for the period excluded

A.2 Comprehensive income data by business segment (in € k)

		CORPORATE LENDING	EXPORT FINANCE	LEVERAGE FINANCE	PROJECT FINANCE	OTHER
010.	Interests receivable and similar income	26.825	—	19.233	4.555	—
020.	Interests payable and similar charges	-19.246	—	-13.799	-3.268	—
030.	Net interest income	7.579	—	5.434	1.287	—
040.	Fee and commission income	3.491	—	2.503	593	—
050.	Fee and commission expense	-2.670	—	-1.915	-453	—
060.	Net fee and commission income	821	—	588	140	—
080.	Net trading income/expense	91	—	66	16	901
090.	Net hedging income/expense	35	—	25	6	—
100.	Gain or loss on disposal or repurchase of:	-68	—	-48	-11	—
	<i>a) loans and receivables</i>	6	—	5	2	—
	<i>b) financial assets available for sale</i>	—	—	—	—	—
	<i>c) financial assets held to maturity</i>	—	—	—	—	—
	<i>d) financial liabilities</i>	-74	—	-53	-12	—
120.	Total income	8.458	—	6.065	1.438	901
130.	Value adjustments	-167	—	-119	-28	—
140.	Net income from the financial management	8.291	—	5.946	1.410	901
180.	Administrative expenses	-1.971	—	-1.413	-335	20
200.	Value adjustments in respect of tangible assets	—	—	—	—	-6
210.	Value adjustments in respect of intangible assets	—	—	—	—	—
220.	Other operating income/expense	—	—	—	—	—
280.	Profit (loss) of the ordinary activity before tax	6.320	—	4.533	1.075	915
290.	Income tax on the ordinary activity	-2.022	—	-1.450	-343	—
340.	Profit (loss) for the year	4.298	—	3.083	732	915
350.	Other comprehensive income, net of tax	—	—	—	—	—
360.	Total comprehensive income for the year, net of tax as at 31/12/2015	4.298	—	3.083	732	915
	Total comprehensive income for the year, net of tax as at 31/12/2014	6.648	419	6.090	681	-19

Assets have been allocated on the basis of the originator business unit, while break down of liabilities has been performed following criteria of economic pertinence.

B. SECONDARY SEGMENT REPORTING

The Bank operates in four geographical markets: Luxembourg, Europe, Americas and Oceania. The following tables show the distribution of the Bank's financial and income statements based on the location of the customers for the interim accounts ended 31 December 2015 and 31 December 2014.

B.1 Financial statement by geographical region (in € k)

	LUXEMBOURG	OTHER EUROPEAN COUNTRIES	AMERICAS	ASIA	OCEANIA
Cash and cash balances with Central Banks	2.801	—	—	—	—
Financial assets held for trading	477.576	79.345	27.629	—	—
Financial assets held to maturity	—	57.253	—	—	—
Loans and advances to Credit Institutions	256	1.913.669	—	—	—
Loans and advances to Customers	143.980	2.072.156	822.738	—	5.117
Hedging derivatives	—	293.322	—	—	—
Equity investments	4.150	—	—	—	—
Tangible assets	15	—	-1	—	—
Intangible assets	—	—	—	—	—
Tax assets	—	—	—	—	—
Other assets	9	1.972	191	—	—
A. Total assets 31/12/2015	628.787	4.417.717	850.557	—	5.117
A. Total assets 30/06/2015	851.809	3.293.446	842.710	—	5.256
Amount due to Banks	—	-2.248.300	—	—	—
Amount due to customers	—	-832.035	—	—	—
Debt securities in issue	-870.173	-1.088.497	—	—	—
Financial liabilities held for trading	-210.160	-348.008	—	—	—
Hedging derivatives	-4.100	—	—	—	—
Tax liabilities	-888	-2.229	—	—	—
Other liabilities	-278.725	—	-34	—	—
Shareholders' equity	-10.000	—	—	—	—
B. Total liabilities 31/12/2015 ⁽¹⁾	-1.374.046	-4.519.069	-34	—	—
B. Total liabilities 30/06/2015 ⁽¹⁾	-1.322.499	-3.646.782	-27	—	—

⁽¹⁾ Profit for the period excluded

B.2 Income statement by geographical region (in € k)

	LUXEMBOURG	OTHER EUROPEAN COUNTRIES	AMERICAS	ASIA	OCEANIA
Net interest income	-9.736	14.506	9.367	—	164
Net fee and commission income	-27	1.033	543	—	—
Net trading income/expense	7.585	-6.255	-257	—	—
Net hedging income/expense	238	-171	—	—	—
Gain or loss on disposal or repurchase	-127	—	—	—	—
Value adjustments - impairment	7	-231	-80	—	-11
Administrative expenses	-1.031	-2.687	—	—	—
Value adjustments – amortisation	-6	—	—	—	—
Other operating income (expenses)	3	7	9	—	—
Income tax	-3.815	—	—	—	—
Net profit/loss 6 months 2015	-6.909	6.202	9.582	—	153
Net profit/loss 6 months 2014	70.051	-63.901	7.632	—	37

PART E – INFORMATION ON RISKS AND RELATED HEDGING POLICIES

INTRODUCTION

Risk is inherent in the Bank's activities, but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Bank's continuing profitability and each individual within the Bank is accountable for the risk exposures relating to his or her responsibilities. The Board of Directors is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Bank's risks are measured using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on statistical models. The models make use of probabilities derived from historical experience, adjusted to reflect the economic environment. The Bank also runs worst-case scenarios that would arise in the event that extreme events which are unlikely to occur do, in fact, occur.

Monitoring and controlling risks is primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank as well as the level of risk that the Bank is willing to accept, with additional emphasis on selected industries. In addition, the Bank's policy is to measure and monitor the overall risk bearing capacity in relation to the aggregate risk exposure across all risk types and activities.

Information on risks is examined and processed in order to analyse, control and identify risks on a timely basis. This information is presented and explained to the Risk Committee on a monthly basis. The report includes aggregate credit exposure, liquidity ratios and risk profile changes. Senior management assesses the appropriateness of the allowance for credit losses on a monthly basis.

As part of its overall risk management, the Bank uses derivatives and other instruments to manage exposures resulting from changes in interest rates, foreign currencies, equity risks, credit risks, and exposures arising from forecast transactions. In accordance with the Bank's policy, its risk profile is assessed before entering into hedge transactions, which are authorized by the appropriate level of seniority within the Bank. The effectiveness of hedges is assessed by the Risk Controlling Unit (based on economic considerations rather than the IFRS hedge accounting regulations). The effectiveness of all the hedge relationships is monitored by the Risk Controlling Unit monthly. The Bank actively uses collateral to reduce its credit risks

Section 1

1.1 CREDIT RISK

QUALITATIVE INFORMATION

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. This risk is always inherent in traditional lending operations regardless of the form of the credit facility (whether cash or credit commitments, secured or unsecured, etc). The main reasons for default lie in the borrower's lacking the autonomous ability to service and repay the debt (due to a lack of liquidity, insolvency, etc.), as well as the occurrence of events that are unrelated to the debtor's operating and financial condition, such as Country risk or the impact of operational risk. Other banking operations, in addition to traditional lending and deposit activities, can expose the Bank to other credit risks. For example, 'non-traditional' credit risk may arise from:

- entering into derivative contracts;
- purchasing and selling securities, futures, currencies or commodities.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the statement of financial position. In the case of credit derivatives, the Bank is also exposed to (or protected from) the risk of default of the underlying entity referenced by the derivative.

Credit valuation adjustments (CVAs) normally is incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk. At the reference date, the Bank has not calculated any CVA cumulative adjustment due to the fact that the only counterparty to deal with is the Mother company; furthermore the Bank has signed a Credit Support Annex (CSA) that allowed the two counterparties to post cash collateral according to margin call made by the calculation agent, *de facto* resetting the counterparty risk.

The Bank makes available to its customers guarantees which may require that the Bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical, industry, rating and currency concentrations, and by monitoring exposures in relation to such limits.

The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process aims to allow the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

The Risk management unit based in Italy is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with the Risk Committee to ensure that procedures are compliant with the overall framework. Risk management is

controlled by the Parent Bank and is divided into the following units: enterprise risk management, credit risk management and market risk management. Credit risk management unit is responsible for executing the credit risk analysis entailed by lending and market transactions, and for assigning credit ratings to the counterparties in these transactions.

During the year there were no significant changes in the Bank's objectives, policies and process for managing credit risk.

Corporate banking

The Group's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. Applications for finance are processed through the different operating levels, and, if successful, are submitted for approval to the relevant bodies, i.e. the Risks Committee. Once the finance has been disbursed the account is monitored on an ongoing basis, via analysis of published interim accounts and a series of other controls (i.e. covenants). Any deterioration in the risk profile of a loan is brought swiftly to the attention of head of the operating unit and management.

Leverage finance

As a part of its corporate lending activity the Bank takes an active part in buyout transactions promoted or sponsored almost entirely by private equity funds in order to take over companies with promising growth prospects, low debt levels and stable cash flows over time. Such transactions have a sub-investment grade rating, a non-recourse contractual structure and borrowing is commensurate with future cash flow levels. The purpose of such transactions is never for Mediobanca International (Luxembourg) S.A. to acquire target companies, as the majority stakes are held directly by the private equity funds.

Loan impairment provisions

The Bank assumes directly the credit risk for some exposures, under the aim to advance the core business taking into account the positive relation between risk and profitability. The Risk Committee defines the positions and the risks that can be taken based on a credit portfolio analysis in order to pursue an optimal diversification among geographical areas, industry sector and class of rating.

The Bank maintains partial or complete guarantees on certain exposures, depending on the creditworthiness, market sector and nature of each loan. Such guarantees are issued by the Parent Bank or public agencies (i.e. SACE, Coface).

According to the IAS 39, the Bank monthly reviews its loan portfolios to assess for impairment. Impairment provisions are established to recognize incurred impairment losses in loan portfolios carried at amortized cost. In determining whether an impairment has occurred at the balance sheet date, the Bank considers whether there is any observable data indicating that there has been a measurable decrease in the estimated future cash flows or their timings; such observable data includes whether there has been an adverse change in the payment status of borrowers or changes in economic conditions that correlate with defaults on loan repayment obligations. Collectively assessed impairment allowances cover credit losses

inherent in portfolios with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. In assessing the need for collective loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

QUANTITATIVE INFORMATION

A.1.1 Financial assets by portfolio and credit quality (in € k)

Portfolio/Quality	Defaulted	Performing past due below 90days	Restructured exposures	Impaired (past due more than 90 days)	Fully performing	Other assets	Total
1. AFS securities	—	—	—	—	—	—	—
2. Financial assets held to maturity	—	—	—	—	—	57.252	57.252
3. Due from banks	—	—	—	—	—	1.916.727	1.916.727
4. Due from customers	—	—	53.392	—	—	2.990.599	3.043.991
5. Financial assets recognized at fair value	—	—	—	—	—	—	—
6. Financial assets being sold	—	—	—	—	—	—	—
Total 31/12/2015	—	—	53.392	—	—	4.964.578	5.017.970
Total 30/06/2015¹	—	—	53.891	—	—	4.105.152	4.159.043

¹ The prior year amounts included financial assets held for trading and Hedging derivatives which are currently no longer present.

A.1.2 Financial assets by portfolio and credit quality (in € k)

Portfolio/Quality	Impaired assets			Other assets			Total net exposure
	Gross exposure	Specific adjustments	Net exposure	Gross exposure	Portfolio adjustments	Net exposure	
1. AFS securities	—	—	—	—	—	—	—
2. Financial assets held to maturity	—	—	—	57.252	—	57.252	57.252
3. Due from Banks	—	—	—	1.916.727	—	1.916.727	1.916.727
4. Due from customers	53.392	—	53.392	2.995.721	-5.122	2.990.599	3.043.991
5. Financial assets recognized at fair value	—	—	—	—	—	—	—
6. Financial assets being sold	—	—	—	—	—	—	—
Total at 31/12/2015	53.392	—	53.392	4.969.700	-5.122	4.964.578	5.017.970
Total at 30/06/2015¹	53.891	—	53.891	4.109.828	-4.676	4.105.152	4.159.043

¹ The prior year amounts included financial assets held for trading and Hedging derivatives which are currently no longer present.

Impaired assets at 31 December 2015 refer to non performing and restructured loans fully covered by letter of credit issued by the Parent Bank.

A.1.3 Cash and off balance sheet exposures to credit institutions (in € k)

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	31/12/2015	30/06/2015
A. CASH EXPOSURES					
a) Non-performing	—	—	—	—	—
e) Other assets	1.973.979	—	—	1.973.979	1.523.260
Total A	1.973.979	—	—	1.973.979	1.523.260
B. OFF-BALANCE-SHEET EXPOSURES					
a) Non-performing	—	—	—	—	—
b) Other assets	523.106	—	—	523.106	288.833
Total B	523.106	—	—	523.106	288.833

A.1.4 Cash and off balance sheet exposures to customers (in € k)

Type of exposure/Amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	31/12/2015	30/06/2015
A. CASH EXPOSURES					
a) Non-performing	53.392	—	—	53.392	53.891
b) Other assets	2.995.721	—	-5.122	2.990.599	2.603.982
Total A	3.049.113	—	-5.122	3.043.991	2.657.873
B. OFF-BALANCE-SHEET EXPOSURES					
a) Non-performing	1.037	—	—	1.037	531
b) Other assets	1.441.283	—	-922	1.440.361	1.480.989
Total B	1.442.320	—	-922	1.441.398	1.481.520

A.1.5 Cash exposure to customers: trends in gross impaired positions/accounts (in € k)

Description/Category	31/12/2015		30/06/2015
	Non performing	Restructured	
A. Gross exposure at start of period	—	53.891	57.717
<i>of which: accounts sold but not derecognized</i>	—	—	—
B. Additions	—	—	4.669
B.1 transfers from performing loans	—	—	—
B.2 transfer from other categories of impaired assets	—	—	—
B.3 other additions	—	—	4.669
C. Reductions	—	-499	-8.495
C.1 transfer to performing loans	—	—	—
C.2 amounts written off	—	—	—
C.3 amounts collected	—	—	—
C.4 gains realized on disposal	—	—	-6.560
C.5 transfers to other categories of impaired assets	—	—	—
C.6 other reductions	—	-499	-1.935
D. Gross exposure at end of period	—	53.392	53.891
<i>of which: accounts sold but not derecognized</i>	—	—	—

1.2 MARKET RISK

1.2.1 Interest rate risk – regulatory trading book

QUALITATIVE INFORMATION

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Bank's policy is to monitor positions on a regular basis and to offset the overall risk exposure using appropriate hedging and ALM strategies.

According to the CSSF Circular 06/273 as amended, the Bank performs semi-annually a "test d'endurance en matière de risque de taux d'intérêt" based on two interest rate curves scenarios (+200 bps and -200 bps) defined by the Regulator.

Interest rate risk is controlled on an ongoing basis by the Management using specific risk management reports. The gap analysis report is available every day, showing the sensitivity of the statement of financial position for a 1 basis point shift of the interest rate curve. A monthly ALM Report points out the mismatching of the statement of financial position in terms of maturity and rate re-fixing. Based on reporting evidences, the Management of the Bank – in coordination with the Treasury Department of the Parent company – decides on possible remedial measures (if needed) concerning the "mix" of funding (Notes, overdraft on current account, time deposits, loans, etc) in order to obtain a better matching with the lending.

According to the part VIII of the Circular CSSF 08/338, an "endurance test" of interest rate risk was carried out as at 31 December 2015. The simulation was based on two different scenarios (parallel shift of the interest rate curve +200 and -200 bps). The results achieved are described herein after:

- Scenario +200 bps: € 21.386.870
- Scenario -200 bps: - € 21.066.805

Fair value hedge

Fair value hedges are used to neutralize exposure to interest rate or price risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties; all structured notes issues are fair value hedged as to the interest rate component. Fair value hedges are also used in corporate finance for certain bilateral, fixed rate transactions.

During the year there were no significant changes in the Bank's objectives, policies and process for managing interest rate risk.

QUANTITATIVE INFORMATION

1. Regulatory trading book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products (in € k)

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets								
1.1 Debt securities	—	—	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– other	—	—	—	—	—	—	—	—
1.2 Loans to Banks	—	—	—	—	—	—	—	—
1.3 Loans to customers	—	—	—	—	—	—	—	—
Total cash assets at 31/12/2015	—	—	—	—	—	—	—	—
Total cash assets at 30/06/2015	—	—	—	—	—	—	—	—
2. Cash liabilities								
2.1 Amounts due to Banks	—	—	—	—	—	—	—	—
2.2 Amounts due to customers	—	—	—	—	—	—	—	—
2.3 Debt securities in issue	—	—	—	—	—	—	—	—
Total cash liabilities at 31/12/2015	—	—	—	—	—	—	—	—
Total cash liabilities at 30/06/2015	—	—	—	—	—	—	—	—
3. Financial derivatives								
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	1.122.541	45.926	185.629	529.000	1.200	—	—
– Options	—	—	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—	—	—
– Others	—	1.122.541	45.926	185.629	529.000	1.200	—	—
+ Long positions	—	508.405	45.926	117.617	269.000	1.200	—	—
+ Short positions	—	614.136	—	68.012	260.000	—	—	—
Total financial derivatives at 31/12/2015	—	1.122.541	45.926	185.629	529.000	1.200	—	—
Total financial derivatives at 30/06/2015	26.812	1.462.261	178.452	33.153	531.300	1.200	10.000	—

2. Regulatory banking book by outstanding maturity (repricing date) of cash assets and liabilities and financial derivative products (in € k)

Type/Residual duration	On demand	Up to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 5 years	From 5 years to 10 years	Over 10 years	Not specified
1. Cash assets								
1.1 Debt securities	—	60.044	—	—	—	—	—	—
– with early redemption option	—	—	—	—	—	—	—	—
– other	—	60.044	—	—	—	—	—	—
1.2 Loans to Banks	647.544	503.013	358.839	404.284	—	—	—	—
1.3 Loans to customers	—	2.520.722	526.275	—	45.211	—	—	—
Total cash assets at 31/12/2015	647.544	3.083.779	885.114	404.284	45.211	—	—	—
Total cash assets at 30/06/2015	353.445	2.971.438	827.899	—	45.109	—	—	—
2. Cash liabilities								
2.1 Amounts due to customers	—	-704.101	-1.225	—	—	—	-125.837	—
2.2 Amounts due to Banks	-19.201	-1.463.568	-395.868	-12.008	-45.926	—	-311.730	—
2.3 Debt securities in issue	—	-896.170	-479.391	-551.891	-29.758	-1.460	—	—
Total cash liabilities at 31/12/2015	-19.201	-3.063.839	-876.484	-563.899	-75.684	-1.460	-437.567	—
Total cash liabilities at 30/06/2015	-73.713	-2.844.532	-209.443	-177.901	-122.962	-1.475	-747.746	—
3. Financial derivatives								
3.1 With underlying securities	—	—	—	—	—	—	—	—
– Options	—	—	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—	—	—
– Others	—	—	—	—	—	—	—	—
+ Long positions	—	—	—	—	—	—	—	—
+ Short positions	—	—	—	—	—	—	—	—
3.2 Without underlying securities	—	322.958	164.599	62.000	536.430	—	667.000	—
– Options	—	—	—	—	—	—	517.874	—
+ Long positions	—	—	—	—	—	—	258.937	—
+ Short positions	—	—	—	—	—	—	258.937	—
– Others	—	322.958	164.599	62.000	536.430	—	149.126	—
+ Long positions	—	—	130.000	62.000	276.430	—	149.126	—
+ Short positions	—	322.958	34.599	—	260.000	—	—	—
Total financial derivatives at 31/12/2015	—	322.958	164.599	62.000	536.430	—	667.000	—
Total financial derivatives at 30/06/2015	—	341.878	57.436	130.000	78.256	—	662.176	—
4. Other off-balance sheet								
+ Long positions	—	325.807	41.567	170.311	835.599	5.349	—	—
+ Short positions	1.378.633	—	—	—	—	—	—	—
Total other off-balance sheet at 31/12/2015	1.378.633	325.807	41.567	170.311	835.599	5.349	—	—
Total other off-balance sheet at 30/06/2015	1.304.144	312.789	71.787	4.870	816.388	98.310	—	—

1.2.3 Financial derivative products

Derivatives often involve at their inception only a mutual exchange of promises with little or no transfer of consideration. However, these instruments may involve a degree of leverage and are volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Bank.

Over-the-counter derivatives may expose the Bank to the risks associated with the absence of an exchange market on which to close out an open position.

The Bank's exposure under derivative contracts is closely monitored as part of the overall management of the Bank's market risk. During the year there were no significant changes in the Bank's objectives, policies and process for managing those risks.

The Bank enter into credit support annexes ("CSA") to master agreements in order to further reduce derivatives-related credit risk. These annexes generally provide risk mitigation through periodic, usually daily, margining of the covered exposure. The CSAs also provide for the right to terminate the related derivative transactions upon the counterparty's failure to honor a margin call.

A. FINANCIAL DERIVATIVES

A.1 Regulatory trading book: average and reporting date notional values (in € k)

Type of transactions	31/12/2015		30/06/2015	
	Over-the-counter	Listed	Over-the-counter	Listed
1. Debt securities and interest rates	729.560	—	835.759	—
a) Options	—	—	—	—
b) Swap	729.560	—	835.759	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equities and share indexes	371.919	—	370.673	—
a) Options	371.919	—	370.673	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and Gold	217.008	—	294.023	—
a) Options	—	—	—	—
b) Swap	47.609	—	54.439	—
c) Forward	169.399	—	239.584	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	1.318.487	—	1.500.455	—

A.2 Regulatory banking book: average and reporting date notional values (in € k)

A.2.1 Hedging derivatives

Type of transactions	31/12/2015		30/06/2015	
	Over-the-counter	Listed	Over-the-counter	Listed
1. Debt securities and interest rates	615.953	—	630.029	—
a) Options	—	—	—	—
b) Swap	357.556	—	371.632	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	258.397	—	258.397	—
2. Equities and share indexes	—	—	—	—
a) Options	—	—	—	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and Gold	—	—	2.751	—
a) Options	—	—	—	—
b) Swap	—	—	2.751	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	615.953	—	632.780	—

A.2.2 Other derivatives

Type of transactions	31/12/2015		30/06/2015	
	Over-the-counter	Listed	Over-the-counter	Listed
1. Debt securities and interest rates	260.000	—	290.000	—
a) Options	—	—	—	—
b) Swap	260.000	—	290.000	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
2. Equities and share indexes	306.610	—	308.618	—
a) Options	306.610	—	308.618	—
b) Swap	—	—	—	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
3. Exchange rates and Gold	2.766	—	2.692	—
a) Options	—	—	—	—
b) Swap	2.766	—	2.692	—
c) Forward	—	—	—	—
d) Futures	—	—	—	—
e) Others	—	—	—	—
4. Commodities	—	—	—	—
5. Other assets	—	—	—	—
Total	569.376	—	601.310	—

A.3 OTC financial derivatives: positive fair value (in € k)

Type of transactions	Positive fair value			
	31/12/2015		30/06/2015	
	Over-the-counter	Listed	Over-the-counter	Listed
A. Regulatory trading book	74.024	—	61.189	—
a) Options	73.433	—	59.414	—
b) Interest Rate Swap	340	—	1.696	—
c) Cross Currency Swap	—	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	251	—	79	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
B. Banking book: Hedge derivatives	569.081	—	548.425	—
a) Options	—	—	—	—
b) Interest Rate Swap	293.322	—	284.931	—
c) Cross Currency Swap	—	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	18	—
f) Futures	—	—	—	—
g) Others	275.759	—	263.476	—
C. Banking book: Others derivatives	65.861	—	52.912	—
a) Options	63.234	—	49.714	—
b) Interest Rate Swap	2.625	—	3.197	—
c) Cross Currency Swap	2	—	1	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	708.966	—	662.526	—

A.4 OTC financial derivatives: negative fair value – financial risk (in € k)

Type of transactions	Negative fair value			
	31/12/2015		30/06/2015	
	Over-the-counter	Listed	Over-the-counter	Listed
A. Regulatory trading book	-67.465	—	-57.240	—
a) Options	-63.278	—	-49.994	—
b) Interest Rate Swap	-1.368	—	-1.843	—
c) Cross Currency Swap	-2.451	—	-2.961	—
d) Equity Swap	—	—	—	—
e) Forward	-368	—	-2.442	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
B. Banking book: Hedge derivatives	-275.759	—	-263.597	—
a) Options	—	—	—	—
b) Interest Rate Swap	—	—	—	—
c) Cross Currency Swap	—	—	-132	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	-275.759	—	-263.465	—
C. Banking book: Others derivatives	-66.527	—	-53.879	—
a) Options	-66.423	—	-53.589	—
b) Interest Rate Swap	-104	—	-290	—
c) Cross Currency Swap	—	—	—	—
d) Equity Swap	—	—	—	—
e) Forward	—	—	—	—
f) Futures	—	—	—	—
g) Others	—	—	—	—
Total	-409.751	—	-374.716	—

A.5 Regulatory trading book: counterparty and financial risks – OTC financial derivatives not included in netting agreements (in € k)

Contracts not forming part of netting arrangements	31/12/2015							30/06/2015
	Governments and central Bank	Other public agencies	Banks	Financial companies	Insurances	Non-Financial companies	Other counterparties	
1. Debt securities and interest rates								
- notional value	—	—	400.000	—	—	—	—	400.000
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	2.000	—	—	—	—	2.000
2. Equities and share indexes								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—
3. Exchange rates and Gold								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—
4. Other assets								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—

¹ Counterparty credit exposure on OTC derivatives is computed using the “current exposure method”; potential future credit exposure is determined by multiplying the notional principal amount of each of these contracts irrespective of whether the contract has a zero, positive or negative MTM value by the relevant add-on factor indicated below according to the nature and residual maturity of the instrument.

Residual Maturity	Credit Conversion Factor				
	Interest rate contracts	Exchange rate & gold	Equity	Precious metals	Goods other than metals
One year or less	0%	1%	6%	7%	10%
Over one year to five years	0,50%	5%	8%	7%	12%
Over five years	1,50%	7,50%	10%	8%	15%

A.6 Regulatory trading book: counterparty and financial risks – OTC financial derivatives included in netting agreements (in € k)

Contracts not forming part of netting arrangements	31/12/2015							30/06/2015
	Governments and central Bank	Other public agencies	Banks	Financial companies	Insurances	Non-Financial companies	Other counterparties	
1. Debt securities and interest rates								
- notional value	—	—	329.560	—	—	—	—	435.759
- positive fair value	—	—	340	—	—	—	—	1.696
- negative fair value	—	—	-1.368	—	—	—	—	-1.843
2. Equities and share indexes								
- notional value	—	—	371.919	—	—	—	—	370.673
- positive fair value	—	—	73.433	—	—	—	—	59.414
- negative fair value	—	—	-63.278	—	—	—	—	-49.994
3. Exchange rates and Gold								
- notional value	—	—	217.008	—	—	—	—	294.023
- positive fair value	—	—	251	—	—	—	—	79
- negative fair value	—	—	-2.819	—	—	—	—	-5.403
4. Other assets								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—

In March 2012 the Company entered into an ISDA Master Agreement with the Parent Company to allow both entities to reduce the capital absorption from RWA on derivatives products (cross products netting agreement).

A.7 Regulatory banking book: counterparty and financial risks – OTC financial derivatives not included in netting agreements (in € k)

Contracts not forming part of netting arrangements	31/12/2015							30/06/2015
	Governments and central Bank	Other public agencies	Banks	Financial companies	Insurances	Non-Financial companies	Other counterparties	
1. Debt securities and interest rates								
- notional value	—	—	129.199	—	—	—	—	179.199
- positive fair value	—	—	275.759	—	—	—	—	263.484
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—
2. Equities and share indexes								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—
3. Exchange rates and Gold								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—
4. Other assets								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
- future exposure ¹	—	—	—	—	—	—	—	—

¹ See table A.5

A.8 Regulatory banking book: counterparty and financial risks – OTC financial derivatives included in netting agreements (in € k)

Contracts not forming part of netting arrangements	31/12/2015							30/06/2015
	Governments and central Bank	Other public agencies	Banks	Financial companies	Insurances	Non-Financial companies	Other counterparties	
1. Debt securities and interest rates								
- notional value	—	—	486.754	—	—	—	—	450.830
- positive fair value	—	—	293.322	—	—	—	—	284.923
- negative fair value	—	—	-275.759	—	—	—	—	-263.465
2. Equities and share indexes								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
3. Exchange rates and Gold								
- notional value	—	—	—	—	—	—	—	2.751
- positive fair value	—	—	—	—	—	—	—	18
- negative fair value	—	—	—	—	—	—	—	-132
4. Other assets								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—

In March 2012 the Company entered into an ISDA Master Agreement with the Parent Company to allow both entities to reduce the capital absorption from RWA on derivatives products (cross products netting agreement).

B. CREDIT DERIVATIVES

B.1 Credit derivatives: average and reporting date notional values (in € k)

Transaction categories	Regulatory trading book		Other transactions	
	Individual assets	Baskets	Individual assets	Baskets
1. Hedge buys				
a) Credit default	41.701	330.000	71.919	9.000
b) Credit spread products	—	—	—	—
c) Total rate of return swap	—	—	—	—
d) Others	—	—	—	—
Total at 31/12/2015	41.701	330.000	71.919	9.000
Total at 30/06/2015	22.343	330.000	113.459	9.000
2. Hedge sales				
a) Credit default	96.937	9.000	16.200	330.000
b) Credit spread products	—	—	—	—
c) Total rate of return swap	—	—	—	—
d) Others	—	—	—	—
Total at 31/12/2015	96.937	9.000	16.200	330.000
Total at 30/06/2015	129.559	9.000	16.200	330.000

B.2 Credit derivatives: positive fair value (in € k)

Transaction categories	Positive FV	
	31/12/2015	30/06/2015
1. Regulatory trading book		
a) Credit default	5.321	3.093
b) Credit spread products	—	—
c) Total rate of return swap	—	—
d) Others	—	—
2. Regulatory banking book		
a) Credit default	2.901	5.497
b) Credit spread products	—	—
c) Total rate of return swap	—	—
d) Others	—	—
Total	8.222	8.590

B.3 Credit derivatives: negative fair value (in € k)

Transaction categories	Negative FV	
	31/12/2015	30/06/2015
1. Regulatory trading book		
a) Credit default	-4.784	-4.619
b) Credit spread products	—	—
c) Total rate of return swap	—	—
d) Others	—	—
2. Regulatory banking book		
a) Credit default	-3.269	—
b) Credit spread products	—	—
c) Total rate of return swap	—	—
d) Others	—	—
Total	-8.053	-4.619

B.5 Credit derivatives: counterparty and financial risks – OTC financial derivatives included in netting agreements (in € k)

Contracts not forming part of netting arrangements	31/12/2015							30/06/2015
	Governments and central Bank	Other public agencies	Banks	Financial companies	Insurances	Non-Financial companies	Other counterparties	
Regulatory trading book								
1. Hedge buys								
- notional value	—	—	371.701	—	—	—	—	352.343
- positive fair value	—	—	3.269	—	—	—	—	—
- negative fair value	—	—	-3.580	—	—	—	—	-4.580
2. Hedge sales								
- notional value	—	—	105.937	—	—	—	—	138.559
- positive fair value	—	—	2.052	—	—	—	—	3.093
- negative fair value	—	—	-1.204	—	—	—	—	-39
Banking book								
1. Hedge buys								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—
2. Hedge sales								
- notional value	—	—	—	—	—	—	—	—
- positive fair value	—	—	—	—	—	—	—	—
- negative fair value	—	—	—	—	—	—	—	—

In March 2012 the Company entered into an ISDA Master Agreement with the Parent Company to allow both entities to reduce the capital absorption from RWA on derivatives products (cross products netting agreement).

1.3 Liquidity risk

QUALITATIVE INFORMATION

Liquidity risk is defined as the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. Liquidity risk is measured through indicators based on definite cash inflows and outflows to take place in the months to come, and also on the basis of data which includes estimates of:

- new loans/repayments/renewals for lending;
- new issues/early redemptions for funding;
- any significant extraordinary items.

The Bank completed in July 2011 an update of the previous formal diagnosis of its liquidity risk management techniques, tools and practices to ensure compliance with the requirements set by the Luxembourg regulators and assessed its position with regards to liquidity management leading practices. The analysis followed the regulatory requirements set by the CSSF Circular 09/403 issued on 28 May 2009, the CSSF Circular 11/506 issued on 03 March 2011 and the Règlement 2009/N°4 issued by the Banque Centrale du Luxembourg (BCL) on 29 April 2009.

The Bank has conducted liquidity stress tests following CEBS guidelines to assess the potential impact of extreme but plausible stress scenarios on its liquidity positions and its current or contemplated mitigants. The management of the Bank was highly involved in the discussions of the stress tests. The result has been formalized into the ‘Liquidity stress tests methodology’ document.

The Bank approach regarding liquidity stress tests can be summarized as follows:

- **Analysis of risk factors generating liquidity risk:** as liquidity risk is a ‘consequential risk’ or ‘secondary risk’ generated by other risks types, the Bank performed an analysis assessing the primary risks impacting the liquidity.
- **Liquidity stress testing methodology.**

The Bank has combined the liquidity risk leading practices applicable to its liquidity profile and therefore built a tailor-made approach in line with the nature and complexity of its business activities. The approach consists of:

- The **historical analysis** of cash flows during 2014 and 2015 to identify common patterns;
- The analysis of both **balance and off-balance sheet items** to understand the liquidity generating capacity (inflows) and the liquidity consumption (outflows) as well as any liquidity inter-relation between assets and liabilities;
- The definition of specific **Operating Indicators** which provide an overview of:
 - The liquidity exposure on monthly basis with the Parent Bank;
 - The liquidity exposure caused by third parties;

- The liquidity buffer considering the existing plafond.

The Operating Indicators are used in combination with additional tools in order to get a comprehensive overview of the Bank's liquidity situation. Management closely monitors the following additional reporting:

- ALM analysis, which monitor the mismatch between assets and liabilities arising in all the maturity buckets, from overnight to unlimited and the mismatch in the re-pricing of all B/S;
- Liquidity gap, which provides a daily aggregated view of the scheduled inflows and outflows and a segregated view per type of business i.e. Loans, Funding or Trading;
- Re-fixing schedule, which shows the re-fixing of rates of all the inflows and outflows for all currencies in the next 12 months;
- Other regulatory and Group's indicators.

The evolution of the indicators is monitored on a monthly basis by the Bank's management and discussed with the Parent Company.

- The **liquidity stress testing framework** with different severities "base", "mild", "severe" and "worst" and assessed the impact of each scenario on the liquidity of the Bank. The analysis of these scenarios has been used to define management actions to raise liquidity in contingency circumstances in line with CSSF Circular 11/506 and 09/403. A reverse stress test scenario has been included in the analysis.

The evolution of the indicator is monitored on a monthly basis by the Bank's management and discussed with the Parent company.

Contingency Funding Plan (CFP)

The Bank has elaborated the Contingency Funding Plan (CFP), both for preparing for and dealing with a liquidity crisis. The management of the Bank was highly involved in the discussions of the CFP. The plan is customized to the liquidity risk profile of the Bank (principle of proportionally).

During the year there were no significant changes in the Bank's objectives, policies and process for managing liquidity risk.

Quantitative information

The data presented in the following tables are disclosed by their residual contractual maturity, based on undiscounted cash flow.

QUANTITATIVE INFORMATION

1.a Financial assets and liabilities by outstanding life as at 31/12/2015 (in € k)

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Unlimited
Cash assets	648.025	136.597	75.148	164.490	223.137	415.489	877.295	1.613.453	986.940	2.801
A.1 Government securities	—	—	—	—	—	—	—	—	—	—
A.2 Listed debt securities	—	—	—	—	—	—	—	—	—	—
A.3 Other debt securities	—	—	—	—	39	34	73	57.249	2.788	—
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	648.025	136.597	75.148	164.490	223.098	415.455	877.222	1.556.204	984.152	2.801
– to Banks	647.544	—	—	99.995	71.770	360.624	737.835	—	—	2.801
– to customers	481	136.597	75.148	64.495	151.328	54.831	139.387	1.556.204	984.152	—
Cash liabilities	-19.201	-200.198	-1.807	-107.508	-248.931	-552.180	-1.513.259	-1.908.663	-242.833	—
B.1 Deposits	-19.201	-200.198	-1.450	-4.322	-153.473	-55.234	-527.272	-1.656.206	-199.127	—
– to Banks	-19.201	-200.198	-735	-1.094	-153.316	-54.008	-527.272	-956.206	-149.528	—
– to customers	—	—	-715	-3.228	-157	-1.226	—	-700.000	-49.599	—
B.2 Debt securities	—	—	-357	-103.186	-93.230	-496.946	-985.987	-252.457	-43.706	—
B.3 Other liabilities	—	—	—	—	-2.228	—	—	—	—	—
Off-balance-sheet transactions	1.391.499	9.195	1.575	101.621	2.361	5.619	1.310.238	1.233.571	305.209	—
C.1 Financial derivatives	—	—	—	101.405	—	—	68.013	45.926	219.198	—
with exchange of principal	—	—	—	—	—	—	—	—	129.198	—
– long positions	—	—	—	101.405	—	—	68.013	45.926	90.000	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.2 Financial derivatives	9.131	10	1.575	216	861	5.619	6.432	—	—	—
without exch. of principal	—	—	—	—	—	—	—	—	—	—
– long positions	73.773	—	1.471	—	84	4.539	5.971	—	—	—
– short positions	-64.642	10	104	216	777	1.080	461	—	—	—
C.3 Irrevocable commitments	1.378.633	—	—	—	—	—	170.311	1.126.311	82.011	—
to disburse funds	—	—	—	—	—	—	170.311	1.126.311	82.011	—
– long positions	—	—	—	—	—	—	—	—	—	—
– short positions	1.378.633	—	—	—	—	—	—	—	—	—
C.4 Credit derivatives with	—	9.185	—	—	1.500	—	1.065.482	61.334	4.000	—
exchange of principal	—	—	—	—	—	—	330.000	—	—	—
– long positions	—	9.185	—	—	1.500	—	735.482	61.334	4.000	—
– short positions	—	—	—	—	—	—	—	—	—	—
C.5 Credit derivatives without	3.735	—	—	—	—	—	—	—	—	—
exchange of principal	—	—	—	—	—	—	—	—	—	—
– long positions	3.735	—	—	—	—	—	—	—	—	—
– short positions	—	—	—	—	—	—	—	—	—	—

1.b Financial assets and liabilities by outstanding life as at 30/06/2015 (in € k)

Type	On demand	From 1 days to 7 days	From 7 days to 15 days	From 15 days to 1 month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 5 years	Over 5 years	Unlimited
Cash assets	282.885	171.923	296.624	187.437	263.597	859.443	119.836	1.378.266	737.095	315
A.1 Government securities	—	—	—	—	—	—	—	—	—	—
A.2 Listed debt securities	—	—	—	—	—	—	—	—	—	—
A.3 Other debt securities	—	—	—	—	945	195.596	104	60.000	2.800	—
A.4 OICR units	—	—	—	—	—	—	—	—	—	—
A.5 Loans and advances	282.885	171.923	269.624	187.437	262.652	662.837	119.732	1.318.266	734.295	315
– to Banks	282.821	—	44.694	105.654	75.206	434.987	3.751	330.000	—	315
– to customers	64	171.923	224.930	81.783	187.446	227.850	115.981	988.266	734.295	—
Cash liabilities	-73.321	-101.358	-286	-5.445	-8.391	-474.954	-184.540	-2.473.874	-626.312	—
B.1 Deposits	-73.321	-101.358	—	-5.134	-4.579	-302.902	-19.293	-1.719.085	-294.756	—
– to Banks	-73.321	-1.358	—	-968	-3.187	-301.216	-9.002	-959.085	-245.158	—
– to customers	—	-100.000	—	-4.166	-1.392	-1.686	-10.291	-760.000	-49.598	—
B.2 Debt securities	—	—	-286	-311	-3.812	-172.052	-165.247	-754.789	-331.556	—
B.3 Other liabilities	—	—	—	—	—	—	—	—	—	—
Off-balance-sheet transactions	1.318.182	1.022	239.843	186	1.179	72.205	111.501	2.483.716	379.900	—
C.1 Financial derivatives	—	—	—	—	—	—	—	—	—	—
with exchange of principal	—	—	239.584	—	18	7.514	—	44.687	180.000	—
– long positions	—	—	—	—	—	505	—	—	90.000	—
– short positions	—	—	239.584	—	18	7.009	—	44.687	90.000	—
C.2 Financial derivatives	—	—	—	—	—	—	—	—	—	—
without exch. of principal	9.207	1.022	259	186	1.161	11.458	8.250	—	—	—
– long positions	61.111	1.000	—	—	84	9.996	5.959	—	—	—
– short positions	-51.904	22	259	186	1.077	1.462	2.291	—	—	—
C.3 Irrevocable commitments	—	—	—	—	—	—	—	—	—	—
to disburse funds	1.304.144	—	—	—	—	6.345	4.870	1.097.029	195.900	—
– long positions	—	—	—	—	—	6.345	4.870	1.097.029	195.900	—
– short positions	1.304.144	—	—	—	—	—	—	—	—	—
C.4 Credit derivatives with	—	—	—	—	—	—	—	—	—	—
exchange of principal	—	—	—	—	—	46.888	98.381	1.342.000	4.000	—
– long positions	—	—	—	—	—	—	3.039	660.000	—	—
– short positions	—	—	—	—	—	46.888	95.342	682.000	4.000	—
C.5 Credit derivatives without	—	—	—	—	—	—	—	—	—	—
exchange of principal	4.831	—	—	—	—	—	—	—	—	—
– long positions	4.835	—	—	—	—	—	—	—	—	—
– short positions	-4	—	—	—	—	—	—	—	—	—

PART H – RELATED PARTY DISCLOSURES

Accounts with related parties fall within the ordinary operations of the Bank are maintained on an arm's length basis and are entered into in the interests of individual companies concerned. No atypical or unusual transactions have been entered with such companies. Related parties for the purpose hereof include local strategic management, Parent Company, entities of its Group and its Directors and executive officers (and any company owned by them).

Reference is made in the following table to Parent Bank and other related parties, separately disclosed as required by IAS 24.

The amount of balance sheet and off balance sheet's items as at 31 December 2015 and 30 June 2015 concerning related parties are as follows (in € k):

Assets and liabilities	31/12/2015		30/06/2015
	Parent Bank	Other related parties	
Financial assets held for trading	79.401	—	64.660
Financial assets held to maturity	57.252	—	251.847
Loans and advances	1.966.109	280	1.409.026
Derivatives held for hedging	293.323	—	284.949
Other assets	—	2	—
Total assets	2.396.085	282	2.010.482
Amounts due	-1.932.484	—	-1.464.144
Debt securities	-5.724	-143.286	-240.938
Financial liabilities held for trading	-348.008	—	-325.324
Derivatives held for hedging	—	—	-132
Other liabilities	-1.720	—	785
Total liabilities	-2.287.936	-143.286	-2.029.753

Comprehensive income	31/12/2015		31/12/2014
	Parent Bank	Other related parties	
Interest and similar income	5.750	-781	4.180
Interest expenses and similar charges	-10.849	—	-34.306
Fee and commission income	-416	-77	659
Fee and commission expenses	-4.826	—	-5.020
Net gains and losses on financial assets and liabilities hft	-6.255	—	-55.406
Net gains and losses from hedge accounting	10.858	—	91.784
Administrative expenses	-1.888	-433	-1.895
Impairment	—	-94	-72
Other income	—	3	3
Total	-7.626	-1.382	-73

Guarantees and commitments	31/12/2015		30/06/2015
	Parent Bank	Other related parties	
Financial guarantees given	—	—	—
Commercial guarantees given	—	—	—
Irrevocable commitments to disburse funds	—	326	32.114
Commitments underlying cds: hedge sales	97.119	—	138.559
Total	97.119	326	170.673

PART I – OTHER INFORMATION

Staff number

As at 31 December 2015, the Bank's staff is as follows:

	31/12/2015	30/06/2015
Management–Senior	2	2
Management–Middle	2	2
Other staff	5	5
Total	9	9

As of 31 December 2015 and 2014, the Bank's Senior Management consists of two Managing Directors, only one directly included on the Bank's payroll. Also, one member of the Middle Management is not included directly on the Bank's payroll but is on secondment from the Parent Company.

PART J – SUBSEQUENT EVENTS

The Bank is not aware of any other adjusting or not-adjusting event that would have occurred between 31 December 2015 and the date when the present interim accounts were authorized for issue.