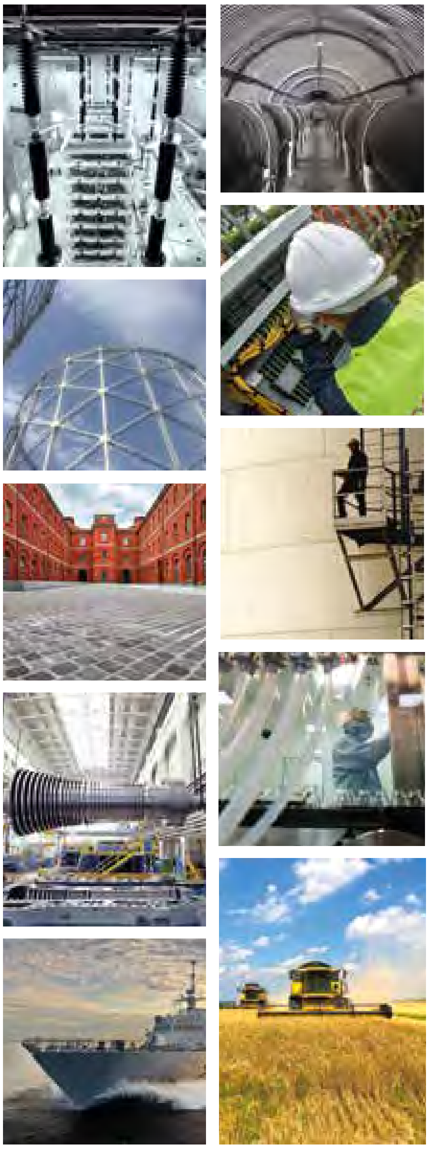
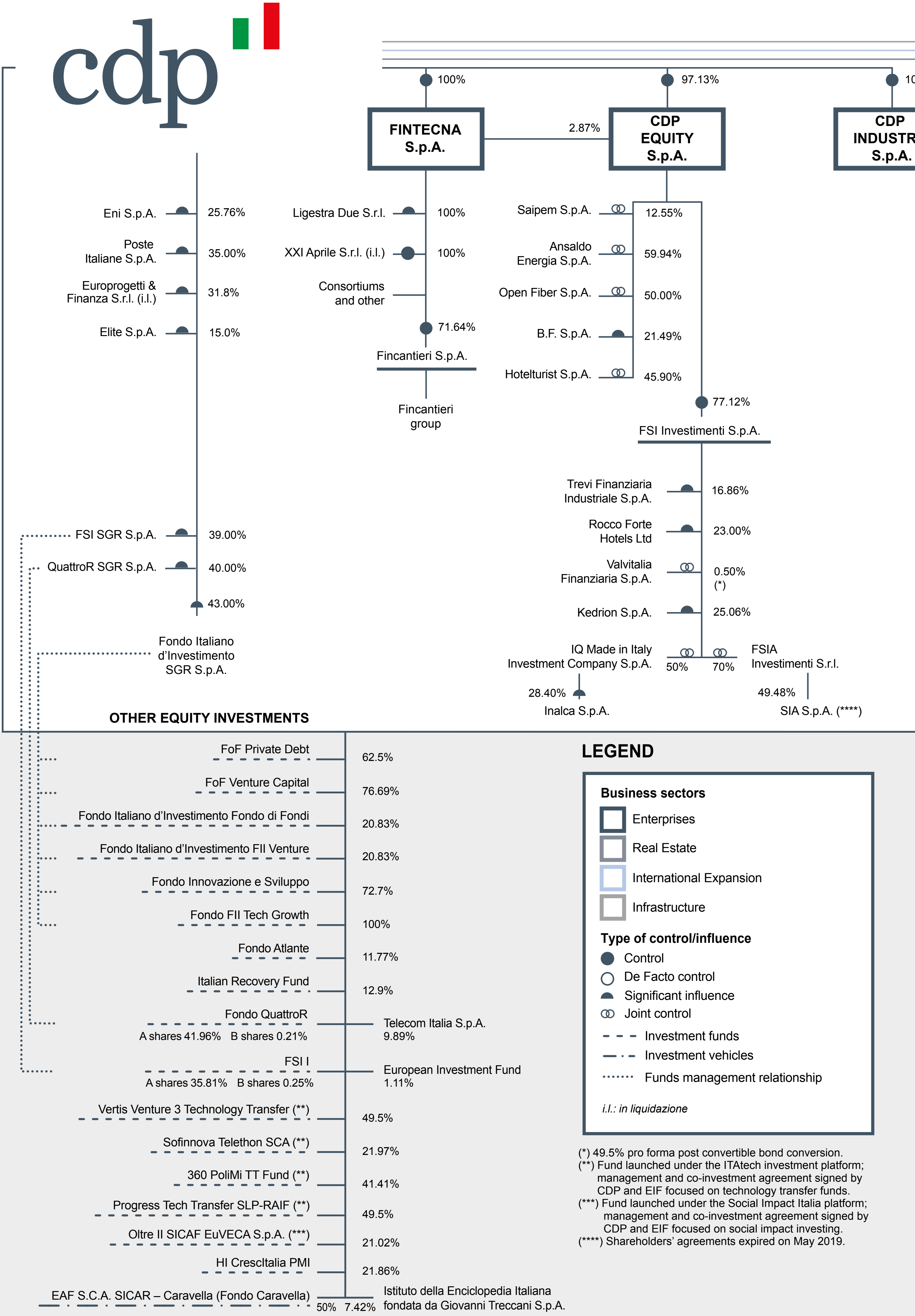
Investing in tomorrow

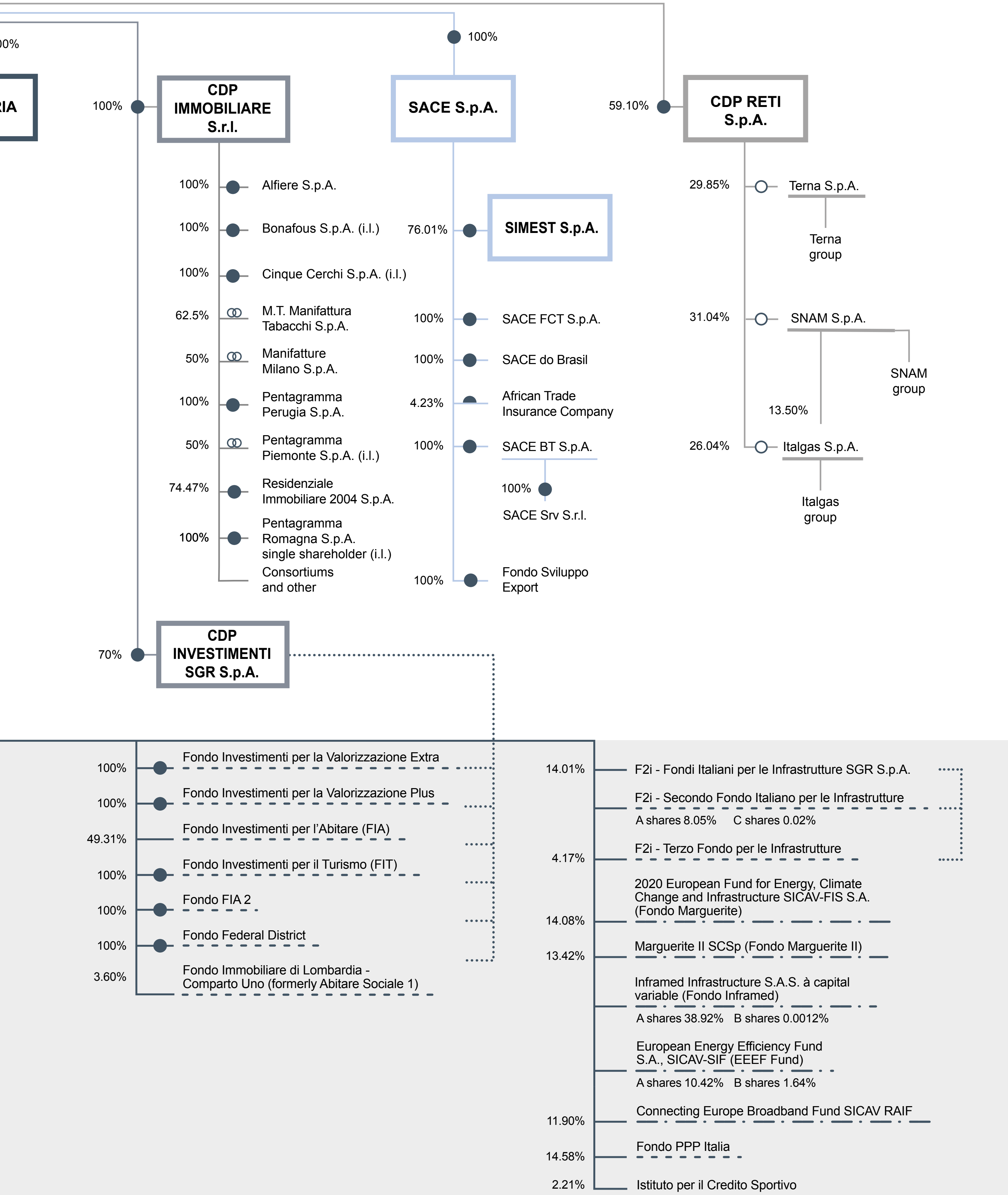
Half-yearly Financial Report 2019





(*) 49.5% pro forma post convertible bond conversion.
(**) Fund launched under the ITAtech investment platform; management and co-investment agreement signed by CDP and EIF focused on technology transfer funds.
(***) Fund launched under the Social Impact Italia platform; management and co-investment agreement signed by CDP and EIF focused on social impact investing.
(****) Shareholders' agreements expired on May 2019.

Group structure
at 30 June 2019



Summary

FIRST HALF 2019 MAIN INDICATORS

CDP Group

Total assets
438.4
Bn euro

Consolidated net income for the period
2.2
Bn euro

Equity investments
20.3
Bn euro

Net income pertaining to the parent company
1.4
Bn euro

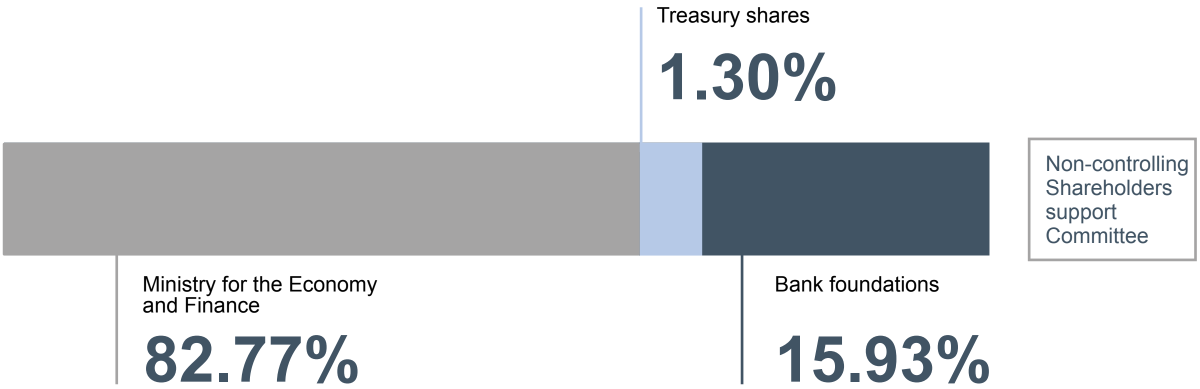
Consolidated equity
35.5
Bn euro

Group equity
22.8
Bn euro

New lending
12.8
Bn euro

Group employees over
30,000

COMPANY BODIES, OFFICERS AND GOVERNANCE



CORPORATE BODIES AT 30 JUNE 2019

Company bodies		
Board of Directors	Chairman Vice Chairman CEO and General Manager Directors	Massimo Tononi Luigi Paganetto Fabrizio Palermo Francesco Floro Flores Valentino Grant Fabrizia Lapecorella Fabiana Massa Felsani Matteo Melley Alessandra Ruzzu
Supplementary Members for Administration of Separate Account ***(Article 5, para. 8, Decree Law 269/2003, ratified with amendments by Law 326/03)***		Director General of the Treasury (1) State Accountant General (2) Antonio Decaro Davide Carlo Caparini Achille Variati
Board of Statutory Auditors (3)	Chairman Auditors Alternate Auditors	Carlo Corradini Franca Brusco Giovanni Battista Lo Prejato Mario Romano Negri Enrica Salvatore Francesco Mancini Anna Maria Ustino
Manager in charge with preparing the Company's financial report		Paolo Calcagnini
Non-Controlling Shareholders Support Committee	Chairman Members	Giovanni Quaglia Konrad Bergmeister Marcello Bertocchini Giampietro Brunello Paolo Cavicchioli Federico Delfino Francesco Profumo Sergio Zinni G.G.E.W.
Parliamentary Supervisory Committee on Cassa Depositi e Prestiti - Separate Account	Members	(Senator) Alberto Bagnai (Senator) Roberta Ferrero (Senator) Cristiano Zuliani (Senator) Mario Turco (Member of Parliament) Raffaele Trano (Member of Parliament) Nunzio Angiola (Member of Parliament) Sestino Giacomoni (Member of Parliament) Gian Pietro Dal Moro Vincenzo Blanda (Regional Administrative Court) Carlo Dell'Olio (Regional Administrative Court) Luigi Massimiliano Tarantino (Council of State) Mauro Orefice (State Audit Court)
Judge of the State Audit Court (4) ***(Article 5, para. 17, D.L. 269/2003)***	Ordinary Alternate	Angelo Buscema Giovanni Comite
Independent Auditors		PricewaterhouseCoopers S.p.A.

(1) Alessandro Rivera.
(2) Pier Paolo Italia, delegate of the State Accountant General.
(3) On 25 January 2017, the Board of Directors assigned to the Board of Statutory Auditors the duties of the Supervisory Body (pursuant to Legislative Decree No. 231 of 8 June 2001) starting from 27 February 2017.
(4) Art. 5, para. 17, of Decree Law 269/03 – attends meetings of the Board of Directors and the Board of Statutory Auditors.

1.

Presentation of the CDP Group


THE CDP GROUP, ROLE AND MISSION

PRESENTATION OF THE CDP GROUP

Created in 1850 as an institution purposed to receive deposits as a “place of public trust”, CDP has seen its role change over the years. During the past decade, it has assumed a key role in the industrial policies of Italy.

From being an institution created to support public economy in Italy largely by financing public entities, CDP has expanded its scope of action to the private sector, while always operating in a medium/long-term development perspective. CDP can play numerous roles, from lender to anchor investor, constantly geared to increasingly innovative and flexible instruments with a view to meeting investment requirements.

It uses tools ranging from loans for public investments, infrastructure, and support of business – always taking an anti-cyclical approach and medium/long-term view – to investments in venture capital and Real Estate.

In 2012, after the Ministry of the Economy and Finance (MEF) acquired SACE, Simest, and Fintecna, the CDP Group was created with renewed ambitions to support the international expansion of Italian enterprises, by operating in synergy with the banking system and supporting international cooperation.

However, CDP has not forgotten its traditional public and social role towards public entities and local constituencies. Among the several activities in support of the public sector, it develops its property assets by drawing on the resources and expertise of CDP Immobiliare, invests in social housing with the Fondo Investimenti per l’Abitare (“FIA”), develops the real estate assets owned by public entities through the FIV fund, and manages cash advances on the payments of debts owed by the Public Administration (PA).

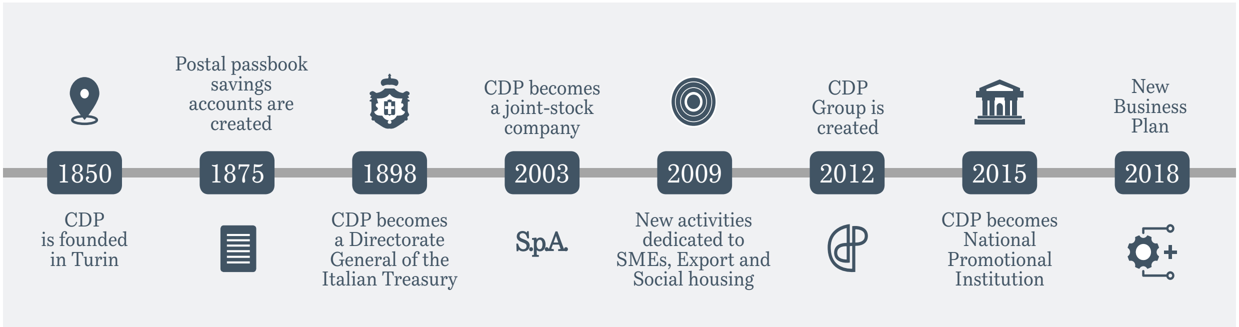
In 2015, the Italian Government and the European Union designated CDP as a National Promotional Institution. As a result, it became:

- the entry point for funding under the Juncker Plan for Italy;
- financial advisor to the Public Administration for a more efficient and effective use of domestic and European funds.

The “Italian Centre for Export and International Expansion” of the Group was strengthened in 2016 through transfer by CDP of the equity investment in Simest to Sace. That transaction confirms a major step forward in the implementation of the CDP Group’s 2016-2020 Business Plan, with the creation of a system to support the growth and international competitiveness of the Italian production system. The objective is to offer Italian businesses an integrated system in support of export and international expansion.

The role of CDP has been expanded, by adding the characteristics of an active promoter of initiatives in support of growth to its typical characteristics of a medium/long-term investor.

Historic Events



2.

Half-yearly report on operations


1. CDP GROUP

1.1 CDP S.P.A.

Established in Turin in 1850 as an institution purposed to receive deposits as a "place of public trust", Cassa depositi e prestiti ("CDP") has seen its role change over the years. During the past decade, it has assumed a key role in Italy's industrial policy.

From being an institution created to support the public economy through the management of Postal Savings, commitment to public works and financing of the State and public bodies, CDP has gradually expanded its scope of action towards the private sector, while always operating in view of medium-long term development.

Below are the main events that, starting from the transformation into a joint-stock company in 2003, have led to the expansion of CDP's role in support of the Italian economy:

- in 2009, the financing of enterprises through the banking system was expanded to tackle the liquidity crisis in the financial markets;
- Fondo Strategico Italiano - FSI (now CDP Equity), of which CDP is the pivotal investor, was established in 2011 in order to acquire equity investments in enterprises of major national interest under a long-term perspective;
- in 2012, after the acquisition of SACE, SIMEST and Fintecna, the CDP Group was created, with the aim of strengthening the international expansion of Italian enterprises in cooperation with the banking system;
- in 2014, the scope of CDP's activities was extended to financing international development cooperation projects designed for public or private-sector entities;
- in 2015, the Italian Government and the European Union designated CDP as a National Promotional Institution. As a result, CDP became:
  - the entry point for funding under the Juncker Plan for Italy;
  - the financial advisor to the Public Administration for a more effective use of domestic and European funds;
- in 2016, through the contribution to SACE of the equity investment in SIMEST, the "Italian Centre for Export and International Expansion" was set up, with the objective of offering Italian businesses an integrated support system to meet their export and international expansion requirements;
- the new 2019-2021 Business Plan was approved in December 2018. The Plan represents a change of pace in aligning CDP's strategy to major global trends and the Sustainable Development Goals set in the UN's 2030 Agenda. A large scale transformation, designed to activate significant resources for enterprises, infrastructure and the local areas, also through new activities and innovative tools.

All CDP's operations are carried out in accordance with a framework that ensures the separation of the organisational and accounting activities between Separate Account and Ordinary Account assets, thereby ensuring the Company's long-term economic and financial equilibrium whilst also ensuring returns for shareholders.

In terms of supervision, in accordance with article 5, paragraph 6, of decree law 269/2003, the provisions of Title 5 of the Consolidated Law on Banking concerning the supervision of non-banking financial intermediaries apply to CDP, taking into account the characteristics of the supervised entity and the special regulations applicable to the Separate Account.

CDP is also subject to oversight by a Parliamentary Supervisory Committee and the Court of Auditors.

At the date of this report, CDP is structured as follows:

The following report to the Board of Directors:

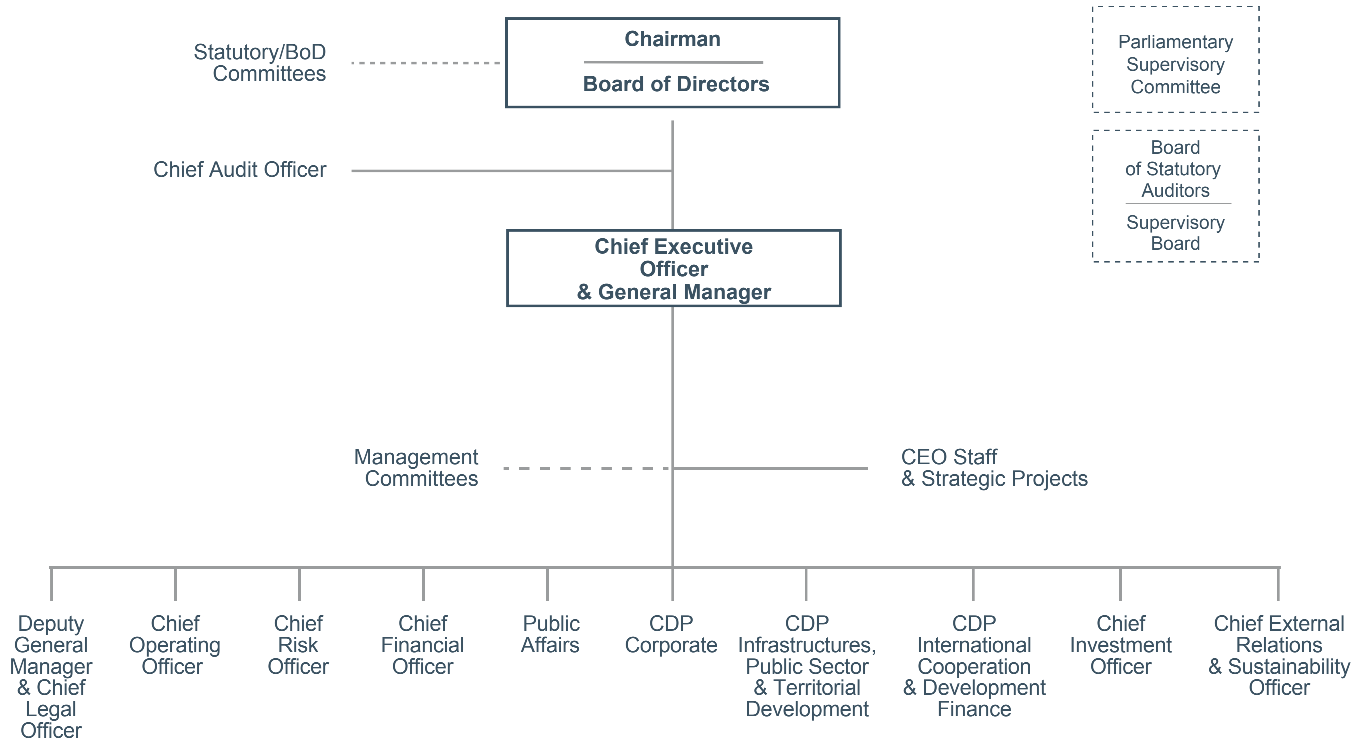
- Chief Executive Officer & General Manager;

- Chief Audit Officer.

The following report to the Chief Executive Officer and General Manager:

- Deputy General Manager & Chief Legal Officer;
- Chief Operating Officer;
- Chief Risk Officer;
- Chief Financial Officer;
- Public Affairs;
- CDP Corporate;
- CDP Infrastructures, Public Sector & Territorial Development;
- CDP International Cooperation;
- Chief Investment Officer;
- Chief External Relations & Sustainability Officer;
- CEO Staff and Strategic Projects.

The CDP organisational chart, as at 31 December 2018, is as follows:



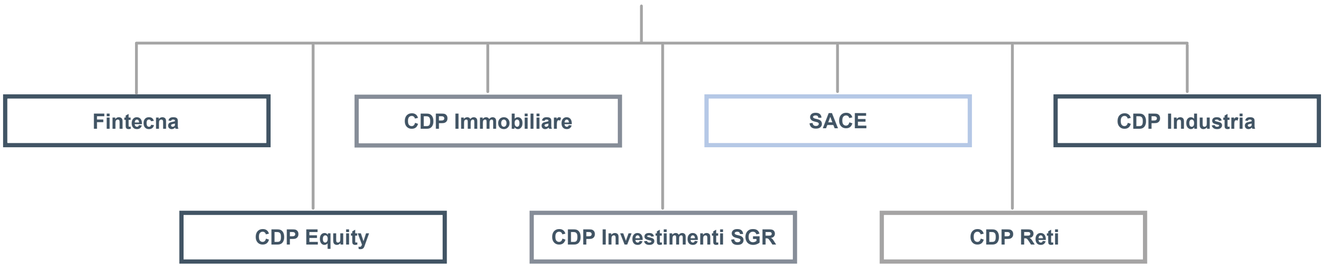
As at 30 June 2019, CDP employed 837 people, including 97 senior managers, 391 middle managers, 334 office workers and 15 employees seconded from another organisation.

In 2019, CDP personnel grew both in terms of number and quality, with 84 new hires against 44 people leaving the organisation.

Compared to last year, the average age of employees remained basically unchanged, around 44 years, while the percentage of employees with a tertiary education (bachelor's or master's degree, doctorate or other post-graduate qualification) slightly increased to 74%.

The companies subject to management and coordination by CDP, including the Parent Company, employed 2,138 people at 30 June 2019, an increase of 2%, or 36 people, on the figure at 31 December 2018[1].

1.2. GROUP COMPANIES



SACE GROUP

The SACE Group is an insurance and finance group operating in the areas of export credit, credit insurance, investment protection, financial guarantees, sureties and factoring.

The parent company SACE S.p.A., an Italian Export Credit Agency, was established in 1977 as a public entity under the supervision of the Ministry of the Economy and Finance (MEF). In 2004, it was transformed into a joint-stock company, wholly owned by the MEF. In 2012, CDP acquired the entire share capital of SACE S.p.A. from the MEF.

The SACE Group consists of SACE S.p.A. and the following main companies:

- SIMEST S.p.A., in which SACE S.p.A. has a controlling stake of 76%, focuses on the acquisition of equity stakes in enterprises, the financing of Italian business operations abroad and the provision of technical assistance and advisory services to Italian companies that are expanding their operations abroad;
- SACE BT S.p.A., engaged in the insurance of short-term credit;
- SACE FCT S.p.A., engaged in trade receivables financing;
- SACE SRV S.r.l., a subsidiary of SACE BT, specialised in business information solutions, application management and debt recovery.

At 30 June 2019, the SACE Group employed 983 people, 8 more than at 31 December 2018.

CDP EQUITY S.P.A.

CDP Equity (previously Fondo Strategico Italiano - FSI) was established in 2011. CDP has a 97.1% equity stake in it while Fintecna owns the remaining portion.

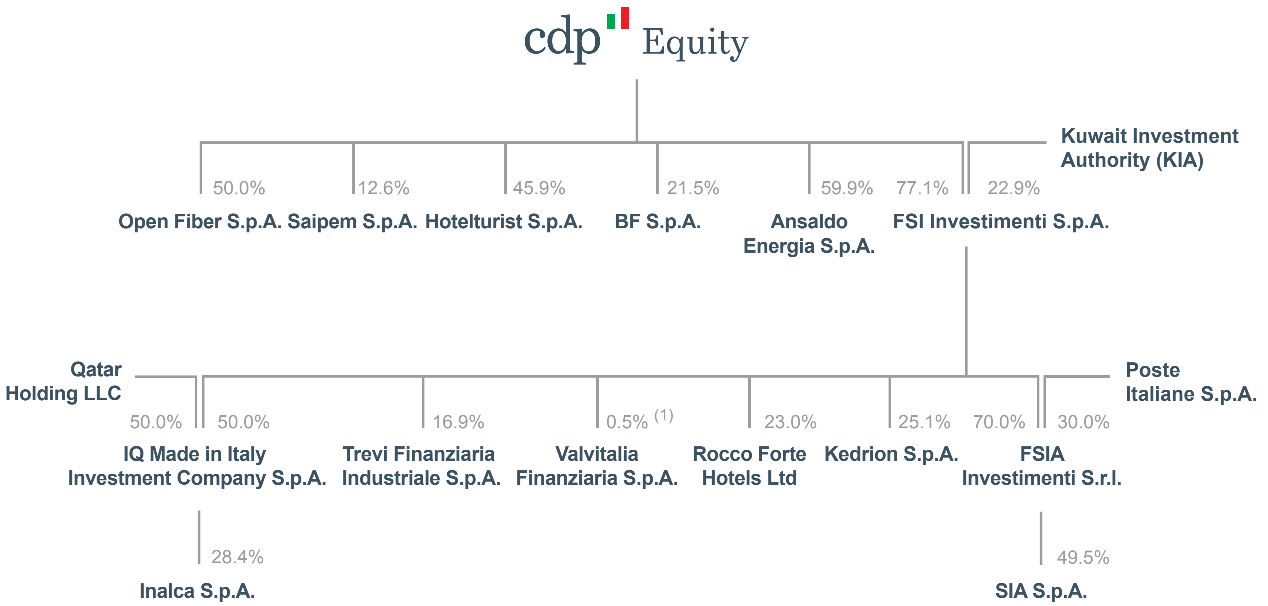
CDP Equity usually operates by acquiring non-controlling stakes in companies of major national interest that have a stable economic and financial position and are capable of generating value for investors.

To date, the company holds 11 equity participations, directly or indirectly through the following investment vehicles:

[1] The resources were calculated on a pro-forma basis for the entire Group according to the following logic: All the current resources, the seconded IN >50%, resources on maternity and parental leave, and the seconded OUT <50% were counted. The calculation did not include the resources seconded OUT >50%, the seconded IN <50%, interns, collaborators, temporary workers, workers on leave and the corporate bodies.

- FSI Investimenti S.p.A., 77.1% owned by CDP Equity and 22.9% by Kuwait Investment Authority (KIA)
- IQ Made in Italy Investment Company S.p.A., 50% owned by FSI Investimenti S.p.A. and 50% by Qatar Holding LLC
- FSIA Investimenti S.r.l., 70% owned by FSI Investimenti S.p.A. and 30% by Poste Italiane S.p.A.

Specifically, the equity investment portfolio of CDP Equity at 30 June 2019 is broken down as follows:



(1) 49.5% pro forma post convertible bond conversion.

At 30 June 2019, CDP Equity employed 28 people, 1 less than at 31 December 2018.

FINTECNA S.P.A.

Fintecna was established in 1993 for the specific purpose of restructuring recoverable businesses and performing transitional management activities linked to the liquidation of Iritecna to pave the way for its privatisation. In 2002, IRI (in liquidation) was incorporated into Fintecna together with its residual assets. In 2012, CDP acquired the entire share capital of Fintecna from the MEF.

Currently Fintecna's activities are geared towards: i) the management of equity investments through steering, coordination and control activities, ii) the management of liquidation procedures, iii) the management of litigation, mainly arising from the incorporated companies, and iv) other operations, including support initiatives for the communities affected by the earthquakes in Emilia in 2012 and in central Italy in 2016.

Furthermore, Fintecna holds, *inter alia*, a controlling stake in Fincantieri (71.64%), which by the way is not subject to management and coordination following its listing on the stock exchange, and the entire share capital of Ligestra Due, a vehicle mainly engaged in the liquidation management of entities, companies and assets.

At 30 June 2019, Fintecna employed 116 people, 10 less than at 31 December 2018.

CDP IMMOBILIARE S.R.L.

CDP Immobiliare, set up in 2007 as part of the Fintecna Group and become CDP's direct equity investment in 2013 following the spin-off of Fintecna's real estate activities, operates throughout the real estate sector, carrying out management, construction and marketing activities, with particular regard to the leveraging of its real estate assets through local urban growth and redevelopment projects.

CDP Immobiliare has developed a number of initiatives in partnership with operators in the real estate sector through the establishment of joint ventures. In particular, at 30 June 2019 CDP Immobiliare held equity participations in 14 companies, including Residenziale Immobiliare 2004, owner of the Piazza Verdi complex, formerly Istituto Poligrafico dello Stato in Rome, and Alfiere, the owner of the Torri dell'Eur complex in Rome.

At 30 June 2019, CDP Immobiliare employed 120 people, 4 more than at 31 December 2018.

CDP INVESTIMENTI SGR S.P.A.

CDP Investimenti SGR (CDPI SGR), 70% owned by CDP, was established in 2009 by CDP, Associazione delle Fondazioni bancarie e Casse di Risparmio (ACRI) and the Italian Banking Association (ABI).

CDPI SGR operates in the real estate investment sector, specifically in the promotion, establishment and management of closed-end funds reserved to qualified investors in specific real estate market segments. At 30 June 2019, CDPI SGR managed five real estate funds:

- Fondo Investimenti per l'Abitare ("FIA"), which invests in a network of local real estate funds active in the private social housing sector;
- Fondo Investimenti per la Valorizzazione ("FIV"), a real estate umbrella fund dedicated to the acquisition of real estate with unexpressed potential value that can be leveraged through change in use, upgrading or rental;
- Fondo Investimenti per il Turismo ("FIT"), focused on real estate investments in the tourism, hotel, hospitality and recreational sectors;
- Fondo Turismo 1 ("FT1"), focused on aggregating a diversified portfolio by acquiring real estate assets and renting these out to hotel operators;
- FIA 2, focused on real estate investments in housing and private services of public utility in the smart housing and smart working sectors.

In addition, there is Fondo Federal District ("FD"), which invests in real estate property intended mainly or exclusively for use as offices/services facilities, already leased or to be leased to Public Administration entities (or their investee companies). To date there have been no calls from the fund.

At 30 June 2019, the company employed 56 people, in line with 31 December 2018.

CDP RETI S.P.A.

CDP RETI was set up as an investment vehicle in 2012 to support the development of the infrastructure of natural gas transportation, dispatching, regasification, storage and distribution and of electricity transmission. It achieves this purpose by acquiring equity investments of systemic importance.

After the share capital was opened to outside investors in November 2014, the company's present shareholders are: CDP (59.1%), State Grid Europe Limited (35.0%) and other institutional Italian investors (with a collective interest of 5.9%).

At 30 June 2019, the company owned equity investments in Snam (31.04%), Terna (29.85%) and Italgas (26.04%).

At 30 June 2019, CDP RETI employed 3 people, plus 1 person under part-time secondment from the Parent Company, in line with 31 December 2018. To conduct its business, the company also relies on the operational support of CDP, which is provided under service contractual arrangements made at arm's length.

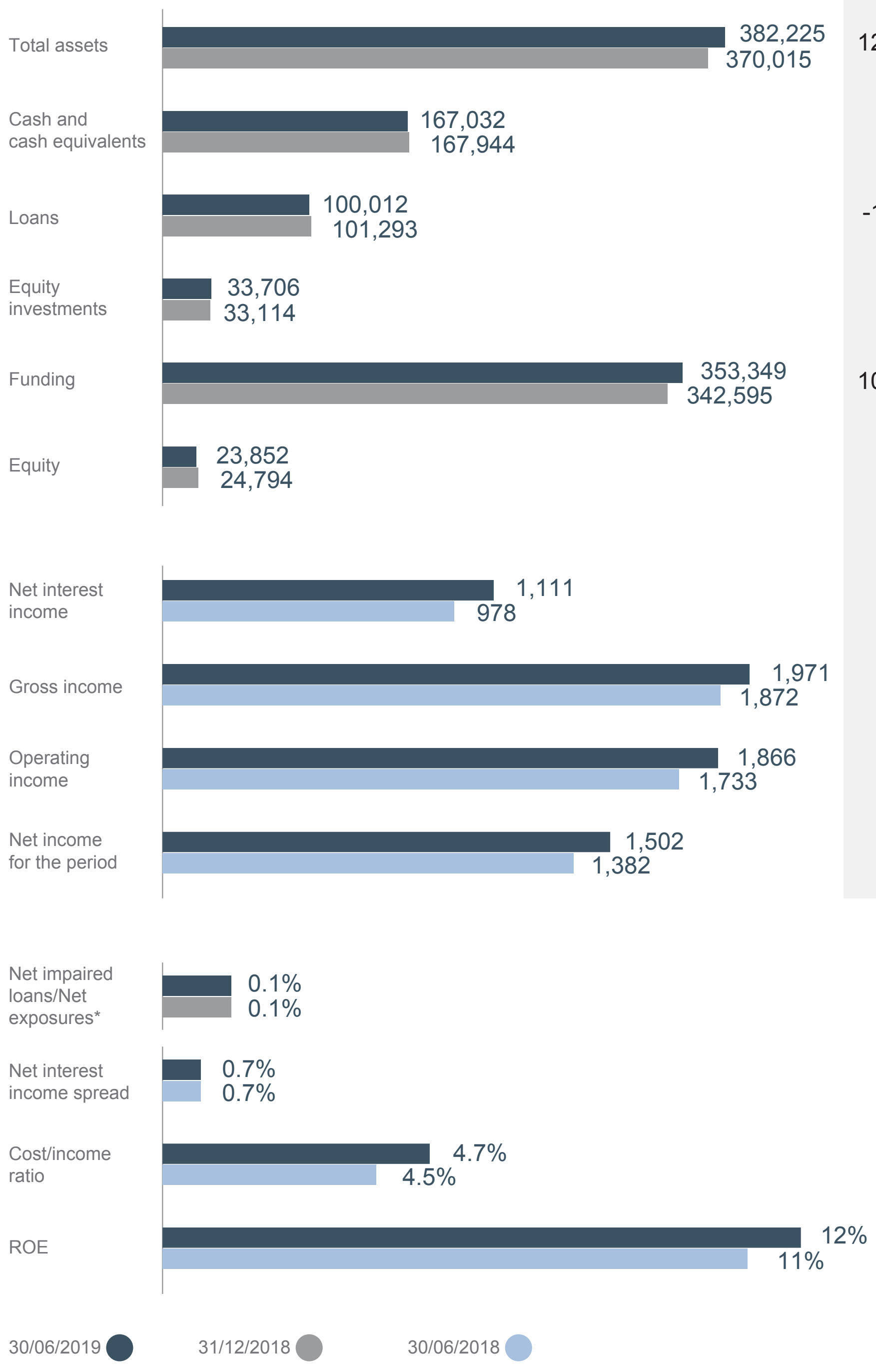
CDP INDUSTRIA S.P.A.

CDP Industria was set up on 26 March 2019 with the aim of holding the strategic equity investments of the CDP Group operating in the industrial sector and supporting their growth according to a long-term industrial approach.

The company is wholly owned by CDP.

2. FINANCIAL AGGREGATES AND PERFORMANCE INDICATORS

CDP S.p.A. - Financial aggregates[2] and performance indicators (millions of euro; %)



	Changes	
	Overall	%
Total assets	12,210	3.3%
Cash and cash equivalents	-913	-0.5%
Loans	-1,282	-1.3%
Equity investments	592	1.8%
Funding	10,755	3.1%
Equity	-429	-3.8%
Net interest income	133	13.6%
Gross income	99	5.3%
Operating income	133	7.7%
Net income for the period	120	8.7%

* Exposure includes Loans to banks and customers and disbursement commitments, Cash and cash equivalents, Bonds. Net exposure is calculated net of the provision for impaired loans.

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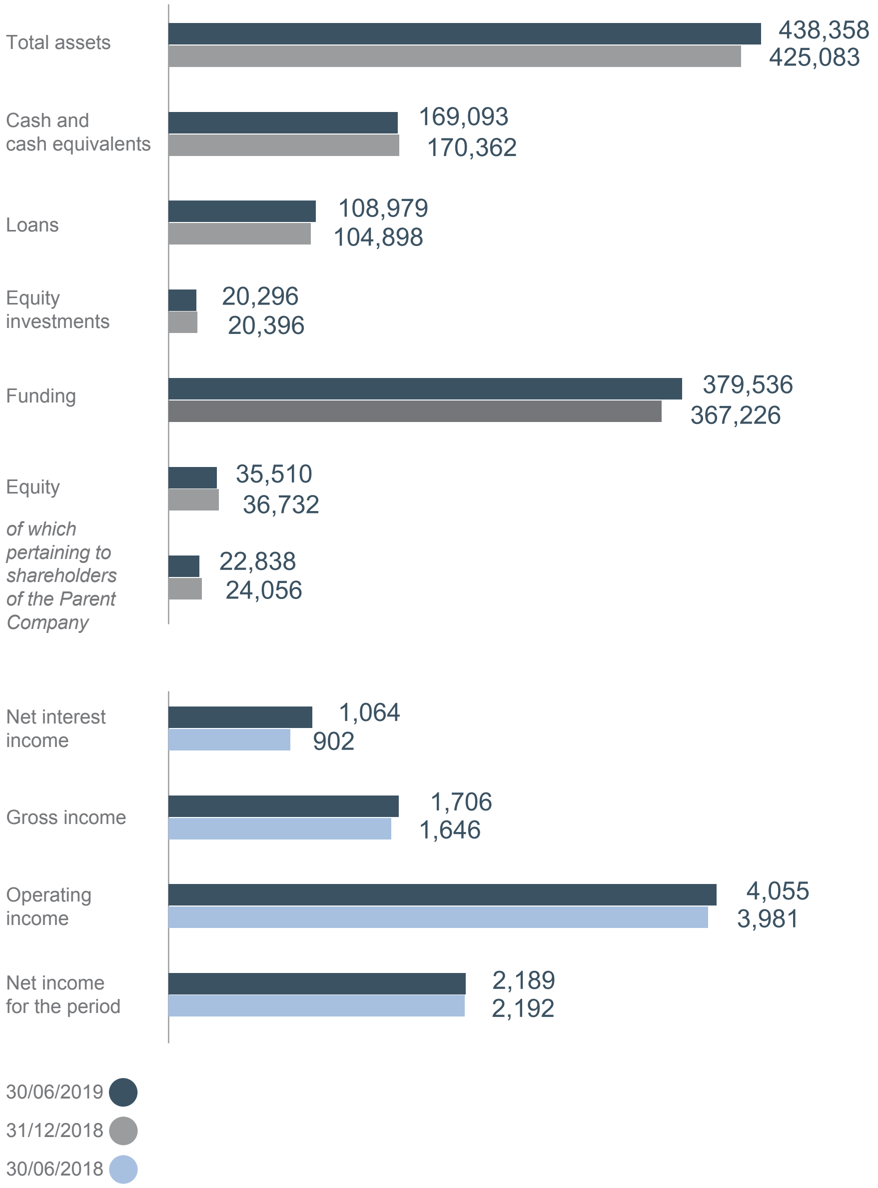
[2] Reclassified (see par.5.2.1)

CDP Group - Financial aggregates[3] and performance indicators (millions of euro; %)



	Changes	
	Overall	%
Total assets	13,275	3.1%
Cash and cash equivalents	-1,269	-0.7%
Loans	4,081	3.9%
Equity investments	-100	-0.5%
Funding	12,310	3.4%
Equity	-1,222	-3.3%
of which pertaining to shareholders of the Parent Company	-1,218	-5.1%
Net interest income	162	18.0%
Gross income	60	3.6%
Operating income	74	1.9%
Net income for the period	-3	-0.1%

[3] Reclassified (see par.5.2.2)

3. MARKET CONTEXT

3.1 MACROECONOMIC SCENARIO

According to recent estimates of the International Monetary Fund (IMF)[4], in 2019 the world economy is estimated to grow year-on-year at a rate of 3.3% (-0.3 percentage points compared to 2018). The global slowdown is especially affected by the weakening economic activity in advanced economies (+1.8%, -0.4 percentage points compared to 2018), and partly by the weaker growth performance in emerging economies (+4.4%, -0.1 percentage points compared to 2018). In particular, in the first half of the year the signs of cyclical deterioration strengthened, continuing to feed the geopolitical uncertainties attributable to several risk factors: the uncertain outcome of the trade negotiations between the United States and China, the reignition of the financial tensions in emerging countries, the methods with which the process of the United Kingdom leaving the European Union (Brexit) will be completed. In the Eurozone, the slowdown estimated for 2019 is more marked, with an expected growth rate of +1.3% (-0.5 percentage points compared to 2018). Also in the USA, GDP growth is expected to slow down to 2.3% (-0.6 percentage points compared to 2018).

In this context, the outlook for the Italian economy is particularly weak. The IMF estimates a GDP growth rate of +0.1% in 2019 (-0.8 percentage points compared to 2018), in line with the latest estimate disclosed by the European Commission.[5] According to the latter, the weakening of growth is mainly due to the estimated reduction in public spending and gross fixed capital formation equal to -0.1% and -0.3% respectively. On the other hand, estimates indicate a moderate growth in exports of goods and services and household consumption, equal to +1.9% and 0.6% respectively.

Despite the weakness in economic activity, the Italian labour market continued to show signs of improvement. Indeed, the employment rate rose to 59% in May (+0.4 percentage points compared to the previous year), corresponding to a rise in the number of people employed equal to +0.4% year-on-year. At the same time, the unemployment rate fell to 9.9%, below the 10% threshold for the first time since 2012. The youth unemployment rate, though falling to 30.5%, remains at historically high values.[6]

With regard to price trends, inflation continued to record very low rates, when considering both the consumer price index for the whole community (NIC) and the core index (net of food and energy products), equalling +0.9% and +0.5% year-on-year, respectively, in the average of the first half of 2019.[7] According to European Commission forecasts, the increase in the Harmonised Index of Consumer Prices (HICP) for 2019 is estimated at +0.8% (-0.3 percentage points compared to 2018), in line with that expected for the inflation rate calculated on the NIC index.[8]

3.2 BANKING SECTOR AND FINANCIAL MARKETS

In the first half of 2019, in a monetary policy context that remains accommodative, the interest rates of the money markets remained at very low levels, with Eonia and 3-month Euribor rates essentially stable at around -0.37% and -0.31%, respectively.

On the other hand, the Italian sovereign debt market was characterised by volatility, mainly due to the uncertainty linked to the keeping of public accounts. The tensions in the financial markets translated into an expansion of the spread between the benchmark 10-year Italian government bond and the corresponding German one, which exceeded 280 bps at the end of May. The prospect of a fiscal consolidation contributed to easing the tension and, at the end of June, the yield of the benchmark 10-year Italian government bond stood at 2.1%, with the spread against the German bond decreasing to 242 bps. At the same time, the Rendistato general index was around 1.7% (-50 bps compared to the end of 2018).

In the same period, the Italian stock market recorded a positive trend overall, with the FTSE MIB up 16% at the end of June compared to the end of 2018.[9]

[4] IMF, World Economic Outlook, April 2019.
[5] European Commission, AMECO, July 2019.
[6] ISTAT, July 2019.
[7] ISTAT, June 2019.
[8] European Commission, AMECO, July 2019.
[9] Thomson Reuters Datastream.

The volatility that characterised the sovereign debt market in the first half of the year was not reflected on the trend of the main bank interest rates. The average rates on bond funding and on household and business deposits[10] remained essentially unchanged at 2.4% and 0.4% in May, respectively. Interest rates on new loans to non-financial companies and to households for house purchase did not post significant changes, standing at 1.4% and 1.9% in May, respectively.[11]

With reference to lending and bank funding trends, in May the decline in bank loans to the private sector and the Public Administration ended[12] (+1.7% year-on-year). Restricting the analysis to the private sector[13], the trend continued to be positive (+1% year-on-year), though slowing down compared to the previous year, driven by the resilience of loans to households (+2.6% year-on-year), which more than offset the decline recorded in loans to non-financial companies (-0.2% year-on-year). In addition, the reduction continued in gross bad debts referred to loans to Italian residents (-37.5% year-on-year), which stood at around 92 billion euro. [14]

Regarding liabilities, the funding of Italian banks remained in a path of positive growth, consequently to the good performance of deposits, which more than offset the continuous drop in bonds. In particular, in May the deposits of the private sector[15] increased by 3.5% year-on-year, while bond funding[16] recorded a rate of change equalling -6.9% year-on-year.[17]

At the end of 2018[18] the stock of financial assets held by Italian households amounted to 4.2 trillion euro and is estimated to increase to 4.3 trillion euro in 2019.[19]

[10] The figure refers to the balances.
[11] Bank of Italy.
[12] Net of the transactions with central counterparties.
[13] The figure is adjusted to take into account securitisations and other receivables transferred and derecognised from the banks' financial statements.
[14] Bank of Italy.
[15] Net of the deposits connected to securitisations and the repurchase agreements with central counterparties.
[16] Bond funding includes non-resident customers.
[17] Bank of Italy.
[18] Bank of Italy, most recent data available.
[19] Oxford Economics.

4. 2019-2021 BUSINESS PLAN

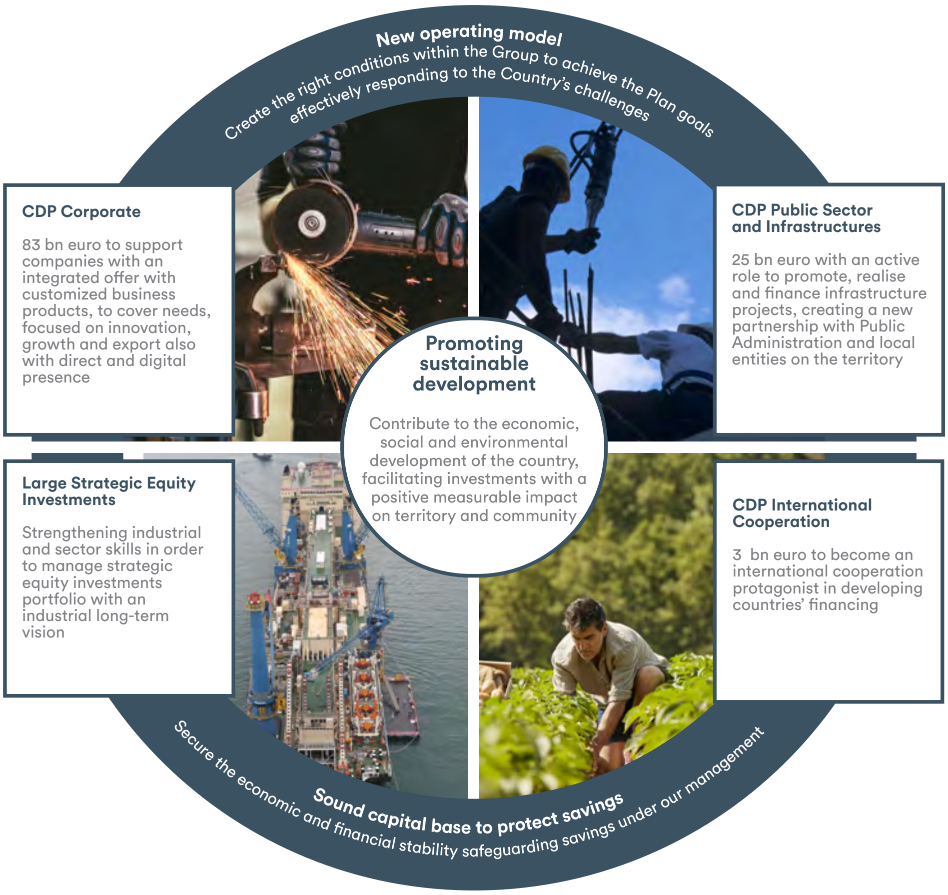
In December 2018, the Board of Directors of Cassa depositi e prestiti approved the new Business Plan for the three-year period 2019-2021.

The Plan defines the Group's objectives and strategic lines in light of Italy's main economic and social challenges, the major global trends (innovation and digitisation, energy transition and climate change, developing countries and international trade, social change) and the Sustainable Development Goals of the UN's 2030 Agenda.

The stimulus to business activities will be aided by an increasingly proactive business model, aimed at effectively accelerating the industrial and infrastructural development of the country in a sustainable way, and by the enhancement of the expertise and distinctive characteristics of CDP: protection of postal savings, long-term investment capacity, complementarity with the banking system, and economic and financial balance.

The ambition of the CDP Group is to activate a total of 203 billion euro between 2019 and 2021 to make a significant contribution to the sustainable growth of the country - committing 111 billion euro of its own funds and activating 92 billion euro of loans from private investors and other local, national and supranational institutions.

All the actions planned will be carried out by implementing a new business model, while ensuring an economic and financial balance and, therefore, the complete protection of savings that households entrust to CDP through postal savings bonds and passbook accounts, placing, for the first time, a strong focus on the promotion of sustainable and inclusive development.



To really support the country's economic, social and environmental growth, the CDP Group will arrange its operations along four main lines of action: Corporate; Public Sector and Infrastructures; International Cooperation; Large Strategic Equity Investments.

CDP Corporate

The Business Plan for the next three years provides for the investment of 83 billion euro in the innovation and growth of Italian enterprises, including their international expansion. This will be achieved by creating a single offering at Group level and by simplifying credit access channels. The aim is to increase the number of enterprises supported to the target number of 60,000 over the three-year term of the Plan (directly and indirectly, for example through the banking channel), with an increasing focus on SMEs.

The Group will provide enterprises with tools dedicated to:

- innovation - medium-/long-term lending activities will be expanded (in a complementary role with the banking system), also using Italian and European resources, subsidies and guarantees, and more incisive actions will be implemented in relation to venture capital, also through a dedicated asset management company (SGR) and through start-up incubator/accelerator funds;
- domestic and international growth - the scope of lending activities and direct guarantees for investments will be broadened; the SACE Group's operations will be strengthened in support of Italian exports (with the review of reinsurance and the introduction of new digital products and "education to export" initiatives); equity instruments will be reorganised and supply chain funds will be launched in sectors like mechanical engineering, agri-food and the white economy;
- helping SMEs obtain access to direct credit, also with the involvement of other investors using instruments like regional basket bonds, and access to indirect credit, in collaboration with the banking system and through national and European guarantees or funds.

A new multi-channel distribution model will be launched: enterprises will be able to access all of the Group's products through a single point of contact; the nationwide network will be expanded to include at least one contact point in every Italian region; the digital channel and collaborations with third-party networks will also be strengthened to support small and medium enterprises.

CDP Public Sector and Infrastructures

The Plan will release 25 billion euro to support local development and to help local authorities create infrastructure and improve services of public utility, thus strengthening the partnership with the Public Sector and increasing the Group's territorial presence.

To accelerate the development of infrastructure, a dedicated unit - "CDP Public Sector and Infrastructures" - will be set up to support local authorities in the planning, development and funding of the related works. In addition to its traditional role as a lender, CDP will also take on the role of promoter of new strategic works, involving industrial entities in public-private partnerships. The areas of intervention will be expanded, with a focus on mobility and transport, energy and networks, social initiatives and the environment.

Other aims include: strengthened collaboration with the Public Sector in order to re-launch investments and innovation, also through renegotiation and advances to facilitate access to national and European funds and the settlement of amounts due to enterprises; increasing the number of direct actions throughout the territory, with the launch of City Plans to redevelop urban areas and initiatives to support art, culture and tourism (fund for the redevelopment of tourism facilities, especially in southern Italy); support for services of public utility, including health (innovation of health services and senior housing), housing (social housing) and education (student housing and student loans).

CDP International Cooperation

3 billion euro has been allocated to fund projects in developing countries and emerging markets. In this sector as well, the innovative aspect of the Plan is CDP's proactive approach in moving from being a manager of public funds to being a lender, with the ability to channel funding by identifying the relevant investment projects. Loans will be granted to governments, as well as to multilateral financial institutions, such as development banks. CDP will also support enterprises by participating in Italian investment funds or those of target countries, even with Italian industrial partners.

Large Strategic Equity Investments

The Group's portfolio will be reorganised on the basis of an industrial approach and by business sector, so as to support the development pathways over the long term. The objective is threefold: to support the creation of industrial expertise in the strategic supply chains of the production system; to support cooperation opportunities between investees; to support the growth of the many enterprises that are part of value creation chains.

Capital strength and protection of savings

The new Business Plan identifies ambitious growth objectives which place Cassa depositi e prestiti at the centre of the country’s economic development - to be pursued whilst ensuring continued focus on economic, financial and capital equilibrium.

CDP will continue to expand and diversify its lending instruments and will continue to optimise its strategy to hedge risks linked to the evolution of its operations. The plan to renew and develop postal savings bonds and passbook accounts will be continued by expanding the range of digital products and services and increasing the forms of funding dedicated to activities with a social and environmental impact, such as social bonds and green bonds.

The new business model

In order to achieve the targets of the Plan and in the light of the new business lines, an evolution in the business model is already in progress so as to respond effectively to the challenges of the country. The new model involves various actions. One of these has already been launched and involves the strengthening of human capital, the Group’s primary asset, with the attraction and development of talents, also through the creation of an internal Academy. There will also be a streamlining in the organisation and in the operational and decision-making processes, as well as the creation of customer-oriented solutions. Lastly, to this end, both CDP’s offer and its communications with enterprises and the Public Administration will be digitalised.

CDP for the sustainable development of the country

Through its new Business Plan, CDP intends to make a proactive contribution to the achievement of the objectives set by the United Nations’ 2030 Agenda, also signed by Italy. The integration of sustainability into CDP’s choices will be initiated through a gradual shift of investments towards initiatives with clear and measurable social and environmental impacts. Based on this approach, new investment assessment criteria will be adopted for the first time to take into account social and environmental aspects together with the traditional economic-financial parameters, the aim being to minimise the Environmental, Social and Governance (ESG) risk and maximise the positive impacts for the community and the territory. Therefore, sustainability will no longer be viewed as a positive “side effect” of CDP’s investments - which have generated positive externalities in the country for over 160 years - but as the founding element of its business strategy.

5. GROUP OPERATIONS

5.1 BUSINESS PERFORMANCE

In the first half of 2019, new lending, investment and resources by the CDP Group[20] totalled around 13 billion euro. Resources were allocated to each of the lines of action in the following proportions: 87% of the total to "CDP Corporate", 12% to "CDP Public Sector and Infrastructures" and 1% to "CDP International Cooperation".

New lending, investments and resources broken down by lines of action - CDP Group

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
CDP Corporate	11,103	10,904	199	1.8%
CDP Public Sector and Infrastructures	1,539	1,846	(306)	-16.6%
CDP International Cooperation	159	18	141	n.s.
Total	**12,801**	**12,768**	**33**	**0.3%**

5.1.1 CDP S.P.A.

5.1.1.1 Lending

Consistently with the lines of action defined by the 2019-2021 Business Plan, CDP lending is arranged into the following company Departments:

i) CDP Corporate, which pursues the mission of ensuring financial support to the national productive and entrepreneurial fabric for development, innovation and growth, also at an international level;

ii) CDP Infrastructures, Public Sector and Territorial Development, which mainly deals with the granting of loans intended for investment by public entities in the territory and support for the construction of infrastructure, also through advisory and promotion activities;

iii) CDP International Cooperation, aiming to promote initiatives to support developing countries, towards both public or private-sector entities;

iv) Chief Investment Officer, dedicated to supporting enterprises, infrastructure and the local areas through equity investments in companies of relevant national interest as well as through the subscription of units in mutual investment funds.

CDP Corporate

The CDP Corporate Department pursues the mission of ensuring financial support to the national productive and entrepreneurial fabric for development, innovation and growth of enterprises, also at an international level.

In line with the 2019-2021 Business Plan, CDP Corporate extended its action by promoting new initiatives aiming at i) facilitating access to CDP's offer from enterprises and ii) creating targeted products to satisfy their needs.

With reference to the initiatives aiming to facilitate access to the products of the CDP Group, please note:

- the review of the service model with the creation of a single commercial interface in CDP as a point of access for all Group solutions dedicated to the large enterprise segment;

[20] Group means the Group consisting of CDP S.p.A. together with the subsidiaries and companies subject to management and coordination, as specified in the previous paragraph 1.2 Group Companies.

- the development of the nationwide network to ensure greater proximity to the territory, with the opening in May of the first integrated Group office in Verona;
- the review of the Group's multi-channel model, with the launch of the new website in June;
- the strengthening of agreements with partner companies through supply chain projects: in May the Defence supply chain project was launched, through the signing of a Memorandum of Understanding with Leonardo;
- the launch of "Officina Italia", a permanent focus group with a sample of over 100 enterprises representing the Italian entrepreneurial fabric;
- the strengthening of agreements with third party networks to consolidate CDP's brokered offer model and increase lending activities with SMEs and Mid-caps. In particular, Memoranda of Understanding were signed in June with Assoconfidi and 16 Confidi (supervised by the Bank of Italy pursuant to Article 106 of the Consolidated Law on Banking).

With reference to the initiatives aimed at creating a product offer targeting the needs of enterprises, please note:

- the review of the offer model, by creating a new rationalised product catalogue that can be consulted online in a flexible manner;
- the expansion of risk sharing tools to support enterprises' access to credit, with the signing of a counter-guarantee agreement with the EIF for the provision of guarantees on a new portfolio of transactions originating from the SME Fund;
- the strengthening of alternative financing solutions for enterprises, with the development of innovative asset classes such as the Minibond securitisations (so-called Basket Bonds).

These initiatives made it possible to strengthen support to enterprises, which is provided through i) the direct channel, ii) the indirect channel and iii) alternative financing operations.

With reference to the direct channel, CDP Corporate pursues the mission of ensuring the financing of initiatives, in any technical form, under an ordinary or separate account system, based on the related regulatory provisions. In the first half of 2019, CDP continued to provide financial support to Italian companies, with a particular focus on supporting innovation and growth plans. In addition, the Department supports exports by financing initiatives aiming to support international expansion and the exports of Italian enterprises, with SACE insurance instruments and SIMEST interest subsidies, where applicable. These transactions are typically carried out in a complementary role to the banking system, through the joint participation in the above mentioned financing transactions, mainly under a separate account system, or with an ordinary account in accordance with the current legislation. In particular, during the first half of 2019, structuring and preliminary activities continued in the main sectors of competence (Cruise Ship, Aerospace and Defence, Oil&Gas, Mechanical and Automotive sectors) and, in line with the 2019-2021 Business Plan, new tools were developed and promoted to accompany Italian enterprises in the international markets in certain geographical areas and in relation to the specific needs of enterprises, including small ones.

With reference to the indirect channel, the CDP Corporate Department acts to support the country's economy and SMEs, in synergy with the financial system. The main operations are: i) the management of subsidised credit instruments introduced by specific laws and regulations, ii) liquidity instruments for banks, primarily to facilitate access to credit for enterprises and support reconstruction in the wake of natural disasters, and iii) tools designed to help financial institutions optimise their use of capital in order to encourage new lending to enterprises.

The granting of subsidised loans primarily draws on CDP funds with state interest subsidies (the Revolving Fund supporting enterprises and investment in research - FRI), while also taking advantage, to a residual extent, of Central Government funding in the form of capital grants (Territorial Agreements and Area Contracts, Low Environmental Impact Vehicles Fund) or other subsidised financing (Kyoto Fund). In particular, during the first half of 2019, new loans of 0.1 billion euro were granted drawing on the FRI.

Liquidity Funds for financial institutions continues with the aim of: i) disbursing loans to Enterprises (SME, MIDCAP, Networks & Supply Chain and Capital Goods funds), ii) assisting in the reconstruction and economic recovery of areas hit by natural disasters in favour of which, in the first six months of the year, loans were granted for 0.4 billion euro (2012 Earthquake, Natural Disasters and Central Italy Earthquake funds), and iii) supporting the residential real estate market (Housing fund). The range of funding instruments for financial institutions has grown over time, including new technical forms of financing such as, for instance, the granting of direct loans, including in the form of bond subscription, in favour of specialised banks or non-banking financial intermediaries, or the purchase of securities for SME loan securitisation or covered bonds (covered bank bonds pursuant to Article 7-bis of Law no. 130/99).

With regard to the capital optimisation guarantee transactions, during March 2019 the first transaction with the SME Guarantee Fund ended (referred to in Law no. 662/96) within the framework of the EFSI Thematic Investment Platform for Italian SMEs. In this context, thanks to the counter-guarantee issued by CDP, also supported by resources from the

COSME European programme (Programme for the Competitiveness of Enterprises and Small and Medium Enterprises), in less than 20 months the SME Fund has provided new guarantees in favour of about 47,000 SMEs, which gained access to loans of about 4.2 billion euro. Following the success of the initiative, in June 2019 CDP signed a new counter-guarantee agreement with the EIF, and subsequently issued a letter of commitment in favour of the SME Fund for the provision of 80% guarantees on a new portfolio of transactions originating from the latter for a maximum value of 3.8 billion euro.

With reference to alternative financing operations, the CDP Corporate Department is responsible for developing and structuring financial products, solutions and specialised and innovative tools to support the development of the Alternative Financing market and platforms that match the supply and demand of credit/capital for enterprises on non-banking circuits. The main operations are: i) the development of innovative asset classes such as the securitisation of Minibonds (so-called Basket Bonds), with the role of Anchor Investor or guarantor and ii) support for access to credit for SMEs and Mid-Caps through financial intermediaries through the subscription of units of diversified debt funds. In particular, in the early months of 2019, a new initiative was launched to support the process of international expansion of companies participating in the ELITE programme of Borsa Italiana. This initiative (Elite Basket Bond Export) envisages the issue of Minibonds by SMEs and Mid-caps for a maximum amount of 0.5 billion euro; at the first closing, 10 Italian enterprises with a turnover range between 20 and 120 million euro participated, i.e. smaller than those typically financed by CDP, for a total amount of issues equalling 50 million euro. The resources raised through the issue of bonds are used to finance investment and growth plans in international markets.

Shown below is the stock of loans of the CDP Corporate Department at 30 June 2019.

The stock of outstanding debt amounts to 20.0 billion euro, decreasing by 1.5% on the figure recorded at the end of 2018, mainly as a result of the redemptions and early terminations, which more than offset the disbursements of the first half of 2019. The total stock of outstanding debt and commitments amounts to 32.3 billion euro, a 1.8% decrease from the end of 2018. The change was attributable to lower volumes of new lending compared to the principal repayments made in the first half of 2019.

CDP Corporate - Stock of loans

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Enterprises	**2,176**	**1,978**	**198**	**10.0%**
Loans	1,198	1,044	154	14.8%
Securities	977	934	43	4.6%
Financial Institutions	**12,378**	**13,469**	**(1,091)**	**-8.1%**
Indirect supporto to enterprises	2,704	3,578	(874)	-24.4%
Residential Real Estate	866	922	(56)	-6.1%
Natural disasters	5,802	5,632	170	3.0%
Financial institutions loans/securities	2,227	2,477	(249)	-10.1%
Other products	778	860	(82)	-9.5%
International Financing	**5,492**	**4,897**	**596**	**12.2%**
Loans	5,492	4,897	596	12.2%
Total outstanding debt	**20,046**	**20,344**	**(298)**	**-1.5%**
Commitments	12,303	12,606	(303)	-2.4%
Total	**32,348**	**32,950**	**(601)**	**-1.8%**

CDP Infrastructures, Public Sector and Territorial Development

The CDP Infrastructures, Public Sector and Territorial Development Infrastructures Department performs its activity of support to the Public Administration and development of the national Infrastructure.

The actions in favour of the Public Administration and the local area concern the financing of public entities and public-law bodies through the development of customer contracts and the offer of products in accordance with the principles of accessibility, equality of treatment, pre-specification of terms and non-discrimination.

In line with the 2019-2021 Business Plan, during the first half of 2019 CDP expanded its scope of support to the Public Administration through:

- the launch of the new product Liquidity Advances in favour of municipalities, metropolitan cities, provinces, regions and autonomous provinces. These advances are aimed at the payment of certain, liquid and collectable payables accrued at 31 December 2018, relating to provisions, supplies, contracts and obligations for professional services, recorded in the electronic platform (the so-called "Platform of Trade Receivables") for the electronic management of the issue of the certification (referred to in Article 7, paragraph 1, of Decree-Law no. 35 of 8 April 2013, converted, with amendments, by Law no. 64 of 6 June 2013). CDP thus promptly implemented the provisions of the 2019 Budget Law (Article 1, paragraphs 849 to 857, of Law no. 145 of 30 December 2018) with regard to the sale of trade payables of the Public Administration to enterprises;
- the activation of a new loan renegotiation programme for metropolitan cities and for the municipalities that are the capitals of the region or the setting for a metropolitan area, which was joined by two local entities for a total outstanding debt of approximately 0.8 billion euro. The purpose of this operation is to free up resources for the settlement of any existing derivatives or for new investments;
- the definition of the new Project Revolving Fund that, in addition to expanding the scope of activity, has allowed the entities to access advanced resources to cover environmental impact assessments and the expenses related to the preparation of documents. This tool thus promptly implemented the new provisions introduced by the 2019 Budget Law (Article 1, paragraphs 171 to 173, of Law no. 145 of 30 December 2018), supporting the needs of local entities that arise in the planning and project phases in preparation for the execution of public investments;
- the launch of the new Heating Account Investment Loan product, aimed at municipalities, provinces and metropolitan cities to encourage energy efficiency measures in the local area, leveraging the resources made available by Gestore dei Servizi Energetici (GSE), which promotes sustainable development in Italy through incentives for renewable sources and energy efficiency.

The new initiatives, promoted as part of the 2019-2021 Business Plan, are in addition to the support through historical operations, which in the first half of 2019 saw:

- the full introduction of the Cash Advances product (authorised by Article 1, paragraph 878, lett. a) of Law no. 205 of 27 December 2017) started at the end of 2018 and meant for municipalities with a resident population of up to 5,000 inhabitants that entrust their treasury service to Poste Italiane;
- support i) to the local authorities of the Emilia-Romagna, Lombardy and Veneto Regions, affected by the May 2012 earthquake, by deferring the loan instalments falling due and/or payable in 2019 with instalments to be repaid in 10 years from 2020 with no additional interest and ii) to the 3 municipalities of the island of Ischia affected by the earthquake of August 2017, for which the payment of the instalments due in 2020 was postponed until the year following the expiry of the original repayment schedule, with no additional interest;
- the initiative in favour of local authorities, with the signing in June 2019 of a special agreement with the Ministry of Infrastructure and Transport, with regard to support and technical assistance activities related to the use of the resources of the Fund for the design of local authorities (referred to in Article 1, paragraphs 1079-1084, of Law no. 205 of 27 December 2017);
- management of subsidised loans for energy efficiency measures in school and university buildings to draw on the Kyoto Fund, established at CDP (under Article 1, paragraphs from 1110 to 1115, of Law no. 296 of 27 December 2006);
- the continuation of the activity of financial support to entities.

CDP's actions to support Infrastructure were extended in the first half of 2019, in line with the 2019-2021 Business Plan, by combining financial support with i) advisory activities for the Public Administration and ii) the promotion of initiatives aimed at developing strategic projects (in the areas of energy, networks, the environment, industry, digital and social), including through agreements/partnerships with market operators.

In relation to the advisory activity, CDP has launched technical and financial support to the Public Administration to cover the entire life cycle of the project (planning, design and execution of the work).

With regard to the promotion of infrastructural initiatives in the field of energy transition, the following agreements have been signed:

- on 28 February 2019 with Snam S.p.A. for the promotion of energy efficiency also in the Public Administration;
- on 12 March 2019 with Eni S.p.A. for the development, among other things, of plants for the production of energy from renewable sources and fuels starting from the treatment of the organic fraction of municipal waste;

- on 19 April 2019 with Eni S.p.A., Terna S.p.A. and Fincantieri S.p.A. for the evaluation, development and construction of wave energy production plants.

With regard to the promotion of initiatives in the social and digital infrastructure sector, on 15 March 2019 a Memorandum of Understanding was signed between CDP, Acea S.p.A. and the A. Gemelli IRCCS University Hospital Foundation for collaboration aimed at developing smart health services.

Finally, with reference to financial support or the granting of loans in any technical form in favour of enterprises and public-law entities and bodies, in the transport, energy/utilities, water, waste, construction, social infrastructure and telecommunications sectors, new contracts were finalised in the first half of 2019 to support investments in the safety of the country's strategic energy supplies and in the national electricity grids.

Shown below is the stock of loans of the CDP Public Sector and Infrastructures Department at 30 June 2019.

The stock of outstanding debt amounts to 79.6 billion euro, decreasing by 1.1% on the figure recorded at the end of 2018, mainly as a result of the redemptions and early terminations, which more than offset the disbursements of the first half of 2019. The total stock of outstanding debt and commitments amounts to 88.8 billion euro, a 1.7% decrease from the end of 2018. The change was attributable to lower volumes of new lending compared to the principal repayments made in the first half of 2019.

CDP Infrastructures, Public Sector and Territorial Development - Stock of loans

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Infrastructures	**6,523**	**6,923**	**(400)**	**-5.8%**
Loans	4,859	5,369	(510)	-9.5%
Securities	1,663	1,553	110	7.1%
Public Sector	**73,124**	**73,597**	**(472)**	**-0.6%**
Local authorities	26,766	27,451	(685)	-2.5%
Regions and autonomous provinces	16,312	16,242	70	0.4%
Other public entities and public - law bodies	1,827	1,890	(63)	-3.3%
Government	28,220	28,014	206	0.7%
Total outstanding debt	**79,647**	**80,519**	**(872)**	**-1.1%**
Commitments	9,114	9,806	(692)	-7.1%
Total	**88,760**	**90,325**	**(1,565)**	**-1.7%**

CDP International Cooperation

The activity of the International Cooperation Department supports international cooperation initiatives, under the Separate Account, by managing financial products earmarked for partner developing countries and the private sector, through both third-party fund management and lending of CDP funds, in accordance with the provisions of Law 125/2014.

With regard to the regulatory framework, the 2019 Budget Law amended Law 125/14, introducing regulatory changes aimed at strengthening CDP's role as a financial institution for international development cooperation, such as, for example, the provision of a guarantee of last resort of the State to assist CDP's exposure towards sovereign parties and the extension of the forms of intervention that CDP can adopt by benefiting from the coverage of available guarantees.

In line with the 2019-2021 Business Plan, CDP entered into the first so-called mixed credit transaction, combining its own resources with resources from the Revolving Fund for Development Cooperation, for a total value of 50 million euro (20 million euro of CDP resources and 30 million euro from the FRCS) in favour of the Central Bank of Tunisia, aimed at supporting access to credit for Tunisian SMEs, with a focus on women and young people, through the granting of credit lines to local financial institutions.

During the first half of 2019, CDP also extended its scope of action, in line with its strategy for the development of new products, by signing:

- a Memorandum of Understanding ("MOU") with the United Nations Development Programme ("UNDP"), which envisages the development of joint initiatives dedicated to economic and social growth, the fight against climate change and poverty reduction in emerging economies and developing countries;
- an agreement with Corporación Andina de Fomento (CAF) for the promotion of cooperation initiatives of mutual interest, as part of a broader strategy for developing relations with the Multilateral Development Banks (MDBs);

- a collaboration agreement with the Ministry of Finance of the Republic of Angola aimed at supporting the achievement of sustainable development goals in the priority sectors of the African country's economy such as agribusiness, tourism, infrastructure, energy and manufacturing.

In the context of the new EU External Investment Plan (EIP), together with the partnering Financial Institutions, CDP started negotiations with the European Commission for three initiatives approved at the end of 2018 (InclusiFi, African Development Bank, EGRE – European Guarantee for Renewable Energy), which envisage the allocation of 75 million euro of EU guarantee and about 18 million euro for technical assistance under co-management with the partners. During the first half of 2019, negotiations began on the guarantee and technical assistance agreements for some of the initiatives presented as part of the EIP (e.g. Archipelagos).

Furthermore, in June 2019, CDP passed the first of the three steps needed for the Green Climate Fund (GCF) accreditation, a necessary step to access the financial resources of the fund to be used, combined with its own resources, for projects aimed at countering and managing climate change, to be implemented in partner developing countries.

Lastly, as part of the continuous management of third-party funds, the following should be noted:

- with regard to the Revolving Fund for Development Cooperation (FRCS), subsequent to the signing of the relevant intergovernmental agreements, the execution of 2 loan agreements with the beneficiary countries of the Italian government cooperation programme, totalling 95 million euro from the FRCS. In particular, 65 million euro were granted to the Afghan Government for the construction of the Afghanistan-Iran railway corridor and 30 million euro were granted to the Burmese Government to improve the accessibility to electrical services for rural populations and increase skills in the field of electrification by institutions;
- with regard to the Fund established by the Ministry of the Environment and Protection of the Land and Sea (MATTM), which is dedicated to the financing of green cooperation projects, CDP continued to carry out the activities envisaged in the service agreement signed for the management of the fund (totalling approximately 73 million euro).

Shown below is the stock of loans of the CDP International Cooperation Department at 30 June 2019.

The stock amounts to 20 million euro due to the signing in the first half of 2019 of the first loan, not yet disbursed, from own resources.

CDP International Cooperation – Stock of loans

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Commitments	20	-	20	n.s.
Total	**20**	**-**	**20**	**n.s.**

Chief Investment Officer

The Chief Investment Officer Department acts, according to a long-term approach, to support the growth, innovation and international expansion of enterprises, as well as the development of infrastructures and local areas, through:

- direct investments in the capital of companies of relevant national interest (in terms of the strategic nature of their operating sector, employment levels, turnover or impact on the country's economic and production system) that are in a situation of stable financial, capital and economic balance and feature adequate earnings prospects;
- indirect investments through mutual funds and investment vehicles, thus facilitating the involvement of third-party investors (e.g. institutional investors) with the aim of increasing support for the economy through the so-called "multiplier effect".

The equity investment portfolio of CDP at 30 June 2019 is broken down as follows:

- Group companies, either instrumental to the role of "National Promotional Institution" (i.e. SACE Group, CDP Immobiliare, CDP Investimenti Sgr, Fintecna) or functional to acquire and hold, with a long term perspective, equity investments of relevant national interest (i.e. CDP Equity, CDP Reti, CDP Industria);
- Listed and unlisted companies from strategic sectors strategic for the economy (e.g. ENI, Poste Italiane, TIM);
- Investment funds and investment vehicles operating:
    - in support of enterprises along the entire life cycle (e.g. FII Venture, Fondo Innovazione e Sviluppo, FII Tech Growth, FSI I, Fondo QuattroR);
    - in the infrastructure sector, to support the creation of new infrastructure and manage existing infrastructure (e.g. F2i, Inframed, Marguerite);
    - in support of projects involving urban redevelopment, social housing and the renovation of tourist facilities (e.g. Fondo Investimenti per l'Abitare, Fondo Investimenti per la Valorizzazione, Fondo Investimenti per il Turismo).

Equity investments and funds - portfolio composition

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
A. Group companies	**12.208**	**12.089**	**118**	**1%**
B. Other equity investments	**19.000**	**18.641**	**359**	**2%**
Listed companies	*18.934*	*18.574*	*360*	*2%*
Unlisted companies	*66*	*66*	*0*	*-1%*
C. Investment funds and investment vehicles	**2.499**	**2.384**	**114**	**5%**
Total	**33.706**	**33.114**	**592**	**2%**

In the first half of 2019, CDP's main investments included:

- the purchase of an additional share in the capital of Telecom Italia S.p.A. (currently equal to 9.9%), with the aim of supporting the process of value creation launched by the company in a sector of primary interest for the country;
- the capital increase in CDP Immobiliare in order to support the company's business and the investments of its investee companies;
- the establishment of CDP Industria, a vehicle wholly owned by CDP to hold strategic equity investments with an industrial approach over the long term;
- investments in funds:
  - for the growth, innovation and international expansion of "Enterprises" through the investment in Fondo Innovazione e Sviluppo for the purchase of Fonderie Montorso and in Fondo QuattroR for the purchase of Trussardi;
  - for the development of "Infrastructure", thanks to investments in Marguerite Fund 2 for the construction of new infrastructure (e.g. the construction of submarine fibre cable between Europe and Latin America through Ellalink) and in Secondo Fondo F2i for the consolidation of the Italian port sector, through the investment in Porto di Carrara, and in the renewable energy segment through the purchase of the Mercure plant from the Enel Group;
  - in the "Real Estate" sector, mainly in Fondo Investimenti per l'Abitare in support of social housing.

Finally, the increase in the equity investment portfolio of CDP at 30 June 2019 also reflects the impairment reversal of the equity investment in Fintecna consequent to the results of the impairment test.

5.1.1.2 Finance and Funding Activities

With regard to Finance investments, the following table shows the aggregates for cash and cash equivalents and debt securities.

Stock of finance investment instruments

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/ -)	(%) change
Cash and other treasury investments	167,032	167,944	(913)	-0.5%
Debt securities	68,006	60,004	8,002	13.3%
Total	**235,037**	**227,948**	**7,089**	**3.1%**

Total cash and cash equivalents and other treasury investments amounted to 167 billion euro at 30 June 2019, essentially in line with the figure of the end of 2018. This aggregate includes the balance on the current account held with the Central State Treasury, which CDP uses to deposit funding in excess of investments made in the Separate Account, which stood at 157 billion euro, increasing by approximately 1 billion euro on the figures recorded at the end of 2018.

The balance of the securities portfolio at 30 June 2019 was 68 billion euro, marking an increase on the figure at the end of 2018 (60 billion euro). The overall duration of the portfolio has essentially remained unchanged. With regard to securities classified under the Held to Collect and Sell ("HTCS") portfolio, activities on positions in European government securities and corporate securities continued, with a view to diversifying the portfolio and optimising returns. Overall, the securities portfolio mainly consists of Italian government securities and is held for asset & liability management purposes, investment purposes, and to stabilise CDP's net interest income.

Postal funding

Postal savings constitute a major component of household savings. In detail, the percentage impact of postal savings (including bonds pertaining to the MEF) in respect of total Italian household financial assets was substantially stable at 8% at the end of 2018.

At 30 June 2019, postal funding, consisting of passbook savings accounts and postal savings bonds pertaining to CDP, totalled 260,308 million euro, marking an improvement on 31 December 2018 (258,040 million euro).

CDP stock of postal savings

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Postal savings bonds	157,280	152,266	5,014	3.3%
Passbook accounts	103,028	105,774	(2,746)	-2.6%
Total	**260,308**	**258,040**	**2,268**	**0.9%**

In the first half of 2019, CDP's net funding equalled +520 million euro, improving by 1,410 million euro compared to the same period of 2018. This result was due to the excellent performance of postal savings bonds, with net funding of +3,281 million euro, which more than offset the net funding from passbook savings accounts of -2,761 million euro, which however improved compared to the first half of 2018 (-2,968 million euro).

The improved net bond funding (+1,202 million euro compared to the first half of 2018) is attributable to the growing volume of new subscriptions, equal to 11,441 million euro (+21% compared to the first half of 2018).

Postal savings bonds and passbook savings accounts - changes in CDP net funding

(millions of euro)	Subscriptions/Deposits	Redemptions/Withdrawals	Net funding in the first half of 2019	Net funding in the first half of 2018	Change (+ / -)
Postal savings bonds	11,441	(8,161)	3,281	2,078	1,202
Passbook accounts	45,201	(47,962)	(2,761)	(2,968)	207
Total	**56,642**	**(56,123)**	**520**	**(890)**	**1,410**

The stock of Postal savings bonds pertaining to CDP totalled 157,280 million euro at 30 June 2019, increasing from 152,266 million euro at the end of 2018, mainly as a result of positive net funding and interest accrued on Bonds in the first half of 2019.

For bonds, the stock figure includes transaction costs recognised in application of the IFRS, consisting of distribution fees paid to Poste Italiane on subscriptions of 3-year Plus Bonds, 3X2 bonds, 3X4 bonds, inflation bonds, 4-year Risparmio Semplice bonds and of the deferred distribution fee applicable to all types of bonds issued between 2007 and 2010.

The stock of passbook savings accounts totalled 103,028 million euro at 30 June 2019, decreasing from 105,744 million euro at the end of 2018, mainly as a result of negative net funding recorded in the first half of 2019.

Postal savings bonds and passbook savings accounts - changes in CDP stock

(millions of euro)	31/12/2018	Net funding	Interest	Withholding tax	Transaction costs	Premiums accrued on postal bonds	30/06/2019
Postal savings bonds	152,266	3,281	1,993	(108)	(152)		157,280
Passbook accounts	105,774	(2,761)	18	(4)			103,028
Total	**258,040**	**520**	**2,012**	**(112)**	**(152)**		**260,308**

Note: the item "transaction costs" includes the distribution fee on the subscriptions of 3x4 Vouchers, 3x2 Vouchers, 3 Years Vouchers Plus, Inflation Vouchers and 4 Years Vouchers Simple Savings and the prepayment of the fee for the years 2007-2010.

In the first half of 2019, bonds pertaining to the MEF recorded redemptions of -4,173 million euro, up compared to -3,623 million euro of the first half of 2018.

Total net funding (CDP + MEF) in the first half of 2019 was negative by -3,653 million euro, marking an improvement of 860 million euro on the net funding figure for the first half of 2018 (-4,513 million euro).

Total net postal savings funding (CDP + MEF)

(millions of euro)	Net funding in the first half of 2019	Net funding in the first half of 2018	Change (+ / -)
Postal savings bonds	**(893)**	**(1,545)**	**652**
of which:			
- pertaining to CDP	3,281	2,078	1,202
- pertaining to the MEF	(4,173)	(3,623)	(551)
Passbook accounts	**(2,761)**	**(2,968)**	**208**
CDP net funding	520	(890)	1,410
MEF net funding	(4,173)	(3,623)	(551)
Total	**(3,653)**	**(4,513)**	**860**

Non-postal funding

The table below shows CDP's overall position in terms of funding from banks at 30 June 2019, compared with 31 December 2018.

Stock of funding from banks

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/ -)	(%) change
ECB refinancing	2,475	2,475		n/s
Repurchase agreements and deposits	41,290	46,114	(4,824)	-10.5%
EIB/CEB credit facilities	3,958	4,351	(393)	-9.0%
Total	**47,723**	**52,939**	**(5,216)**	**-9.9%**

Funding through the European Central Bank (ECB) at 30 June 2019, represented by the TLTRO II programme, was stable at 2.5 billion euro.

Short-term funding on the money market through deposits and repurchase agreements reached 41 billion euro at 30 June 2019, consisting almost entirely of repurchase agreements. This figure is lower than at the end of 2018, given the greater stability over the period considered of other short-term sources of funding such as OPTES.

At 30 June 2019, the stock of credit facilities granted by the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB) amounted to 4 billion euro, of which around 3.6 billion euro relating to the EIB funding and 400 million euro referred to the CEB funding.

In the first half of 2019, CDP requested and obtained new disbursements from the EIB credit facility aimed at school building projects, for a total amount of about 53 million euro. Again in the first half of 2019, CDP requested a further 160 million euro drawn on the CEB funding for financing the Capital Goods Fund.

Stock of funding from customers (excluding postal funding)

The table below shows CDP's overall position in terms of funding from customers at 30 June 2019, compared with 31 December 2018.

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/ -)	(%) change
OPTES and FATIS deposits (liabilities)	15,538	3,087	12,452	n/s
Deposits of Group companies	5,031	5,001	29	0.6%
Amounts to be disbursed	4,521	4,502	19	0.4%
Total	**25,089**	**12,590**	**12,500**	**99.3%**

Regarding OPTES deposits, CDP being authorised to conduct liquidity management transactions on behalf of the MEF, the liquidity balance at 30 June 2019 was 15 billion euro, up on the 3 billion euro at 31 December 2018. This short-term funding was mainly used to invest in Italian government securities and to meet reserve requirements.

With regard to companies subject to management and coordination, cash pooling with the Parent Company's centralised treasury continued, involving irregular deposit arrangements between CDP and its subsidiaries. Centralised treasury deposits at 30 June 2019 remained essentially unchanged compared to the end of 2018, amounting to approximately 5 billion euro.

Amounts to be disbursed constitute the part of loans granted by CDP that have not yet been taken up by the beneficiaries, whose disbursement is subject to progress with the investments financed. Total amounts at 30 June 2019 were approximately 4.5 billion euro, in line with the figure recorded at the end of 2018.

Stock of bond funding

The table below shows CDP's overall position in terms of bond funding at 30 June 2019, compared with 31 December 2018.

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/ -)	(%) change
EMTN/DIP programme	10,416	11,270	(854)	-7.6%
Retail bond	2,948	1,466	1,482	101.1%
"Stand-alone" issues guaranteed by the State	4,500	4,500	-	n/s
Commercial paper	2,365	1,790	575	32.1%
Total	**20,229**	**19,025**	**1,203**	**6.3%**

With reference to medium/long-term funding, in the first half of 2019 new bond issues were completed under the "Debt Issuance Programme" (DIP), totalling 950 million euro. These included the issue of a new CDP Social Bond for 750 million euro, the proceeds of which were used to finance school building and urban redevelopment projects, with particular attention paid to the safety of buildings and local communities.

With a view to diversifying the sources of funding, in June 2019 CDP carried out a new retail bond issue reserved for individuals resident in Italy, for 1.5 billion euro.

With reference to short-term funding, managed with the objective of optimising the mix of funding and investments, the stock under the "Multi-Currency Commercial Paper Programme" at 30 June 2019 totalled approximately 2.4 billion euro, showing an increase on the figure at 31 December 2018 of 1.8 billion euro.

5.1.2 GROUP COMPANIES

SACE GROUP

In the first half of 2019, SACE continued to support the international expansion of enterprises by increasing the number of transactions compared to the same period of the previous year.

The initiatives taken in the period include:

- the launch of the "education to export" programme, dedicated to SMEs and export managers, with the offer of online and offline content aimed at strengthening know-how and skills in the field of exports;
- the enhancement of the offer with the complete digitisation of the products (i) "Company evaluation", (ii) "Export up" (evaluation of a specific operation with possible purchase of insurance cover), (iii) "Subsidised loans" and (iv) "Factoring";
- the simplification of the offer also through the launch of the new integrated SACE SIMEST website, in line with the new Group brand;
- closer proximity to enterprises, thanks to a new organisational model that envisages specific channels for small and medium enterprises, with new positions of "export coach" and proactive support from Customer Care;
- expanded presence abroad with the start of operations of the representative office in Cairo and the authorisation to open two new offices - Ghana and Saudi Arabia - to support the numerous Italian enterprises operating in the area.

Performance highlights - SACE Group[1]

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/-)	(%) change
SACE				
Total outstanding	**60,911**	**61,011**	**(101)**	**-0.2%**
Outstanding guarantees	60,308	60,480	(172)	-0.3%
Loans	603	531	72	13.5%
SACE BT				
Total outstanding	**56,166**	**51,937**	**4,229**	**8.1%**
Insurance of short-term loans	9,571	9,703	(132)	-1.4%
Sureties Italy	6,175	6,299	(125)	-2.0%
Other property damage	40,420	35,935	4,485	12.5%
SACE FCT				
Outstanding receivables	1,257	1,521	(263)	-17.3%
SIMEST				
Equity investment portfolio[2]	588	601	(13)	-2.2%

1) Amounts refer to stock at the date indicated

2) Not including equity stake in Finest

SACE's total risk exposure, measured in relation to loans and guarantees provided, stood at 60.9 billion euro (of which 99% referring to the guarantees portfolio), essentially in line with the year-end 2018 figure. The main corporate risk sectors are Cruise, Oil&Gas and Infrastructure and Construction, while the main countries are Qatar, United States and United Kingdom.

SACE BT's exposures, amounting to around 56.2 billion euro, increased on 2018 (+8.1%) mainly due to the "Other property damage" segment, while exposures in the other segments were essentially stable.

Outstanding receivables of SACE FCT (approx. 1.3 billion euro) decreased by 17.3%, as a result of the decrease in all the three product classes offered – IAS Compliant (-11%), Formal Without Recourse (-30%) and With Recourse (-14%) – given by a decline in the turnover compared to the same period of 2018 and the positive performance of collections.

Finally, following the changes in the portfolio during the first half of the year, the SIMEST equity investment portfolio at 30 June 2019 totalled 588 million euro, down slightly (-2.2%) on year-end 2018.

CDP EQUITY S.P.A.

In the first half of 2019, CDP Equity continued its activity of managing and enhancing its equity investments portfolio, as well as searching for and evaluating new investment opportunities.

In particular, CDP Equity: (i) finalised the financial support transaction towards Ansaldo Energia, granting to the investee company a shareholder loan worth 200 million euro, (ii) invested 132.5 million euro in Open Fiber, of which 66.3 million euro in capital increase and 66.3 million euro as a shareholder loan, (iii) exercised, via FSIA Investimenti, the option to purchase an additional 7.9% of SIA S.p.A. with closing expected in the second half of the year, upon obtaining the necessary regulatory and antitrust authorisations, (iv) signed the agreements for the acquisition of SIA shares held by F2i and Hat, equal to 25.7% of the capital, with completion subject to obtaining the necessary regulatory and antitrust authorisations, and expected for the second half of 2019.

Performance highlights - CDP EQUITY [1]

(millions of euro; %)	30/06/2019	30/06/2018	Change (+/-)	(%) change
Dividends and financial interest from shareholders loan	38	33	5	15.2%
Equity investments[2]	3,254	2,921	333	11.4%

1) Figures refer to CDP Equity and its vehicles FSI Investimenti, FSIA Investimenti and IQMIIC; intercompany transactions not included

2) Including shareholder loans and convertible bonds; comparison figures refer to 31 December 2018

During the first half of 2019, CDP Equity and its investment vehicles recorded dividends and interest income on loans and bonds totalling 38 million euro (+ 5 million euro on the previous year). The increase is entirely attributable to the interest accrued on the Open Fiber (4 million euro) and Ansaldo Energia (1 million euro) loans, which had not been disbursed at 30 June 2018. Dividends from investee companies and interest on the Valvitalia bond were in line with the first half of 2018. In particular, dividends were reported for 29.7 million euro from SIA, 1.2 million euro from Kedrion, 0.3 million euro from Rocco Forte Hotels and interest on the Valvitalia bond for 1.5 million euro.

Equity investments at 30 June 2019 increased compared to 31 December 2018 as a result of the transactions towards Ansaldo Energia (200 million euro) and Open Fiber (133 million euro).

CDP IMMOBILIARE S.R.L.

In the first half of 2019, the Company continued to focus on the sale and development of directly and indirectly owned real estate assets.

Redevelopment works focused primarily on large-scale properties, as part of direct development initiatives for the territory, characterised by complex town planning procedures and redevelopment works with a high social impact.

An extensive programme of maintenance and safety works on real estate assets continued, also at environmental level, as part of framework agreements signed with key operators of the sector for the planning and execution of the related works.

With regard to initiatives indirectly managed through vehicles, CDP Immobiliare continued the rationalisation of the initiatives by (i) confirming support for the investment plans of those partnerships for which an autonomous enhancement strategy is deemed to be pursuable or (ii) supporting financial restructuring initiatives for those partnerships in which real estate development is negatively affected by high levels of debt and lack of commitment on part of the partners.

In 2019, investments were made for enhancement operations for around 11 million euro, of which 4 million euro referring to CDP Immobiliare's direct portfolio, also with reference to the redevelopment of properties destined to become the premises of the CDP Group.

Performance highlights - CDP IMMOBILIARE [1]

(millions of euro; %)	30/06/2019	30/06/2018	Change (+/-)	(%) change
Sales	20	9	11	n/s
Real estate assets managed[2]	1,045	1,050	(5)	-0.5%
Debt securities[2]	546	568	(23)	-4.0%

1) Figures refer to real estate assets held directly or in partnership.

2) Comparison figures refer to 31 December 2018

In 2019, a total of approximately 20 million euro in real estate assets were sold, both directly and through investee companies (of the total, over 2 million euro referred to CDP Immobiliare's direct portfolio and over 17 million euro to real estate assets of investee companies). The disposal activities referred mainly to the former *Manifattura Tabacchi* in Verona and residential units located in Milan and Turin.

At 30 June 2019, total real estate assets managed, amounting to approximately 1,045 million euro, fell slightly by -0.5%, mainly due to disposals in the period, net of development work.

Financial payables, amounting to approximately 546 million euro, included approximately 9 million euro in payables referring to CDP Immobiliare (payables allocated to a number of real estate assets in the direct portfolio) and approximately 537 million euro referring to investee companies (of which about 80% in relation to the subsidiaries Residenziale Immobiliare 2004 and Alfiere).

CDPI SGR S.P.A.

In the first half of 2019, CDPI SGR continued (i) to invest in the FIA fund, in support of social housing, (ii) the process of disposal of the properties of the FIV fund and (iii) the analysis of the investment opportunities of the FT1 fund.

In particular, through the managed funds, CDPI SGR made investments totalling 79 million euro, of which:

- 68 million euro to support social housing through the FIA fund;
- 7 million euro through the FIV fund, relating to the redevelopment of the Ospedali Riuniti di Bergamo complex to adapt the buildings for a Guardia di Finanza Academy, the demolition and primary urbanisation works on the former Saram in Macerata and the resumption of the construction site of the former Geological Institute in Rome;
- 3 million euro through the FT1 fund, attributable mainly to the restyling and redevelopment of the properties in Ostuni, Pila and Marilleva.

Performance highlights - CDPI SGR

(millions of euro; %)	30/06/2019	31/12/2018	Change (+/-)	(%) change
FIV - Real estate assets managed	594	626	(32)	-5.1%
FT1 - Real estate assets managed	92	89	3	3.9%
FIA - Residual commitment [1]	865	925	(60)	-6.5%

1) Value referring to fund subscriptions, net of amounts called-up.

At 30 June 2019, real estate assets managed by the company on behalf of FIV consisted of 80 assets with a value of approximately 594 million euro, of which 519 million euro referred to the Extra sub-fund (63 assets) and 75 million euro referred to the Plus sub-fund (17 assets). This figure is lower than in 2018 (-6%), mainly as a result of the sales made in the year for about 32 million euro.

The real estate assets of the FT1 fund increased by +4% on 2018 as a result of the execution of the investment plans regarding the properties in Ostuni, Pila and Marilleva, aimed at the restyling of the rooms, the redevelopment of some internal common areas and works on the systems.

With reference to the FIA fund, the total residual commitment towards the target real estate funds was 865 million euro, down compared to 2018 (-6%), due to investments made in target funds that support social housing.

FINTECNA S.P.A.

In the first half of 2019, Fintecna continued to manage its litigation cases, with efforts focused on optimising its defence strategy by constantly monitoring developments in court cases to assess critical aspects specifically.

As part of the reorganisation of the CDP Group's equity investments, in May Fintecna's shareholders' meeting approved the spin-off of the equity investment held in CDP Equity (2.87%), to the benefit of CDP.

In line with the company's institutional purpose, Fintecna continued to exercise its steering and control over companies subject to management and coordination, with a view to progressively fulfilling the tasks assigned to each of the companies under specific legislative provisions.

With reference to the operations carried out through special purpose vehicles, efforts continued in relation to the sale of the "separate assets" of the dissolved entities E.F.I.M., Iged and "Comitato per l'intervento nella SIR e nei settori ad alta tecnologia" (through Ligestra Due), and in relation to the liquidation of the residual assets of Cinecittà Luce.

Lastly, Fintecna continued the activities carried out on behalf of the regional reconstruction Agency following the earthquake in Emilia-Romagna in 2012 and continued to provide support to the Offices of the Extraordinary Commissioner for reconstruction in relation to the central Italy regions affected by the 2016 earthquake.

Performance highlights - Fintecna

(number of disputes; %)	30/06/2019	31/12/2018	Change (+/-)	(%) change
Labour law disputes	396	431	(35)	-8.1%
Civil/administrative/tax law disputes	97	101	(4)	-4.0%

Regarding labour law disputes (i.e. claims for compensation for health damage arising from occupational illnesses), the reduction in the number compared to year-end 2018 is due to the decrease in the number of new appeals and to the final settlement of a number of disputes.

With regard to other types of disputes (civil, administrative and tax-related), while the number of pending proceedings has decreased slightly, settlement difficulties continued due to significant differences in valuations with respect to the counterparties.

CDP RETI S.P.A.

In the first half of 2019, CDP RETI continued to manage the equity investment portfolio.

Performance highlights - CDP RETI

(millions of euro; %)	30/06/2019	30/06/2018	Change (+/-)	(%) change
Equity investments and other investments	5,023	5,023	-	0.0%
Dividends received[1]	380	358	22	6.2%
Debt securities and other forms of funding	1,688	1,695	(7)	-0.4%

1) Comparison figures refer to 31 December 2018

Equity investments, totalling 5,023 million euro and showing no change on the comparison period, consisted of investments in Snam (3,087 million euro), Terna (1,315 million euro) and Italgas (621 million euro).

Dividends received from subsidiaries in the first half of 2019 totalled 380 million euro (+22 million euro compared to 30 June 2018), of which approximately 238 million euro from Snam (+12 million euro compared to the first half of 2018), about 49 million euro from Italgas (+5 million euro compared to the first half of 2018) and approximately 93 million euro from Terna (+5 million euro compared to the first half of 2018). Regarding dividends paid to shareholders, in the first half of 2019, CDP RETI paid out 132 million euro (as final payment for the 2018 dividend). Moreover, it bears recalling that a part (256 million euro) of the 2018 net income was distributed in November 2018 as an advance[21].

At 30 June 2019, debt securities and other forms of funding totalled 1,688 million euro and referred mainly to: (i) the term loan for a total amount of approximately 938 million euro (around 422 million euro from CDP), substantially in line with year-end 2018, and (ii) the bond issue for a total nominal amount of 750 million euro and the related accrued interest,

[21] The advance of 1,584.62 per each of the 161,514 shares was approved on the basis of the Company's accounting situation at 30 June 2018, prepared in accordance with IFRS. The Company ended the period with a net income of approximately 256 million and available reserves of approximately 3,369 million.

which was originally subscribed by institutional investors for around 412 million euro (55%) and by CDP for approximately 338 million euro (45%).

5.2 INCOME STATEMENT AND BALANCE SHEET RESULTS

5.2.1 CDP S.P.A.

In such a challenging macroeconomic context, with weak economic growth, CDP's economic and financial performance was still strong in all areas.

5.2.1.1 Reclassified income statement

The economic performance of CDP was analysed using the income statement layout reclassified on the basis of management criteria.

A statement of reconciliation between management and accounting schedules (Annex 2.1 to the half-yearly report on operations) has also been appended in the interest of completeness of information and forms an integral part of the half-yearly report on operations.

Reclassified Income Statement

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Net interest income	**1,111**	**978**	**133**	**13.6%**
Dividends	781	811	(31)	-3.8%
Other net revenues (costs)	79	83	(3)	-4.1%
Gross income	**1,971**	**1,872**	**99**	**5.3%**
Write-downs	(13)	(58)	46	-78.4%
Staff costs and other administrative expenses	(90)	(81)	(9)	11.2%
Amortisation and other operating expenses and income	(3)	(0.01)	(3)	n/s
Operating income	**1,866**	**1,733**	**133**	**7.7%**
Provisions for risks and charges	(4)	(17)	12	-75.1%
Income taxes	(360)	(335)	(25)	7.6%
Net income for the period	**1,502**	**1,382**	**120**	**8.7%**

Net interest income was 1,111 million euro, increasing (+14%) on the first half of 2018 due to the improved return on financial assets, despite the increase in interest rate risk hedges on assets, against the substantial stability of the cost of funding. In the first half of 2019, the diversification of funding continued, with new bond issues for approximately 2.5 billion euro, of which 1.5 billion euro of retail bonds and 0.75 billion euro of social bonds.

Dividends totalled 781 million euro, down 4% compared to the first half of 2018, mainly as an effect of the lower contribution from SACE.

"Other net revenues", amounting to 79 million euro, decreased (-4%) compared to the first half of 2018 due to the reduction in profits on trading and hedging activities and indemnities for early repayments, only partially offset by the growth in net commission income and profits from the securities portfolio.

The cost of risk, equal to -13 million euro, decreased compared to the first half of 2018 (-58 million euro) due to the combined effect of: (i) higher impairment of loans relating to the collective valuation of the performing portfolio in application of the new criteria provided for by IFRS 9, (ii) the recognition at fair value of the measurement component relating to investment funds classified under “Financial assets measured at fair value through profit or loss” and (iii) the impairment reversal on the equity investment in Fintecna for 93 million euro.

Details on Staff costs and administrative expenses

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Staff costs	62	55	6	11.1%
Other administrative expenses	28	25	3	11.5%
Total	**90**	**81**	**9**	**11.2%**

Staff costs reached 62 million euro, up by +11% compared to the first half of 2018, in line with the continued plan to strengthen the headcount with a view to aligning skills with the increasingly broader operational areas.

Other administrative expenses, equalling 28 million euro, increased on the first half of 2018, mainly due to the ongoing modernisation of the IT architecture, the natural increase in general operational services linked to the increase in staff numbers and the start of the projects envisaged by the Business Plan.

Lastly, income tax for the period amounted to 360 million euro. This figure includes, among other things, (i) IRES, IRES surcharge and IRAP taxes for the period, and (ii) a decrease in deferred tax assets, mainly linked to the use of provisions for risks and for charges related to personnel and the recognition for the period of the impairment of receivables and commitments, including those recognised on first-time adoption of IFRS 9.

Net income for the period was 1,502 million euro, up by 9% from 1,382 million euro in the first half of 2018.

5.2.1.2 Reclassified balance sheet

Reclassified balance sheet

The reclassified balance sheet of CDP at 30 June 2019 is presented below.

Assets

Assets in CDP’s reclassified balance sheet at 30 June 2019 included the following items:

Reclassified balance sheet - Assets

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Cash and cash equivalents	167,032	167,944	(913)	-0.5%
Loans	100,012	101,293	(1,282)	-1.3%
Debt securities	68,006	60,004	8,002	13.3%
Equity investments	33,706	33,114	592	1.8%
Assets held for trading and hedging derivatives	2,033	882	1,151	n/s
Property, plant and equipment and intangible assets	371	344	28	8.0%
Accrued income, prepaid expenses and other non-interest-bearing assets	10,327	5,642	4,685	83.0%
Other assets	738	793	(54)	-6.8%
Total assets	**382,225**	**370,015**	**12,210**	**3.3%**

Total assets amounted to 382 billion euro, up by 3% compared to the end of 2018, when total assets stood at 370 billion euro.

Cash and cash equivalents amounted to 167 billion euro, essentially stable compared to the figure recorded at the end of the previous year. This item includes the treasury account balance of 157 billion euro at 30 June 2019.

Loans to customers and banks, totalling 100 billion euro, were slightly down by -1% compared to the end of 2018, mainly due to the decrease in loans to public entities and financial institutions, only in part offset by the increase in loans in direct support of enterprises and international expansion.

Debt securities amounted to 68 billion euro, up by +13% on the year-end 2018 figure, mainly due to investments in government securities.

At 30 June 2019, the carrying amount of equity investments and funds was 34 billion euro, up 2% compared to the end of 2018. This was mainly due to: (i) the increased equity investment in Telecom Italia S.p.A. (TIM), with the aim of supporting the process of value creation launched by the company in a sector of primary interest for the country, (ii) the impairment reversal on the equity investment in Fintecna and (iii) the investments in equity funds/vehicles.

Assets held for trading and hedging derivatives were up compared to the figure at the end of 2018, equal to +1.2 billion euro. This item includes the fair value (where positive) of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes.

The balance of Property, plant and equipment and intangible assets amounted to 371 million euro, of which 348 million euro relating to property, plant and equipment and the remainder to intangible assets. Specifically, the increase in the item is attributable to considerable investments during the first half of 2019, which exceeded the depreciation and amortisation of existing assets during the same period.

At 30 June 2019, the balance of Accrued income, prepaid expenses and other non-interest bearing assets was 10.3 billion euro, up compared to the value at the end of 2018 (5.6 billion euro). This change was mainly due to the increase in the amount of past-due loans and receivables to be settled, due to the fact that payments for the first half of the year came due on a holiday, and thus repayment of many loans was postponed until early July.

Lastly, the item “Other assets”, which includes current and deferred tax assets, payments on account for withholding tax on passbook savings accounts and other residual assets, equal to 738 million euro, was down from 793 million euro recorded at the end of 2018.

Liabilities

At 30 June 2019, the liabilities in CDP’s reclassified balance sheet were as follows:

Reclassified balance sheet - Liabilities and equity

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Funding	353,349	342,595	10,755	3.1%
- of which :				
- postal funding	*260,308*	*258,040*	*2,268*	*0.9%*
- funding from banks	*47,723*	*52,939*	*(5,216)*	*-9.9%*
- funding from customers	*25,089*	*12,590*	*12,500*	*99.3%*
- bond funding	*20,229*	*19,025*	*1,203*	*6.3%*
Liabilities held for trading and hedging derivatives	2,678	753	1,925	n/s
Accrued expenses, deferred income and other non-interest-bearing liabilities	648	474	175	36.9%
Other liabilities	652	753	(101)	-13.4%
Provisions for contingencies, taxes and staff severance pay	1,045	646	399	61.8%
Equity	23,852	24,794	(942)	-3.8%
Total liabilities and equity	**382,225**	**370,015**	**12,210**	**3.3%**

Total funding at 30 June 2019 was over 353 billion euro, up 3% from the figure recorded at the end of 2018.

Within this item, postal funding of 260 billion euro increased by 1% compared to the figure at the end of 2018, as a result of CDP’s positive net funding of 0.5 billion euro and interest accrued in the period.

Funding from banks, equal to 48 billion euro, decreased compared to 53 billion euro at the end of 2018, mainly as a result of the decline in repurchase agreements.

Funding from customers stood at 25 billion euro, up compared to the end of 2018, due to the increased funding from OPTES transactions.

Bond funding increased by 6% on the year-end 2018 figure, exceeding 20 billion euro. This was mainly due to new bond issues totalling approximately 2.5 billion euro, of which 0.75 billion euro of social bonds and 1.5 billion euro of retail bonds, partly offset by the maturities of EMTN securities recorded in the period.

The balance of Liabilities held for trading and hedging derivatives amounted to 2,678 million euro, up compared to 753 million euro at the end of 2018. This item includes the fair value (where negative), of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes.

At 30 June 2019, the balance of Accrued expenses, deferred income and other non-interest-bearing liabilities was 648 million euro, increasing from 474 million euro at the end of 2018.

With regard to other significant items, there was (i) a decline in Other liabilities compared to the end of 2018 (-13%), with a balance of 652 million euro at 30 June 2019, and (ii) an increase in Provisions for contingencies, taxes and staff severance pay, with a balance of 1,045 million euro at the end of the first half of 2019 (646 million euro in 2018), mainly attributable to higher tax liabilities.

To conclude, equity amounted to 24 billion euro at 30 June 2019, marking a slight decrease of -4% on the end of 2018, due to dividends distributed, only in part offset by net income for the period and the positive change in reserves.

5.2.1.3 Indicators

Business performance highlights (reclassified figures)

(%)	30/06/2019	31/12/2018
STRUCTURE RATIOS (%)		
Funding/Total liabilities	92%	93%
Equity/Total liabilities	6%	7%
Postal Savings/Total funding	74%	75%
PERFORMANCE RATIOS (%)[1]		
Spread on interest-bearing assets and liabilities	0.7%	0.7%
Cost/income ratio	4.7%	4.5%
Net income/Opening equity (ROE)	12%	11%
RISK RATIOS (%)		
Coverage of bad loans[2]	47%	51%
Net non-performing loans/Net loans to customers and banks[3,4]	0.1%	0.1%
Net adjustments to loans/Net exposure[3,4]	0.02%	0.02%

1) For the year 2018, figures refer to 30/06/2018

2) Provision bad loans / Gross exposure to bad loans

3) Exposure includes Loans to banks and customers, Disbursement commitments, cash & cash equivalents & bonds

4) Net exposure is calculated net of the provision for non-performing loans

Structure ratios related to liabilities were substantially in line with 2018, with postal funding weighing heavily on total funding by around 74%.

With regard to performance ratios, we note (i) the substantial stability of the spread between interest-bearing assets and liabilities (0.7%), (ii) a very low cost/income ratio (4.7%), despite higher overhead costs mainly due to the increase in the headcount, and (iii) a 12% return on equity (ROE), up compared to the first half of 2018, as a result of the growth in net income for the period.

The creditworthiness of the CDP loan portfolio remained very high, with a moderate risk profile, as highlighted by its excellent risk indicators.

5.2.1.4 Outlook of operations

To really support the country's economic, social and environmental growth, ensuring the full protection of household savings, in the first half of 2019 CDP activated the four lines of action forming its business operations: Corporate; Public Sector and Infrastructures; International Cooperation; Large Strategic Equity Investments.

In the current macroeconomic context, which is characterised by a weak outlook regarding economic growth, CDP expects to maintain economic and financial balance and a solid capital structure for the second half of 2019, in line with previous years.

5.2.2 GROUP COMPANIES

The accounting situation of the CDP Group companies as at 30 June 2019 is presented below from a management accounting standpoint. For detailed information concerning balance sheet and income statement performance, refer to the financial statements of the Group's companies, which contain full accounting information and analyses of the companies' operating performances.

A statement of reconciliation between management and accounting schedules (Annex 2.1 to the Half-yearly report on operations) has also been appended in the interest of completeness of information.

5.2.2.1 Reclassified consolidated income statement

The Group's consolidated reclassified income statement, with a comparison to the previous period, is presented below.

Reclassified Income Statement

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Net interest income	**1,064**	**902**	**162**	**18.0%**
Gains (losses) on equity investments	587	678	(91)	-13.4%
Net commission income (expense)	54	37	17	45.9%
Other net revenues (costs)	1	29	(28)	-96.6%
Gross income	**1,706**	**1,646**	**60**	**3.6%**
Profit (loss) on insurance business	20	75	(55)	-73.3%
Profit (loss) on banking and insurance operations	**1,726**	**1,721**	**5**	**0.3%**
Net recoveries (impairment)	(83)	(48)	(35)	72.9%
Administrative expenses	(3,717)	(3,392)	(325)	9.6%
Other net operating income (costs)	6,129	5,700	429	7.5%
Operating income	**4,055**	**3,981**	**74**	**1.9%**
Net provisions for risks and charges	(11)	(45)	34	-75.6%
Net adjustments to PPE and intangible assets	(1,058)	(1,002)	(56)	5.6%
Other	12	(2)	14	n.s.
Income taxes	(809)	(740)	(69)	9.3%
Net income for the period	**2,189**	**2,192**	**(3)**	**-0.1%**
Net income (loss) for the period pertaining to non-controlling interests	819	747	72	9.6%
Net income (loss) for the period pertaining to the Parent Company	**1,370**	**1,445**	**(75)**	**-5.2%**

Net income pertaining to the Parent Company at 30 June 2019 was 1,370 million euro, down -5.2% compared to the same period of 2018.

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Interest expense on payables to customers	(2,594)	(2,527)	(67)	2.7%
Interest expense on payables to banks	(86)	(77)	(9)	11.7%
Interest expense on securities issued	(303)	(317)	14	-4.4%
Interest income on debt securities	775	669	106	15.8%
Interest income on financing	3,273	3,148	125	4.0%
Interest on hedging derivatives	(65)	(48)	(17)	35.4%
Other net interest	64	54	10	18.5%
Net interest income	**1,064**	**902**	**162**	**18.0%**

Net interest income came to 1,064 million euro, up 162 million euro (+18%) on the same period of the previous year, mainly due to the Parent Company's result and the reduction in the expenses connected with the debt of the Snam, Terna, Italgas and Fincantieri groups, totalling 161 million euro (180 million euro in the comparison period).

The result of the measurement according to the equity method of investee companies over which the Group has significant influence or which are subject to joint control, included under "Gains (losses) on equity investments", was 587 million euro, against 678 million euro reported in the comparison period. This value mainly reflects the result of the measurement with the equity method of:

- ENI (+295 million euro, compared to +489 million euro in the first half of 2018);
- Poste Italiane (+194 million euro, compared to +173 million euro in the first half of 2018).

Net commission income, amounting to 54 million euro, grew compared to the previous financial year (+17 million euro).

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Net gain (loss) on trading activities	5	26	(21)	-80.8%
Net gain (loss) on hedging activities	(57)	(20)	(37)	n/s
Gains (losses) on disposal or repurchase financial transactions	66	57	9	15.8%
Net gain (loss) on financial assets and liabilities carried at fair value	(13)	(34)	21	-61.8%
Other net revenues (costs)	**1**	**29**	**(28)**	**-96.6%**

Other net revenues/costs were down compared to the same period of 2018, decreasing from 29 million euro to 1 million euro. The change is mainly due to the following factors:

- the lower contribution of profits (losses) on trading activities of the insurance group's companies (which amounted to +7 million euro compared to +38 million euro in the first half of 2018) and of the Parent Company (from +5 million euro in 2018 to -5 million euro in the first half of 2019), partially offset by the positive change of the other Group companies for 14 million euro;
- the lower contribution of profits (losses) on hedging activities, which amounted to -57 million euro at 30 June 2019, compared to -20 million euro in the first half of 2018, and whose change was mainly due to the Fincantieri group (-23 million euro) and the Parent Company (-12 million euro);
- the higher gains on the sale/repurchase of financial assets and liabilities, equal to +66 million euro, compared to +57 million euro in 2018;
- the better profits (losses) on financial assets measured at fair value through profit or loss, which went from -34 million euro in 2018 to -13 million euro in 2019, mainly due to the impact of the insurance group, equal to +21 million euro.

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Gross Premiums	384	302	82	27.2%
Change in premium reserve	(123)	(60)	(63)	n/s
Premiums paid in reinsurance	(127)	(104)	(23)	22.1%
Effect of consolidation	(24)	(16)	(8)	50.0%
Net premiums for the period	**110**	**122**	**(12)**	**-9.8%**
Net other income (expense) from insurance operations	(81)	(35)	(46)	n/s
Effect of consolidation	(9)	(12)	3	-25.0%
Profit (loss) on insurance business	**20**	**75**	**(55)**	**-73.3%**

Net income from insurance operations of 20 million euro includes net premium income and other income and expense for the companies operating in the insurance sector. Compared to the first half of 2018, net income from insurance operations decreased due to the performance of the provision for unearned premiums (gross and transferred). The change in other net income (expense) from insurance operations from the comparison period is attributable to claims pertaining to the period for -87 million euro (against -36 million euro in the first half of 2018).

Overall, the banking and insurance components resulted in profit on banking and insurance operations of 1,726 million euro, up slightly on the same period of the previous financial year (1,721 million euro).

(millions of euro; %)	30/06/2019	30/06/2018	Change (+ / -)	(%) change
Profit (loss) on banking and insurance operations	**1,726**	**1,721**	**5**	**0.3%**
Net recoveries (impairment)	(83)	(48)	(35)	72.9%
Administrative expenses	(3,717)	(3,392)	(325)	9.6%
Other net operating income (costs)	6,129	5,700	429	7.5%
Operating income before adjustments to PPE and intangible assets	**4,055**	**3,981**	**74**	**1.9%**
Net adjustments to PPE, intangible assets and goodwill	(1,058)	(1,002)	(56)	5.6%
Operating income after adjustments to PPE and intangible assets	**2,997**	**2,979**	**18**	**0.6%**

Administrative expenses increased to 3,717 million euro. This was mainly due to:

- the Fincantieri Group (2,607 million euro, compared to 2,331 million euro in the first half of 2018);
- the companies operating in the gas transport, distribution, re-gasification and storage sector (683 million euro, compared to 577 million euro in the comparison period);
- the companies of the Terna Group (267 million euro, compared to 306 million euro in the previous financial year).

Other net operating income (costs) of around 6.1 billion euro mainly include the revenues from the core business of the Snam, Italgas, Terna and Fincantieri groups. The 429 million euro increase in this item is mainly due to the higher turnover of the four companies, specifically, of Fincantieri for 299 million euro, Snam for 71 million euro and Italgas for 59 million euro.

There was a slight increase in net adjustments to property, plant and equipment and intangible assets, mainly attributable to the Snam, Terna, Fincantieri and Italgas groups. Of these adjustments, 28 million euro refer to the amortisation of the right-of-use assets recognised in the financial statements due to the adoption of IFRS 16 – Leases, whose application became mandatory from 1 January 2019.

5.2.2.2 Reclassified consolidated balance sheet

Consolidated assets

The asset side of the reclassified consolidated balance sheet at 30 June 2019 is presented below, in comparison with the figures at the end of 2018:

Reclassified consolidated balance sheet

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Assets				
Cash and cash equivalents and other treasury investments	169,093	170,362	(1,269)	-0.7%
Loans	108,979	104,898	4,081	3.9%
Debt securities, equity securities and units in collective investment undertakings	79,781	70,603	9,178	13.0%
Equity investments	20,296	20,396	(100)	-0.5%
Trading and hedging derivatives	652	812	(160)	-19.7%
Property, plant and equipment and intangible assets	47,186	46,464	722	1.6%
Reinsurers' share of technical reserves	877	852	25	2.9%
Other assets	11,494	10,696	798	7.5%
Total assets	**438,358**	**425,083**	**13,275**	**3.1%**

Group assets totalled 438.4 billion euro, up by 3.1% (13.3 billion euro) compared to the figure recorded at the end of the previous financial year.

The changes in financial assets represented by cash and cash equivalents, loans and securities were primarily attributable to the performance of the Parent Company's portfolios.

Securities, which include debt securities, equity securities and units in collective investment undertakings, primarily purchased as investment initiatives, amounted to 79.8 billion euro, up from 70.6 billion euro recorded in the previous financial year. The item includes the Parent Company's securities and, albeit to a lesser extent, the securities held by the SACE group, the portfolios of which are composed of bonds and other debt securities investing primarily in bonds and equities. The change, amounting to approximately + 9.2 billion euro, was mainly due to the increase in investments in debt securities of the Parent Company (+ 8.1 billion euro), mainly represented by Italian government securities.

The decrease in the item equity investments reflects the impact of measurement according to the equity method of investments in companies subject to significant influence or joint control. In particular:

- ENI - the positive effect deriving from net income for the period pertaining to the Group (including the effect of consolidation entries), equal to +295 million euro, is partly reduced by the change in valuation reserves of -20 million euro, and more than cancelled by the effect of the reversal of the dividend and other negative changes. The overall impact is negative for -104 million euro;
- Poste Italiane - the positive effect of 194 million euro (including the effect of consolidation entries) deriving from net income for the period pertaining to the Group is reduced by the change in valuation reserves, the reversal of the dividend and other changes, resulting in a negative change totalling -61 million euro in the period.

Assets held for trading and hedging derivatives decreased by 19.7% (equal to 0.2 billion euro) on the previous financial year, falling from 0.8 billion euro to 0.6 billion euro. This item includes the fair value (where positive) of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes.

Property, plant and equipment and intangible assets totalled 47.2 billion euro, recording a slight increase (0.7 billion euro) compared to the previous financial year. This change was primarily due:

- to investments made by the Terna, Snam, Italgas and Fincantieri groups, offset by decreases associated with the related purchase price allocation processes;
- to the impact of 0.2 billion euro deriving from the recognition of the rights of use on assets acquired under lease in compliance with the provisions of the new IFRS 16.

At 30 June 2019, the reinsurers' share of technical provisions was 0.9 billion euro, essentially unchanged compared to the balance at 31 December 2018.

Other assets increased to 11.5 billion euro (+7.5% on 2018) and mainly include the contribution of Fincantieri (4.3 billion euro), the Parent Company (2.0 billion euro), Snam (1.9 billion euro), Terna (1.9 billion euro), and Italgas (0.8 billion euro).

Consolidated liabilities

The liability side of the reclassified consolidated balance sheet at 30 June 2019 is presented below, in comparison with the figures at the end of 2018:

Reclassified consolidated balance sheet

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Liabilities and equity				
Funding	379,536	367,226	12,310	3.4%
- of which :				
- postal funding	*260,308*	*258,040*	*2,268*	*0.9%*
- funding from banks	*57,804*	*63,859*	*(6,055)*	*-9.5%*
- funding from customers	*21,925*	*7,795*	*14,130*	*n.s.*
- bond funding	*39,499*	*37,532*	*1,967*	*5.2%*
Liabilities held for trading and hedging derivatives	2,991	908	2,083	n.s.
Technical reserves	2,760	2,675	85	3.2%
Other liabilities	10,395	10,986	(591)	-5.4%
Provisions for contingencies, taxes and staff severance pay	7,166	6,556	610	9.3%
Total Equity	35,510	36,732	(1,222)	-3.3%
Total liabilities and equity	**438,358**	**425,083**	**13,275**	**3.1%**

The CDP Group's total funding stood at about 379.5 billion euro at 30 June 2019, up (+3.4%) on the figure recorded at the end of 2018 (367.2 billion euro).

Postal funding refers exclusively to the Parent Company. Please refer to the specific section above for the related comments.

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Due to central banks	**2,475**	**2,487**	**(12)**	**-0.5%**
Due to banks	**55,329**	**61,372**	**(6,043)**	**-9.8%**
Current accounts and demand deposits	11	36	(25)	-69.4%
Fixed-term deposits	338	953	(615)	-64.5%
Repurchase agreements	40,847	45,591	(4,744)	-10.4%
Other loans	11,669	12,695	(1,026)	-8.1%
Other payables	2,464	2,097	367	17.5%
Funding from banks	**57,804**	**63,859**	**(6,055)**	**-9.5%**

The following components contributed to funding levels, albeit to a more moderate extent:

- funding from banks, the change in which was primarily tied to the Parent Company's dealings in repurchase agreements;
- funding from customers, the increase in which (14 billion euro) was mainly due to the Parent Company's OPTES transactions (+12 billion euro);
- bond funding, mainly composed of bonds issued under the EMTN programme, retail bond issues, "Stand alone" issues by the Parent Company guaranteed by the Government and bonds issued by Snam, Terna and Italgas. The balance of this item, increasingly slightly compared to the previous year, reflects the following transactions carried out in the period:

- in the first half of 2019, under the “Debt Issuance Programme”, new issues were made by the Parent Company for a total nominal value of 950 million euro. These included the issue of a new Social Bond for 750 million euro, the proceeds of which were used to finance school building and urban redevelopment projects;
- a bond reserved for individuals, with a nominal value of 1,500 million euro, issued in June and aimed at diversifying the sources of funding of the Separate Account;
- the bond issues of the subsidiary Terna increased by 0.8 billion euro due to the issue of two fixed-rate green bonds as part of the Euro Medium Term Notes (EMTN) Programme.

Liabilities held for trading and hedging derivatives totalled 3 billion euro, up compared to the balance of 0.9 billion euro of the previous financial year, for the combined effect of both the increase in hedged volumes and the change in the value of derivative contracts. This item includes the fair value (where negative), of hedging derivative instruments, including operational hedges that do not qualify as hedges for accounting purposes.

Technical provisions refer solely to the SACE group and include provisions intended to cover, as far as they can be reasonably foreseen, the commitments taken with reference to the Group’s insurance business. At 30 June 2019, the item in question (including the effect of consolidation entries) was around 2.8 billion euro, essentially in line with the previous year.

Other liabilities, which totalled approximately 10.4 billion euro, essentially unchanged compared to 31 December 2018, include the other liabilities of the Parent Company and significant balances relating to other Group companies, such as total trade payables (5.1 billion euro) and contract work in progress (1.4 billion euro).

Provisions for contingencies, taxes and staff severance pay stood at 7.2 billion euro at 30 June 2019, increasing slightly from the balance of 6.6 billion euro at 31 December 2018.

Equity amounted to approximately 35.5 billion euro at 30 June 2019 and is presented below in comparison with the previous year. The decrease compared to the previous year is of 1.2 billion euro, essentially due to the following:

- increase deriving from net income of 2.2 billion euro for the first half of the year;
- negative change in the valuation reserves, including those relating to equity investments accounted for using the equity method, for 0.2 billion euro;
- distribution of dividends for 3.3 billion euro (of which 2.5 billion euro from the Parent Company).

(millions of euro; %)	30/06/2019	31/12/2018	Change (+ / -)	(%) change
Group's Equity	22,838	24,056	(1,218)	-5.1%
Non-controlling interests	12,672	12,676	(4)	0.0%
Total equity	**35,510**	**36,732**	**(1,222)**	**-3.3%**

5.2.2.3 Contribution of the business segments to the Group’s results

For the contribution of the business segments to the Group’s financial performance at the level of the reclassified income statement and main items of the reclassified balance sheet, reference is made to the paragraph “Consolidated information on operating segments” included in the half-yearly condensed consolidated financial statements.

5.2.2.4 Consolidated statement of reconciliation

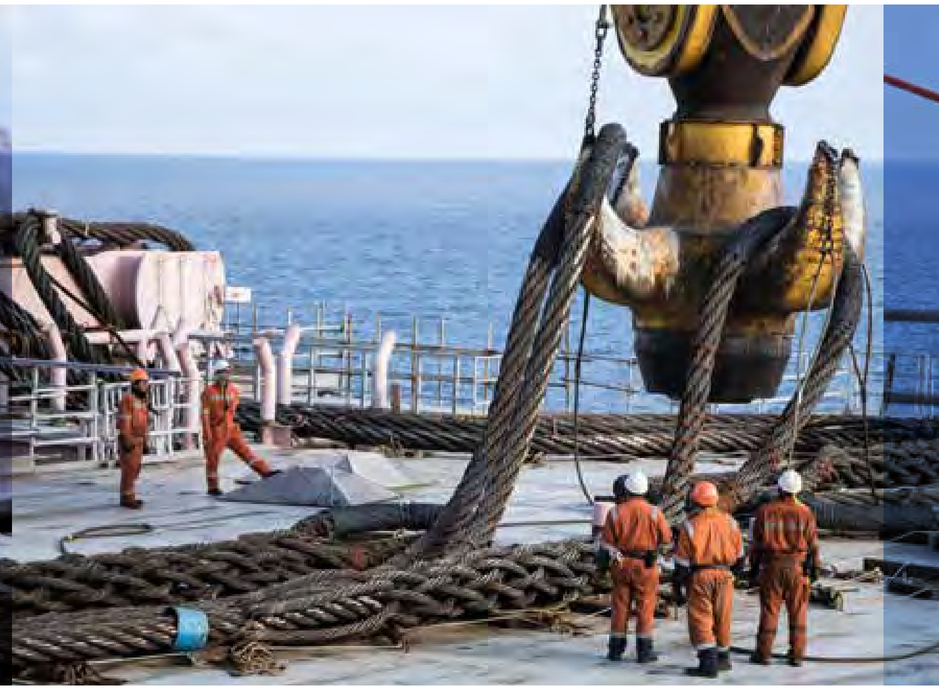
Finally, the statement of reconciliation between equity and net income for the period at the level of the Parent Company and at the consolidated level is provided below.

Reconciliation between equity and net income of the Parent Company and consolidated equity and net income

(millions of euro)	Net income for the period	Share capital and reserves	Total
Parent Company's financial data	**1,502**	**22,350**	**23,852**
Balance from financial statements of subsidiaries directly consolidated on a line-by-line basis	1,471	27,997	29,468
Consolidation adjustments:			
- Carrying amount of directly consolidated equity investments		(20,221)	(20,221)
- Differences of purchase price allocation	(118)	6,634	6,516
- Dividends from fully consolidated companies	(493)	493	
- Measurement of equity investments accounted for with the equity method	481	8,257	8,738
- Dividends of companies measured with the equity method	(587)	(10,758)	(11,345)
- Elimination of intercompany transactions	2	(205)	(203)
- Reversal of measurements in the separate financial statements	(93)	641	548
- Value adjustements	12	(334)	(322)
- Deferred tax assets and liabilities	30	(1,892)	(1,862)
- Other adjustments	(18)	359	341
- Non-controlling interests	(819)	(11,853)	(12,672)
Group's financial data	**1,370**	**21,468**	**22,838**

3.

Half-yearly condensed consolidated financial statements at 30 June 2019




FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

The half-yearly condensed consolidated financial statements at 30 June 2019 have been prepared in compliance with applicable regulations and are composed of the:

- Consolidated balance sheet;
- Consolidated income statement;
- Consolidated statement of comprehensive income;
- Statement of changes in consolidated equity;
- Consolidated statement of cash flows;
- Notes to the consolidated financial statements.

The Notes to the consolidated financial statements consist of:

- Introduction
- Accounting policies
- Information on the consolidated balance sheet
- Information on the consolidated income statement
- Risk monitoring
- Business combinations
- Transactions with related parties
- Share-based payments
- Segment reporting

The following are also included:

- Annexes
- Report of the Independent Auditors
- Certification pursuant to article 154-bis of legislative decree no. 58/98

In the “Annexes” section, paragraph 1.1 “Scope of consolidation” has been added and forms an integral part of the half-yearly condensed consolidated financial statements (Annex 1.1).

CONTENTS

CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

CONSOLIDATED BALANCE SHEET

(thousands of euro)

Assets	30/06/2019	31/12/2018
10. Cash and cash equivalents	870	1,166
20. Financial assets measured at fair value through profit or loss	4,541,734	4,293,623
a) financial assets held for trading	1,317,566	1,035,983
b) financial assets designated at fair value		
c) other financial assets mandatorily measured at fair value	3,224,168	3,257,640
30. Financial assets measured at fair value through other comprehensive income	12,553,331	11,582,864
40. Financial assets measured at amortised cost	340,856,982	330,074,848
a) loans to banks	22,783,374	24,825,040
b) loans to customers	318,073,608	305,249,808
50. Hedging derivatives	552,218	722,177
60. Fair value change of financial assets in hedged portfolios (+/-)	1,443,675	131,581
70. Equity investments	20,296,153	20,395,661
80. Reinsurers' share of technical reserves	877,131	851,681
90. Property, plant and equipment	38,220,685	37,660,125
100. Intangible assets	8,965,215	8,804,271
of which:		
- goodwill	*658,946*	*659,430*
110. Tax assets	1,589,121	1,621,844
a) current tax assets	74,101	88,949
b) deferred tax assets	1,515,020	1,532,895
120. Non-current assets and disposal groups held for sale	169	11,583
130. Other assets	8,460,560	8,931,506
Total assets	**438,357,844**	**425,082,930**

(thousands of euro)

Liabilities and equity	30/06/2019	31/12/2018
10. Financial liabilities measured at amortised cost	379,516,339	366,706,687
a) due to banks	34,574,286	40,905,821
b) due to customers	305,462,527	288,788,232
c) securities issued	39,479,526	37,012,634
20. Financial liabilities held for trading	88,780	81,747
30. Financial liabilities designated at fair value	19,508	519,413
40. Hedging derivatives	2,902,075	826,038
50. Fair value change of financial liabilities in hedged portfolios (+/-)	22,154	26,033
60. Tax liabilities	4,209,185	3,596,661
a) current tax liabilities	984,174	312,307
b) deferred tax liabilities	3,225,011	3,284,354
70. Liabilities associated with non-current assets and disposal groups held for sale		
80. Other liabilities	10,372,815	10,959,482
90. Staff severance pay	212,879	209,449
100. Provisions for risks and charges	2,744,165	2,749,453
a) guarantees issued and commitments	271,481	229,495
b) pensions and other post-retirement benefit obligations		
c) other provisions	2,472,684	2,519,958
110. Technical reserves	2,759,979	2,675,499
120. Valuation reserves	409,887	479,959
130. Redeemable shares		
140. Equity instruments		
150. Reserves	14,686,068	14,312,860
160. Share premium reserve	2,378,517	2,378,517
170. Share capital	4,051,143	4,051,143
180. Treasury shares (-)	(57,220)	(57,220)
190. Non-controlling interests (+/-)	12,671,646	12,676,358
200. Net income (loss) for the period	1,369,924	2,890,851
Total liabilities and equity	**438,357,844**	**425,082,930**

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

Items	1st half of 2019	1st half of 2018
10 Interest income and similar income	4,043,939	3,788,943
- of which: interest income calculated using the effective interest rate method	4,086,389	3,807,251
20 Interest expense and similar expense	(2,376,651)	(2,253,268)
30 Net interest income	**1,667,288**	**1,535,675**
40 Commission income	231,826	214,136
50 Commission expense	(780,864)	(811,028)
60 Net commission income (expense)	**(549,038)**	**(596,892)**
70 Dividends and similar revenues	3,734	3,293
80 Profits (losses) on trading activities	5,263	26,371
90 Fair value adjustments in hedge accounting	(57,684)	(20,541)
100 Gains (losses) on disposal or repurchase of:	65,864	57,062
a) financial assets measured at amortised cost	2,242	47,319
b) financial assets at fair value through other comprehensive income	63,622	9,762
c) financial liabilities		(19)
110 Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	(12,657)	(33,762)
a) financial assets and liabilities designated at fair value	24	1,835
b) other financial assets mandatorily at fair value	(12,681)	(35,597)
120 Gross income	**1,122,770**	**971,206**
130 Net adjustments/recoveries for credit risk relating to:	(82,256)	(48,355)
a) financial assets measured at amortised cost	(80,265)	(47,817)
b) financial assets at fair value through other comprehensive income	(1,991)	(538)
140 Gains/losses from changes in contracts without derecognition		
150 Financial income (expense), net	**1,040,514**	**922,851**
160 Net premium income	110,135	122,462
170 Net other income (expense) from insurance operations	(89,997)	(47,517)
180 Net income from financial and insurance operations	**1,060,652**	**997,796**
190 Administrative expenses	(3,716,784)	(3,391,776)
a) staff costs	(983,111)	(932,727)
b) other administrative expenses	(2,733,673)	(2,459,049)
200 Net accruals to the provisions for risks and charges	(12,053)	(45,243)
a) guarantees issued and commitments	(1,464)	(1,077)
b) other net accrual	(10,589)	(44,166)
210 Net adjustments to/recoveries on property, plant and equipment	(757,480)	(698,552)
220 Net adjustments to/recoveries on intangible assets	(300,753)	(303,568)
230 Other operating income (costs)	6,129,312	5,700,451
240 Operating costs	**1,342,242**	**1,261,312**
250 Gains (losses) on equity investments	583,458	674,651
260 Gains (losses) on tangible and intangible assets measured at fair value		
270 Gains (losses) on equity investments		
280 Gains (losses) on disposal of investments	11,790	(2,245)
290. Income (loss) before tax from continuing operations	**2,998,142**	**2,931,514**
300. Income tax for the period on continuing operations	(809,060)	(739,683)
310 Income (loss) after tax on continuing operations	**2,189,082**	**2,191,831**
320 Income (loss) after tax on discontinued operations		
330 Net income (loss) for the period	**2,189,082**	**2,191,831**
340. Net income (loss) for the period pertaining to non-controlling interests	819,158	747,319
350. Net income (loss) for the period pertaining to shareholders of the Parent Company	**1,369,924**	**1,444,512**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items		1st half of 2019	1st half of 2018
10.	**Net income (loss) for the period**	**2,189,082**	**2,191,831**
	Other comprehensive income (net of tax) ot transferred to income statement		
20.	Equity securities designated at fair value through other comprehensive income	(49,308)	(171,441)
30.	Financial liabilities designated at fair value through profit or loss (change in the entity's own credit risk)		(185)
40.	Hedging of equity securities designated at fair value through other comprehensive income		
50.	Property, plant and equipment		
60.	Intangible assets		
70.	Defined benefit	(6,172)	1,510
80.	Non-current assets held for sale		
90.	Share of valuation reserves of equity investments accounted for using equity method	(16,113)	1,416
	Other comprehensive income (net of tax) transferred to income statement		
100.	Hedging of foreign investments		235
110.	Exchange rate differences	7,791	3,943
120.	Cash flow hedges	(193,254)	(71,143)
130.	Hedging instruments (elements not designated)		
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	128,189	(261,096)
150.	Non-current assets held for sale		
160.	Share of valuation reserves of equity investments accounted for using equity method	(99,826)	(132,967)
170.	**Total other comprehensive income (net of tax)**	**(228,693)**	**(629,728)**
180.	**Comprehensive income (items 10+170)**	**1,960,389**	**1,562,103**
190.	Consolidated comprehensive income pertaining to non-controlling interests	665,190	710,324
200.	**Consolidated comprehensive income pertaining to shareholders of the parent company**	**1,295,199**	**851,779**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2019

(thousands of euro)	Balance at 31.12.2018	Changes in opening balance	Balance at 01.01.2019	Allocation of net income for previous year: Reserves	Allocation of net income for previous year: Dividends and other allocations	Changes for the period: Changes in reserves	Equity transactions: Issues of new shares	Equity transactions: Purchase of own shares	Equity transactions: Interim dividends	Equity transactions: Special dividend distribution	Equity transactions: Changes in equity instruments	Equity transactions: Derivatives on own shares	Equity transactions: Stock options	Equity transactions: Change in equity interests	Comprehensive income for 30.06.2019	Shareholders' Equity at 30.06.2019	Group's Equity at 30.06.2019	Equity Non-controlling interests at 30.06.2019
Share capital:	7.141.669		7.141.669			(3.081)	3.015									7.141.603	4.051.143	3.090.460
a) ordinary shares	7.141.669		7.141.669			(3.081)	1.665									7.140.253	4.051.143	3.089.110
b) preference shares							1.350									1.350		1.350
Share premium reserve	4.150.414		4.150.414			(187.643)										3.962.771	2.378.517	1.584.254
Reserves:	21.720.843		21.720.843	1.470.980		159.940				(959.862)			777	(474)		22.392.204	14.686.068	7.706.136
a) income	20.950.560		20.950.560	1.470.980		158.413				(959.862)				(474)		21.619.617	14.684.995	6.934.622
b) other	770.283		770.283			1.527							777			772.587	1.073	771.514
Valuation reserves	345.008		345.008			4.683									(228.693)	120.998	409.887	(288.889)
Equity instruments																		
Interim dividends	(474.375)		(474.375)	474.375														
Treasury shares	(484.546)		(484.546)					187.853								(296.693)	(57.220)	(239.473)
Net income (loss) for the period	4.333.455		4.333.455	(1.945.355)	(2.388.100)										2.189.082	2.189.082	1.369.924	819.158
Total Equity	**36.732.468**		**36.732.468**		**(2.388.100)**	**(26.101)**	**3.015**	**187.853**		**(959.862)**			**777**	**(474)**	**1.960.389**	**35.509.965**	**22.838.319**	**12.671.646**
Equity Group	**24.056.110**		**24.056.110**		**(1.554.707)**	**1.796**				**(959.862)**				**(217)**	**1.295.199**	**22.838.319**	**22.838.319**	
Equity Non-controlling interests	**12.676.358**		**12.676.358**		**(833.393)**	**(27.897)**	**3.015**	**187.853**					**777**	**(257)**	**665.190**	**12.671.646**		**12.671.646**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 30 JUNE 2018

(thousands of euro)	Balance at 31.12.2017	Changes in opening balance	Balance at 01.01.2018	Allocation of net income for previous year		Changes for the period										Shareholders' Equity at 30.06.2018	Group's Equity at 30.06.2018	Equity Non-controlling interests at 30.06.2018
							Equity transactions											
				Reserves	Dividends and other allocations	Changes in reserves	Issues of new shares	Purchase of own shares	Interim dividends	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Change in equity interests	Comprehensive income for 30.06.2018			
Share capital:	7.269.899		7.269.899			(1.560)								(33.190)		7.235.149	4.051.143	3.184.006
a) ordinary shares	7.269.899		7.269.899			(1.560)								(33.190)		7.235.149	4.051.143	3.184.006
b) preference shares																		
Share premium reserve	4.248.963		4.248.963			(87.672)								(4.527)		4.156.764	2.378.517	1.778.247
Reserves:	20.033.814	(255.009)	19.778.805	1.822.490		74.468							582	14.304		21.690.649	14.319.024	7.371.625
a) income	19.235.885	(255.009)	18.980.876	1.822.490		104.512								14.338		20.922.216	14.317.951	6.604.265
b) other	797.929		797.929			(30.044)							582	(34)		768.433	1.073	767.360
Valuation reserves	681.619	408.333	1.089.952			(5.562)								(4)	(629.728)	454.658	570.650	(115.992)
Equity instruments																		
Interim dividends	(496.111)		(496.111)	496.111														
Treasury shares	(278.461)		(278.461)					(42.937)								(321.398)	(57.220)	(264.178)
Net income (loss) for the period	4.461.658		4.461.658	(2.318.601)	(2.143.057)										2.191.831	2.191.831	1.444.512	747.319
Total Equity	**35.921.381**	**153.324**	**36.074.705**		**(2.143.057)**	**(20.326)**		**(42.937)**					**582**	**(23.417)**	**1.562.103**	**35.407.653**	**22.706.626**	**12.701.027**
Equity Group	**23.061.093**	**162.650**	**23.223.743**		**(1.345.159)**	**(49.893)**								**26.156**	**851.779**	**22.706.626**	**22.706.626**	
Equity Non-controlling interests	**12.860.288**	**(9.326)**	**12.850.962**		**(797.898)**	**29.567**		**(42.937)**					**582**	**(49.573)**	**710.324**	**12.701.027**		**12.701.027**

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(thousands of euro)	1st half of 2019	1st half of 2018
A. OPERATING ACTIVITIES		
1. Operations	**2,172,291**	**2,941,505**
- net income for the year (+/-)	2,189,082	2,191,831
- gains (losses) on financial assets held for trading and other financial assets/liabilities measured at fair value through profit or loss (-/+)	11,184	36,656
- gains (losses) on hedging activities (-/+)	53,143	12,334
- net impairment adjustments (+/-)	94,746	61,061
- net value adjustments to property, plant and equipment and intangible assets (+/-)	1,047,210	994,674
- net provisions and other costs/revenues (+/-)	10,589	44,166
- net premiums not received (-)	(10,234)	74,173
- other insurance income not received/paid (-/+)	206,645	9,178
- unpaid charges, taxes and tax credits (+/-)	(41,468)	17,636
- writedowns/writebacks of equity investments (+/-)	(583,461)	(674,321)
- income (loss) after tax on discontinued operations (+/-)		
- other adjustments (+/-)	(805,145)	174,116
2. Cash generated by/used in financial assets	**(7,047,842)**	**4,279,194**
- financial assets held for trading	(273,119)	(1,354,953)
- financial assets designated at fair value		
- other financial assets mandatorily measured at fair value	25,598	(283,229)
- financial assets measured at fair value through other comprehensive income	(851,206)	(1,348,516)
- financial assets measured at amortised cost	(5,222,705)	6,666,556
- other assets	(726,410)	599,336
3. Cash generated by/used in financial liabilities	**11,005,084**	**607,143**
- financial liabilities measured at amortised cost	11,346,547	970,350
- financial liabilities held for trading	7,837	(89,601)
- financial liabilities designated at fair value	(499,905)	(7,768)
- other liabilities	150,605	(265,838)
Cash generated by/used in operating activities	**6,129,533**	**7,827,842**

B. INVESTMENT ACTIVITIES		
1. Cash generated by	**667,386**	**725,347**
- sale of equity investments	6,507	37,929
- dividends from equity investments	646,196	683,471
- sale of property plant and equipment	13,586	3,947
- sale of intangibles	1,097	
- sales of subsidiaries and business units		
2. Cash used in	**(854,063)**	**(1,100,939)**
- purchase of equity investments	(89,451)	(60,913)
- purchase of property, plant and equipment	(710,718)	(710,813)
- purchase of intangible assets	(12,747)	(304,193)
- purchases of subsidiaries and business units	(41,147)	(25,020)
Cash generated by/used in investing activities	**(186,677)**	**(375,592)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares		
- issue/purchase of equity instruments		
- dividend distribution and other allocations	(3,347,962)	(2,143,057)
- sale/purchase of third-party control		
Cash generated by/used in financing activities	**(3,347,962)**	**(2,143,057)**
CASH GENERATED/USED DURING THE PERIOD	**2,594,894**	**5,309,193**

RECONCILIATION

Items	1st half of 2019	1st half of 2018
Cash and cash equivalents at beginning of the period	**161,429,877**	**151,666,515**
Total cash generated/used during the period	2,594,894	5,309,193
Cash and cash equivalents at end of the period	**164,024,771**	**156,975,708**

* The cash and cash equivalents reported in the cash flow statement comprise the balance of item 10 “Cash and cash equivalents”, the balance on the current account held with the Central Treasury, which is reported under item 70 “Loans to customers” and the positive balance of the bank current accounts reported under item 60 “Loans to banks” net of current accounts with a negative balance reported under item 10 “Due to banks” under liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Structure and content of the half-yearly condensed consolidated financial statements

The half-yearly condensed consolidated financial statements of the Cassa depositi e prestiti Group ("CDP Group" or "Group") have been prepared in compliance with the international accounting standards, and in particular IAS 34, which sets out the minimum content and the basis of preparation for half-yearly financial reports.

The half-yearly condensed consolidated financial statements at 30 June 2019 give a clear, true and fair view of the Group's financial positions and results for the period. The figures shown in these statements correspond with the company accounting records and fully reflect the transactions conducted during the half-year period.

The half-yearly condensed consolidated financial statements use the same consolidation principles and measurement criteria as those described in the last Annual Financial Report, to which reference should be made for more details.

Basis of presentation

The financial statements and the related explanatory notes are expressed in thousands of euro, unless otherwise specified.

Items with zero balances for both the current and prior periods have been excluded. In the income statement, income is indicated as positive numbers, while expenses are shown in brackets, when presented inside tables that also include revenue items.

The figures of the items, sub-items, and the "of which" specifications in the consolidated financial statements and in the tables of the notes to the consolidated financial statements have been rounded as appropriate, while ignoring the fractions of amounts equal to or less than 500 euro and raising fractions greater than 500 euro to the next highest thousand. The rounded amounts for the various items are the sum of the rounded balances of sub-items.

The cash and cash equivalents reported in the Statement of cash flows comprise the balance of item 10 "Cash and cash equivalents", the balance on the current account held with the Central State Treasury and the positive balance on the current accounts reported under item 40 "Financial assets measured at amortised cost", net of current accounts with a negative balance reported under item 10 "Financial liabilities measured at amortised cost" of the liabilities.

Comparison and disclosure

As detailed below, the notes to the consolidated financial statements provide all the information required by law, as well as any supplemental information deemed necessary in order to give a true and fair view of the Group's financial position and results.

These financial statements comply with the requirements of Bank of Italy circular No. 262/2005, updated as at 30 November 2018, and include, in accordance with IAS 34, accounting data as at 30 June 2019 as well as the following comparative data:

- Consolidated balance sheet at 31 December 2018;
- Consolidated income statement for the period ended 30 June 2018;
- Consolidated statement of comprehensive income at 30 June 2018;

- Statement of changes in consolidated equity at 30 June 2018;
- Consolidated statement of cash flows at 30 June 2018.

Auditing of the financial statements

The half-yearly condensed consolidated financial statements of the CDP Group are subject to review by the independent auditing firm PricewaterhouseCoopers S.p.A., following award of the audit engagement for the 2011-2019 period by the Shareholders' Meeting of 25 May 2011.

In view of the forthcoming expiry of the audit engagement assigned to PricewaterhouseCoopers S.p.A., last year CDP began the procedure for selecting the new independent auditors for the nine-year period 2020-2028. At the end of that process, the Shareholders' Meeting of CDP S.p.A., held in ordinary session on 19 March 2019, awarded the above-mentioned audit engagement to Deloitte & Touche Spa.

Annexes

Annex 1.1 "Scope of consolidation" is attached to the half-yearly condensed consolidated financial statements.

ACCOUNTING POLICIES

General information

SECTION 1 - DECLARATION OF COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

These half-yearly condensed consolidated financial statements at 30 June 2019 have been prepared in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, in force at 30 June 2019 and endorsed by the European Commission, as provided by Regulation (EC) 1606 of 19 July 2002, published in the Official Journal L. 243 on 11 September 2002.

In detail, the content of these half-yearly condensed consolidated financial statements complies with IAS 34, which sets out the minimum content and the basis of preparation for interim financial reports. The CDP Group has exercised the option to prepare the half-yearly financial report in the condensed format as opposed to the full disclosure envisaged for the consolidated annual report.

To the extent applicable, these half-yearly condensed consolidated financial statements have also been prepared on the basis of Circular No. 262 of the Bank of Italy of 22 December 2005, 6th Update of 30 November 2018, which incorporates the changes introduced by IFRS 16 "Leases". In particular, the update of the Circular also took into account the consequent changes in other international accounting standards, including IAS 40 regarding investment property, introduced to guarantee the overall consistency of the accounting framework[22], the amendment to IFRS 12 "Disclosure of Interests in Other Entities", which clarifies that the disclosure obligations envisaged for equity investments also apply to investments held for sale, and the additional disclosure in the notes on credit risk with details referring to financial assets classified as "non-current assets and disposal groups held for sale" pursuant to IFRS 5.

SECTION 2 - GENERAL PREPARATION PRINCIPLES

The half-yearly condensed consolidated financial statements include the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows (prepared according to the "indirect method"), and these notes, as well as the Board of Directors' interim report on operations of the Group.

[22] The sphere of application of IAS 40 was extended, which now includes investment property leased amongst investment property. The rights of use acquired through leases connected to investment properties are therefore governed by this standard, with the exception of some specific provisions, which refer to IFRS 16 (such as for example the rules on classification and initial recognition).

The consolidated balance sheet does not contain those items having a zero amount in the reference financial period and in the previous financial year. The consolidated income statement and the consolidated statement of comprehensive income do not contain those items having a zero amount in the reference financial period and in the previous one.

In the consolidated income statement, the consolidated statement of comprehensive income, and the tables in the notes, revenues are indicated without sign, while costs are shown in brackets, when presented inside tables that also include revenue items.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC interpretations;
- interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC) and the Italian Banking Association (ABI);
- documents issued by the EBA, ESMA and Consob concerning the application of specific IFRS rules.

Where the information required by the IFRS and the regulations of the Bank of Italy is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the notes also provide supplemental information for such purpose.

These consolidated financial statements have been prepared in accordance with the provisions of IAS 1 - "Presentation of financial statements":

- Going concern basis: pursuant to the provisions of joint Bank of Italy/Consob/Isvap Document no. 2 of 6 February 2009 concerning disclosures on the going concern basis and in compliance with the requirements on the same issue contained in IAS 1, the CDP Group has conducted an assessment of its ability to continue to operate as a single going concern, considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous years, CDP feels that it is appropriate to prepare its consolidated financial statements on a going concern basis;
- Accruals basis: operations are recognised in the accounting records and in the consolidated financial statements of the CDP Group (except for the disclosure about cash flows) when they accrue, regardless of the payment or collection date. Costs and revenues are taken to profit or loss in accordance with the matching principle;
- Materiality and aggregation: all items containing assets, liabilities, revenues and expense of a similar nature and with similar characteristics are presented separately in the financial statements, unless they are immaterial;
- Offsetting: no assets have been offset with liabilities, nor income with expenses, unless expressly required or allowed by the instructions of the Bank of Italy or by an accounting standard or a related interpretation;
- Frequency of reporting: the CDP Group prepares the half-yearly condensed consolidated financial statements, and makes the related disclosures, on an annual basis. No changes occurred with respect to the reporting date, which remains at 31 December of each year;
- Comparative information: comparative information is disclosed in respect of the previous financial year. This comparative information, which for the balance sheet refers to the reporting date of the previous financial year and for the income statement refers to the previous half of the year, is provided for each document comprising the financial statements, including the notes thereto. The comparative information does not take into account the effects of IFRS 16, adopted as of 1 January 2019, using the "Modified Retrospective Approach" as set out in paragraphs C5 b and C8 b (ii).

Use of estimates

The application of International Financial Reporting Standards in preparing the half-yearly condensed consolidated financial statements requires the CDP Group to make accounting estimates that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, costs, revenues, and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts reported for revenues and costs for the reference financial year.

Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on the consolidated financial statement items and future earnings results.

The main areas in which management is required to make subjective assessments are:

- the calculation of impairment losses on loans, equity investments and, in general, other impaired financial assets;
- the use of measurement techniques to determine the fair value of financial instruments not quoted on an active market;
- the calculation of provisions for employees and provisions for risks and charges;
- the estimates and assumptions used in assessing the recoverability of deferred tax assets and interpretive issues concerning tax treatment;
- the statistical and financial assumptions used in estimating repayment flows on postal savings products;

- the assessment of the accuracy of the value of goodwill and other intangible assets;
- the technical provisions of the insurance companies;
- the valuation of work in progress and inventories of raw materials, semi-finished and finished goods.

The description of the accounting policies used for the main items of the half-yearly condensed consolidated financial statements provides details on the main assumptions and assessments used in preparing the half-yearly condensed consolidated financial statements.

SECTION 3 - SCOPE AND METHODS OF CONSOLIDATION

Subsidiaries are consolidated on a line-by-line basis, while companies subject to joint control or significant influence are accounted for using the equity method. An exception is made for a number of equity investments in companies in liquidation or subsidiaries in the start-up phase without assets and liabilities, whose contribution to the consolidated financial statements is immaterial.

The financial statements of the subsidiaries used for line-by-line consolidation are those at 30 June 2019, as approved by the competent corporate bodies of the consolidated companies, adjusted as necessary to harmonise them with Group accounting policies and reclassified on the basis of the formats established by the Bank of Italy in Circular no. 262 of 22 December 2005, updated to 30 November 2018.

The following statement shows the companies consolidated on a line-by-line basis.

Equity investments in subsidiaries

Company name	Registered office	Headquarters	Type of relationship (1)	Equity investment: Investor	% holding	% of votes (2)
1. ACE Marine LLC	Green Bay - WI	Green Bay - WI	1	Fincantieri Marine Group LLC	100.00%	100.00%
2. Alfiere S.p.A	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
3. ASSET COMPANY 2 S.r.L.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
4. ASSET COMPANY 4 S.R.L.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
5. AVVENIA THE ENERGY INNOVATOR S.R.L.	Rome	Rome	1	Terna Energy Solutions S.r.l.	70.00%	70.00%
6. Bacini di Palermo S.p.A.	Palermo	Palermo	1	Fincantieri S.p.A.	100.00%	100.00%
7. Bonafous S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
8. BOP6 s.c.a.r.l.	Trieste	Trieste/Aix en Provence	1	Fincantieri S.p.A.	5.00%	5.00%
			1	Fincantieri SI S.p.A.	95.00%	95.00%
9. CDP Equity S.p.A.	Milan	Milan	1	CDP S.p.A.	97.13%	97.13%
			1	Fintecna S.p.A.	2.87%	2.87%
10. CDP Immobiliare S.r.l.	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
11. CDP Industria SpA	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
12. CDP Investimenti SGR S.p.A.	Rome	Rome	1	CDP S.p.A.	70.00%	70.00%
13. CDP Reti S.p.A.	Rome	Rome	1	CDP S.p.A.	59.10%	59.10%
14. CDP Technologies AS	Alesund	Alesund	1	Seaonics AS	100.00%	100.00%
15. CDP Technologies Estonia OÜ	Tallinn	Tallinn	1	CDP Technologies AS	100.00%	100.00%
16. Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Genoa	1	Fincantieri S.p.A.	71.10%	71.10%
			1	Seaf S.p.A.	15.00%	15.00%
17. Cinque Cerchi S.p.A. in liquidazione	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
18. Cubogas s.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam 4 Mobility S.p.A.	100.00%	100.00%
19. Difebal S.A.	Montevideo	Montevideo	1	Terna S.p.A.	100.00%	100.00%
20. EGN Distribuzione S.r.l.	Turin	Turin	1	European Gas Netw ork – EGN S.r.l.	100.00%	100.00%
21. Enersi Sicilia	San Donato Milanese (MI)	Caltanissetta	1	Snam 4 Mobility S.p.A.	100.00%	100.00%
22. Enura S.P.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	55.00%	55.00%
23. Estaleiro Quissamã Ltda	Rio de Janeiro	Rio de Janeiro	1	Vard Group AS	50.50%	50.50%
24. European Gas Netw ork – EGN S.r.l.	Turin	Turin	1	Italgas Reti SpA	100.00%	100.00%
25. FIA 2	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
26. Fincantieri (Shanghai) Trading Co. Ltd	Shanghai	Shanghai	1	Fincantieri S.p.A.	100.00%	100.00%
27. Fincantieri Australia Pty Ltd	Sydney	Sydney	1	Fincantieri S.p.A.	100.00%	100.00%
28. Fincantieri Do Brasil Partecipacoes S.A.	Rio de Janeiro	Rio de Janeiro	1	Fincantieri S.p.A.	80.00%	80.00%
			1	Fincantieri Holding B.V.	20.00%	20.00%
29. Fincantieri Europe S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
30. Fincantieri Holding B.V.	Amsterdam	Amsterdam	1	Fincantieri S.p.A.	100.00%	100.00%
31. Fincantieri India Private Limited	New Delhi	New Delhi	1	Fincantieri Holding B.V.	99.00%	99.00%
			1	Fincantieri S.p.A.	1.00%	1.00%
32. Fincantieri Infrastructure S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
33. Fincantieri Marine Group Holdings Inc.	Green Bay - WI	Green Bay - WI	1	Fincantieri USA Inc.	87.44%	87.44%
34. FINCANTIERI MARINE GROUP LLC	Washington, DC	Washington, DC	1	Fincantieri Marine Group Holdings Inc.	100.00%	100.00%
35. Fincantieri Marine Systems North America Inc.	Chesapeake - VI	Chesapeake - VI	1	Fincantieri Holding B.V.	100.00%	100.00%
36. FINCANTIERI OIL & GAS S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
37. Fincantieri S.p.A.	Trieste	Trieste	1	Fintecna S.p.A.	71.64%	71.64%
38. Fincantieri Services Middle East LLC	Doha	Doha	1	Fincantieri S.p.A.	100.00%	100.00%
39. Fincantieri Services USA LLC	Miami	Miami	1	Fincantieri USA Inc.	100.00%	100.00%
40. Fincantieri SI S.p.A.	Trieste	Trieste	1	Seaf S.p.A.	100.00%	100.00%
41. Fincantieri Sw eden AB	Stockholm		1	Fincantieri S.p.A.	100.00%	100.00%
42. Fincantieri USA Inc.	Washington, DC	Washington, DC	1	Fincantieri S.p.A.	100.00%	100.00%
43. Fintecna SpA	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
44. FIT - Fondo Investimenti per il Turismo	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
45. FIT1 - Fondo Investimenti per il Turismo	Rome	Rome	1	FIT - Fondo Investimenti per il Turismo	100.00%	100.00%
46. FIV extra	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
47. FIV PLUS	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
48. FMSNA YK	Nagasaki	Nagasaki	1	Fincatieri Marine Systems North America Inc.	100.00%	100.00%
49. Fondo Sviluppo Export	Milan	Milan	1	SACE S.p.A.	100.00%	100.00%
50. FSI Investimenti SpA	Milan	Milan	1	CDP Equity S.p.A.	77.12%	77.12%
51. Gasrule Insurance D.A.C.	Dublin	Dublin	1	SNAM S.p.A.	100.00%	100.00%
52. Gestione Bacini La Spezia S.p.A.	La Spezia	La Spezia	1	Fincantieri S.p.A.	99.89%	99.89%
53. GNL Italia SpA	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
54. IES Biogas s.r.l.	Pordenone	Pordenone	1	Snam 4 Mobility S.p.A.	100.00%	70.00%
55. Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (MI)	Milan	1	ASSET COMPANY 2 S.r.L.	100.00%	100.00%

Company name	Registered office	Headquarters	Type of relationship (1)	Equity investment: Investor	% holding	% of votes (2)
56. Ischia Gas S.r.l.	Turin	Ischia	1	European Gas Network – EGN S.r.l.	100.00%	100.00%
57. Isotta Fraschini Motori S.p.A.	Bari	Bari	1	Fincantieri S.p.A.	100.00%	100.00%
58. Issel Nord S.r.l.	Follo	Follo	1	Fincantieri S.p.A.	100.00%	100.00%
59. Italgas Acqua S.p.A.	Milan	Caserta	1	Italgas SpA	100.00%	100.00%
60. ITALGAS RETI S.P.A.	Turin	Turin	1	Italgas SpA	100.00%	100.00%
61. ITALGAS S.P.A.	Milan	Milan	1	SNAM S.p.A.	13.50%	13.50%
			1	CDP Reti S.p.A.	26.04%	26.04%
62. Luxury Interiors Factory s.r.l.	Naples	Naples	1	Marine Interiors S.p.A.	100.00%	100.00%
63. Marigliano Gas S.r.l.	Turin	Nola	1	European Gas Network – EGN S.r.l.	100.00%	100.00%
64. MARINE INTERIORS S.p.A.	Trieste	Caneva (PN)	1	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	100.00%
65. Marinette Marine Corporation	Marinette - WI	Marinette - WI	1	Fincantieri Marine Group LLC	100.00%	100.00%
66. Medea Newco S.r.l.	Milan	Milan	1	Italgas SpA	100.00%	100.00%
67. Medea S.p.A.	Sassari	Sassari	1	Italgas Reti SpA	100.00%	100.00%
68. Mediterranea S.r.l.	Forlì	Forlì	1	Italgas Reti SpA	100.00%	100.00%
69. Monita Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	95.00%	95.00%
			1	Terna Rete Italia S.p.A.	5.00%	5.00%
70. Pentagramma Perugia S.p.A.	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
71. Pentagramma Romagna S.p.A. in liquidazione unipersonale	Rome	Rome	1	CDP Immobiliare S.r.l.	100.00%	100.00%
72. PI.SA. 2 S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
73. Resia Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
74. Residenziale Immobiliare 2004 S.p.A.	Rome	Rome	1	CDP Immobiliare S.r.l.	74.47%	74.47%
75. Rete S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
76. Rete Verde 17 S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
77. Rete Verde 18 S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
78. Rete Verde 19 S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
79. Rete Verde 20 S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
80. SACE BT	Rome	Rome	1	SACE Spa	100.00%	100.00%
81. Sace do Brasil	Sau Paulo	Sau Paulo	1	SACE S.p.A.	100.00%	100.00%
82. SACE FCT	Rome	Rome	1	SACE Spa	100.00%	100.00%
83. SACE Servizi	Rome	Rome	1	SACE BT	100.00%	100.00%
84. SACE Spa	Rome	Rome	1	CDP S.p.A.	100.00%	100.00%
85. Seanergy a Marine Interiors Company S.r.L.	Pordenone	Pordenone	1	MARINE INTERIORS S.p.A.	85.00%	85.00%
86. Seaonics AS	Alesund	Alesund	1	Vard Group AS	56.40%	56.40%
87. Seaonics Polska SP.Z O.O.	Gdansk	Gdansk	1	Seaonics AS	100.00%	100.00%
88. Seaside S.r.l.	Bologna	Bologna	1	Italgas SpA	100.00%	100.00%
89. Seastema S.p.A	Genoa	Genoa	1	Fincantieri S.p.A.	100.00%	100.00%
90. Simest SpA	Rome	Rome	1	SACE S.p.A.	76.01%	76.01%
91. Snam 4 Mobility S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
92. Snam Gas & Energy Services (Beijing) Co. Ltd.			1	Snam International B.V.	100.00%	100.00%
93. Snam International B.V.	Amsterdam	Amsterdam	1	SNAM S.p.A.	100.00%	100.00%
94. SNAM RETE GAS S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
95. SNAM S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	CDP Reti S.p.A.	31.04%	31.04%
96. Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	Trieste	Trieste	1	Fincantieri S.p.A.	100.00%	100.00%
97. SPE Santa Lucia Transmissora de Energia S.A.	Rio de Janeiro	Rio de Janeiro	1	Terna Plus S.r.l.	99.99%	99.99%
			1	Terna Chile S.p.A.	0.01%	0.01%
98. SPE Santa Maria Transmissora de Energia S.A.	Rio de Janeiro	Rio de Janeiro	1	Terna Plus S.r.l.	99.99%	99.99%
			1	Terna Chile S.p.A.	0.01%	0.01%
99. Stogit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
100. Tamini Transformers USA L.L.C.	Sewickley	Sewickley	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
101. Tamini Trasformatori India Private Limited	Magarpatta City, Hadapsar, Pune	Magarpatta City, Hadapsar, Pune	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
102. Tamini Trasformatori S.r.l.	Legnano (MI)	Legnano (MI)	1	Terna Energy Solutions S.r.l.	70.00%	70.00%
103. Tep Energy Solution S.r.l.	Rome	Milan	1	ASSET COMPANY 4 S.R.L.	100.00%	82.00%
104. Terna Chile S.p.A.	Santiago del Cile	Santiago del Cile	1	Terna Plus S.r.l.	100.00%	100.00%
105. TERNA Crna Gora d.o.o.	Podgorica	Podgorica	1	Terna S.p.A.	100.00%	100.00%
106. Terna Energy Solutions S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
107. Terna Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	65.00%	65.00%
			1	TERNA RETE ITALIA S.p.A.	5.00%	5.00%
108. Terna Peru S.A.C.	Lima	Lima	1	Terna Plus S.r.l.	99.99%	99.99%
			1	Terna Chile S.p.A.	0.01%	0.01%
109. TERNA PLUS S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
110. TERNA RETE ITALIA S.p.A.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
111. Terna SpA	Rome	Rome	1	CDP Reti S.p.A.	29.85%	29.85%
112. Vard Accommodation AS	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
113. Vard Accommodation Tulcea SRL	Tulcea	Tulcea	1	Vard Accommodation AS	99.77%	99.77%
			1	Vard Electro Tulcea S.r.l.	0.23%	0.23%
114. Vard Aqua Chile SA	Puerto Montt	Puerto Montt	1	Vard Aqua Sunndal AS	95.00%	95.00%
115. Vard Aqua Scotland Ltd	Lochgilphead	Lochgilphead	1	Vard Aqua Sunndal AS	100.00%	100.00%
116. Vard Aqua Sunndal AS	Sunndalsøra	Sunndalsøra	1	Vard Group AS	98.21%	98.21%
117. Vard Braila SA	Braila	Braila	1	Vard RO Holding S.r.l.	94.12%	94.12%
			1	Vard Group AS	5.88%	5.88%
118. Vard Contracting AS	Vatne	Vatne	1	Vard Group AS	100.00%	100.00%
119. Vard Design AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
120. Vard Design Liburna Ltd.	Rijeka	Rijeka	1	Vard Design AS	51.00%	51.00%
121. Vard Electrical Installation and Engineering (India) Private Limited	New Delhi	New Delhi	1	Vard Electro AS	99.50%	99.50%
			1	Vard Electro Tulcea S.r.l.	0.50%	0.50%
122. Vard Electro AS	Sovik	Sovik	1	Vard Group AS	100.00%	100.00%
123. Vard Electro Braila SRL	Braila	Braila	1	Vard Electro AS	100.00%	100.00%
124. Vard Electro Brazil (Instalacoes Eletricas) Ltda	Niteroi	Niteroi	1	Vard Electro AS	99.00%	99.00%
			1	Vard Group AS	1.00%	1.00%
125. Vard Electro Canada Inc.	Vancouver	Vancouver	1	Vard Electro AS	100.00%	100.00%
126. Vard Electro Italy S.r.l.	Genoa	Genoa	1	Vard Electro AS	100.00%	100.00%
127. Vard Electro Tulcea SRL	Tulcea	Tulcea	1	Vard Electro AS	99.96%	99.96%

	Company name	Registered office	Headquarters	Type of relationship (1)	Equity investment		% of votes (2)
					Investor	% holding	
128.	Vard Engineering Brevik AS	Brevik	Brevik	1	Vard Group AS	100.00%	100.00%
129.	Vard Engineering Constanta SRL	Costanza	Costanza	1	Vard RO Holding S.r.l.	70.00%	70.00%
				1	Vard Braila SA	30.00%	30.00%
130.	Vard Engineering Gdansk sp. Z o. o.	Gdańsk	Gdańsk	1	Vard Engineering Brevik AS	100.00%	100.00%
131.	Vard Group AS	Alesund	Alesund	1	Vard Holdings Limited	100.00%	100.00%
132.	Vard Holdings Limited	Singapore	Singapore	1	Fincantieri Oil & Gas S.p.A.	97.44%	97.44%
133.	Vard Marine Inc.	Vancouver	Vancouver	1	Vard Group AS	100.00%	100.00%
134.	Vard Marine US Inc.	Houston		1	Vard Marine Inc.	100.00%	100.00%
135.	Vard Niterói Ltda	Rio de Janeiro	Rio de Janeiro	1	Vard Group AS	99.99%	99.99%
				1	Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	0.01%
136.	Vard Offshore Brevik AS	Porsgrunn	Porsgrunn	1	Vard Group AS	100.00%	100.00%
137.	Vard Piping AS	Tennfjord	Tennfjord	1	Vard Group AS	100.00%	100.00%
138.	Vard Promar SA	Recife	Recife	1	Vard Group AS	100.00%	100.00%
139.	Vard RO Holding SRL	Tulcea	Tulcea	1	Vard Group AS	100.00%	100.00%
140.	Vard Seaonics Holding AS	Alesund	Alesund	1	Vard Group AS	100.00%	100.00%
141.	Vard Shipholding Singapore Pte Ltd	Singapore	Singapore	1	Vard Holdings Ltd	100.00%	100.00%
142.	Vard Singapore Pte. Ltd.	Singapore	Singapore	1	Vard Group AS	100.00%	100.00%
143.	Vard Tulcea SA	Tulcea	Tulcea	1	Vard RO Holding S.r.l.	99.996%	99.996%
				1	Vard Group As	0.004%	0.004%
144.	Vard Vung Tau Ltd	Vung Tau	Vung Tau	1	Vard Singapore Pte Ltd	100.00%	100.00%
145.	VBD1 AS	Norway	Norway	1	Vard Group AS	100.00%	100.00%

Key

(1) Type of relationship:

1 = Majority of voting rights in ordinary shareholders' meeting

2 = Dominant influence in ordinary shareholders' meeting

3 = Agreements with other shareholders

4 = Other form of control

5 = Unitary management pursuant to Article 26.1 of Legislative Decree 87/92

6 = Unitary management pursuant to Article 26.2 of Legislative Decree 87/92

(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes

Compared with 31 December 2018, the most significant changes in the scope of line-by-line consolidation consisted of:

- the inclusion of Alfiere S.p.A. among the companies consolidated on a line-by-line basis, following the acquisition of the remaining 50% of the subsidiary previously subject to joint control;
- the addition of CDP Industria S.p.A., established in March;
- the merger of the companies called Fontenergia (respectively numbers 4, 6, 7, 9, 10, 11, 15, 19, 26, 27, 35, and 37) into Medea, and of Favaragas Reti, Siculiana Gas, Baranogas Reti, Ischia Reti Gas, Greganica Gas, Progas Metano, Fontenergia and Naturgas into the subsidiary Italgas Reti.

Significant assessments and assumptions to determine whether there is control, joint control or significant influence

For details of the significant assessments and assumptions to determine whether there is control, joint control or significant influence, see the 2018 Annual Financial Report, Chapter 3, PART A - ACCOUNTING POLICIES, A.1 - General Information, Section 3 - Scope and Methods of Consolidation, 2. Significant assessments and assumptions to determine whether there is control, joint control or significant influence.

SECTION 4 - EVENTS SUBSEQUENT TO THE REPORTING DATE OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

No events requiring changes to the figures approved occurred between the reporting date of these half-yearly condensed consolidated financial statements and the date of their approval by the Board of Directors.

Significant events after 30 June 2019

The significant transactions which occurred after 30 June 2019 are summarised below.

CDP

The Board of Directors' Meeting of Cassa Depositi e Prestiti, which approved this Half-Yearly Financial Report, on the same date, in accordance with the provisions of the Business plan for the reorganisation of the portfolio of the strategic equity investments of the CDP Group based on their industry sectors and a long-term business approach, approved the plans for the spin-off in favour of the newly formed CDP Industria S.p.A.:

- by Fintecna S.p.A. of its equity investment in Fincantieri, amounting to 71.6% of the share capital;
- by CDP Equity S.p.A. of its equity investment in Saipem S.p.A., amounting to 12.6% of the share capital.

This reorganisation had already been initiated with the partial proportional spin-off in favour of CDP S.p.A. of the 2.87% equity investment held by Fintecna S.p.A. in CDP Equity S.p.A., effective from 1 August 2019.

Fincantieri

On 4 July 2019, FINCANTIERI S.p.A. completed the acquisition of a 60% stake in the INSIS group, a solution provider in the field of integrated physical and logical security, operating on domestic and foreign markets both directly and as a technology partner of large industrial groups. The purchase price for the equity investment was 23 million euro. The agreement also gives Fincantieri the right to exercise a call option on the remaining 40%, and the third-party non-controlling shareholder the right to exercise a put option on that stake.

Italgas

On 24 July 2019, Italgas successfully completed the launch of a new fixed-rate bond issue maturing in April 2030 for an amount of 600 million euro with an annual coupon of 0.875%. The issue completed the ceiling of the EMTN Programme started in 2016 and renewed by resolution of the Board of Directors of 5 November 2018. On the same date, an Interest Rate Swap was completed with Mediobanca and Unicredit, which converted the "Smart Meeting" EIB loan to a fixed rate for an amount of 300 million euro.

With regard to the option offer of 2,897,778 shares pursuant to Article 2437-quater, paragraph 2, of the Italian Civil Code by Toscana Energia, on 22 July 2019 Italgas was the only shareholder to exercise the option right and, at the same time, the pre-emption right over all the unsubscribed shares. As a result, once the formal requirements of the current legislation have been met, Italgas will increase its equity investment in Toscana Energia from 48.68% to 50.66%.

Terna

On 11 July 2019, Terna renewed its Euro Medium Term Note (EMTN) bond issue Programme for the amount of 8 billion euro. Deutsche Bank and Citigroup acted as Joint Arrangers of the programme, which is rated "BBB+A-2" by S&P, "(P)Baa2/(p)P-2" by Moody's, "BBB+" by Fitch, and "A-/S-1" by Scope.

On 18 July 2019, Terna launched a Euro bond issue for institutional investors. The issue, which was very well received by the market with a demand of around 4 times the offer, was carried out as part of its EMTN Programme and amounted to 500 million euro. The bond has a duration of 6 years, with maturity on 25 July 2025, and will pay a coupon of 0.125%, the lowest for a bond of an Italian corporate with a maturity of more than 5 years. It will be issued at a price of 99.245, with a spread of 45 basis points compared to the midswap and an indicative spread around 70 bps lower than the BTP of the same duration. The actual cost for Terna of the issue was therefore 0.25% compared with an average overall cost of the consolidated net debt envisaged in the Business Plan of 1.6%. An application for the listing of the bond will be submitted to the Luxembourg Stock Exchange. The transaction, which covers the requirements of the Group's Business Plan, is part of Terna's financial strategy, aimed at maximising efficiency and pro-actively managing its debt in order to take advantage of all the opportunities offered by the capital market.

SECTION 5 - OTHER ISSUES

IFRS endorsed at 30 June 2019 and in force since 2019

As required by IAS 8 - “Accounting policies, changes in accounting estimates and errors”, details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2019, are provided below:

- Commission Regulation (EU) 2019/412 of 14 March 2019, published in Official Journal L 73 of 15 March 2019, amending Commission Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council as regards International Accounting Standards (IAS) 12 and 23 and International Financial Reporting Standards (IFRS) 3 and 11. Companies should apply such changes, at the latest, from the start of the first financial year that begins on or after 1 January 2019. The main amendments concerned:
  - IAS 12 “Income taxes”
    Accounting for all income taxes consequences of dividend payments in the same way;
  - IAS 23 “Borrowing costs”
    The company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale;
  - IFRS 3 “Business combinations”
    The company remeasures its previously held interest in a joint operation when it obtains control of the business;
  - IFRS 11 “Joint arrangements”
    The company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- Commission Regulation (EU) 2019/402 of 13 March 2019, published in Official Journal L 72 of 14 March 2019, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council with regard to the international accounting standard IAS 19. The objective of the amendments is to clarify that, after a defined-benefit plan amendment, curtailment or settlement occurs, an entity should apply the updated assumptions from the remeasurement of its net defined benefit liability (asset) for the remainder of the reporting period. The entities should apply such changes, at the latest, from the start of the first financial year that begins on or after 1 January 2019.
- Commission Regulation (EU) 2019/237 of 8 February 2019, published in Official Journal L 39 of 11 February 2019, amending Regulation (EC) no. 1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council with regard to the international accounting standard IAS 28. The amendments clarify that any entity that does not apply the equity method to financial instruments in associate companies or joint ventures should apply IFRS 9 to long-term equity interests without taking into account any adjustments made to their carrying amount. Entities apply these amendments retroactively, starting from financial periods that start on or after 1 January 2019. Early application is permitted.
- Commission Regulation (EU) 2018/1595 of 23 October 2018, published in the Official Journal L 265 of 24 October 2018, adopting IFRIC 23, which explains how to reflect uncertainty in accounting for income taxes.
- Commission Regulation (EU) 2017/1986 of 31 October 2017, published in the Official Journal L 291 of 9 November 2017, adopting IFRS 16 – Leases, which aims to improve financial reporting on lease contracts. Companies shall apply IFRS 16, at the latest, as from the commencement date of their first financial year starting on or after 1 January 2019[23].

Accounting standards, amendments and interpretations not yet endorsed by the European Union at 30 June 2019

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union as at the date of preparation of these half-yearly condensed consolidated financial statements:

- IFRS 17 Insurance Contracts (issued on 18 May 2017);
- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018);
- Amendment to IFRS 3: Business Combinations (issued on 22 October 2018);
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018).

[23] European Commission Regulation (EU) no. 2018/498 of 22 March 2018, published in the Official Journal L 82 of 26 March 2018, adopting the Amendments to IFRS 9 - Financial Instruments - Prepayment Features with Negative Compensation has already been applied by the CDP Group since 1 January 2018.

Other information

The Board of Directors meeting on 1 August 2019 approved the half-yearly consolidated financial report at 30 June 2019 of the CDP Group, including the half-yearly condensed consolidated financial statements of the CDP Group, authorising their publication and disclosure in line with the deadlines and methods envisaged by current regulations applicable to CDP.

The transition to the new IFRS 16

Regulatory provisions

Starting from 1 January 2019, the new IFRS 16, issued by the IASB in January 2016 and endorsed by the European Commission through Regulation No. 1986/2017, replaces IAS 17 “Leases”, IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases — Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”, and at the same time has regulated new requirements for the accounting of leases.

IFRS 16 applies to all leases except for the following which are already covered by other standards:

- leases to explore for or use minerals, oil, natural gas and similar non-regenerative resources (IFRS 6 - Exploration for and Evaluation of Mineral Resources);
- leases of biological assets held by lessees (IAS 41 - Agriculture);
- service concession agreements (IFRIC 12 - Service Concession Arrangements);
- intellectual property licences granted by the lessor (IFRS 15 - Revenue from Contracts with Customers);
- rights held by the lessee under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights (IAS 38 - Intangible Assets).

The most important aspect of this new standard is the introduction of a single model for the recognition of lease agreements by the *lessee* that is based on the right-of-use model, with the consequent elimination of the distinction between operating and financial leases[24] provided for by IAS 17: all lease agreements must, therefore, be accounted for in the same way by recognising an asset and a liability. The right of use of the leased asset is recognised in the asset side of the balance sheet (right-of-use asset) while the liability relating to the lease payments still due to the lessor is recognised in the liability side of the balance sheet (lease liability)[25]. Charges relating to the depreciation of the right-of-use asset, and interest expense on the lease liability in place of the lease payments previously shown under administrative expenses, are recognised in the income statement.

Under the new standard, a lease is defined as a contract that conveys the final lessee the right to use an asset for a period of time in exchange for consideration. What is now of fundamental importance is the right to control the use of the asset, which must be assessed for each individual contract.

Furthermore, to determine whether the right of use of an asset is conveyed, the following specific conditions must be met or be present:

- an identified asset;
- the right to substantially obtain all the economic benefits arising from the use of the identified asset;
- the right to decide how the asset is to be used.

The assessment of whether a contract is, or contains, a lease is made at the start of the contract and must be reassessed when there is a change in the terms and conditions of the contract.

The adoption of IFRS 16 for the half-yearly condensed consolidated financial statements of the CDP Group also takes into account the provisions of Circular no. 262 of 22 December 2005 - 6th update, to the extent they are material and applicable.

Choices of the CDP Group

With the support of an external consultant, the CDP Group has launched a specific project aimed at identifying the contracts that are subject to the new standard and introducing the related accounting treatment, both on first-time adoption and when fully implemented, as well as determining any IT and organisational actions required. Several organisational units were involved in the project, including Administration, Financial Statements and Reporting; Asset & Liability Management; Property Management; Demand Management and Planning; ICT, as well as other units representing Group companies subject to management and coordination.

The analysis made it possible to identify the following categories as being relevant for adopting the standard:

- real estate;
- automotive;

[24] This distinction persists for leases from the lessor's perspective.
[25] “Lease liability” in accordance with Circular no. 262 of 22 December 2005 – 6th update.

- other assets.

Overall, real estate was the most significant category where the right of use represents 80% of the property, plant and equipment recognised.

Upon first-time adoption, the CDP Group applied the new standard under the “Modified Retrospective Approach” as set out in paragraphs C5 b and C8 b (ii). This approach allows recognition of the cumulative effect of the application of the standard on the first-time adoption date without restating the comparative information.

Specifically, this approach provides for recognition of the following measurements:

- the lease liability calculated as the present value of the remaining payments due on the lease, discounted at the lessee’s incremental borrowing rate at the date of initial application (IFRS 16.C8. a);
- the right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application (IFRS 16.C8. b.ii).

The Group has decided to adopt some of the practical expedients and recognition exemptions provided by the standard. In particular:

- exclusion of leases with a total or remaining lease term of 12 months or less;
- exclusion of leases with an underlying asset value of 5,000 euro or less at the date of purchase;
- exclusion of the initial direct costs incurred to measure the right-of-use asset at the date of initial application;
- exclusion of leases of intangible assets (IFRS 16.4).

With regard to the discount rate, the CDP Group decided to adopt an incremental borrowing rate which represents the rate of interest that a lessee “would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment”. The incremental borrowing rate was established following an analysis of the leases identified, for which no implicit interest rate could be determined.

Given its characteristics and the requirements of the standard, the BTP curve was used to determine the discount rate.

Impact of first-time adoption (FTA) of IFRS 16

As a result of the Group's decision to adopt the “Modified Retrospective Approach” upon first-time adoption, no impact on the book equity was recognised at 1 January 2019.

Property, plant and equipment includes 225.7 million euro in right-of-use assets against operating lease liabilities of 218.1 million euro. Total lease liabilities recognised upon FTA amounted to 218.8 million euro. Receivables for finance leases (relating to subleases) recognised in the consolidated financial statements and resulting from the adoption of the new standard were very limited. Consequently, the balance sheet items affected by the adoption of IFRS 16 changed as follows from 31 December 2018 to 1 January 2019:

- Property, plant and equipment increased from 37,660.1 million euro to 37,885.8 million euro,
- financial assets measured at amortised cost remained virtually unchanged,
- other assets decreased from 8,931.5 million euro to 8,923.9 million euro,
- financial liabilities measured at amortised cost increased from 366,706.7 million euro to 366,925.5 million euro,

Reconciliation statements are provided below:

Reconciliation of IAS 17 operating lease commitments at 31 December 2018 and IFRS 16 lease liabilities at 1 January 2019

(thousands of euro)	01/01/2019
Commitments for undiscounted operating leases applying IAS 17 at 31 December 2018	**222,211**
Exceptions to recognition pursuant to IFRS 16	**(11,264)**
- short-term *leases*	*(10,798)*
- leases *low value*	*(466)*
Other changes	**39,036**
Undiscounted operating lease liabilities	**249,983**
Discounting effect	(31,876)
Discounted lease liabilities for operating leases applying IFRS 16 at 1 January 2019	**218,107**
Lease liabilities for finance leases applying IAS 17 at 1 january 2019	689
Total Lease Liabilities applying IFRS 16 at 1 January 2019	**218,796**

Reconciliation of IFRS 16 discounted operating lease liabilities and IFRS 16 right-of-use assets at 1 January 2019

(thousands of euro)	01/01/2019
Operating property, plant and equipment	**213,628**
a) land	10,237
b) buildings	166,630
c) movables	5,807
d) electrical plant	580
e) other	30,374
Investment property	**12,035**
a) land	
b) buildings	12,035
Rights of use acquired through the lease (Right-of-use Assets)	**225,663**
Prepaid expenses (at 31/12/2018) reconciled to Right - of- use	(7,582)
Financial assets measured at amortised cost - subleasing	26
Rights of use acquired through the lease not adjusted for prepayments and subleasing at 1 January 2019	**218,107**
Discounted Lease liabilities for operating leases applying IFRS 16 at 1 January 2019	**(218,107)**
Impacts on Equity at 1 January 2019	**-**

The recognition of right-of-use assets acquired through leases upon FTA mainly concerned CDP and Group companies not subject to management and coordination. These Group companies carried out their conversion projects, in compliance with the options adopted by CDP, but by estimating the weighted average incremental borrowing rate and taking account of their unique characteristics. Fincantieri, which applied an average rate of 3.1%, accounted for the largest share.

The average rate for determining the lease liabilities of the scope represented by CDP and the Group companies subject to management and coordination was 2.28%.

Recognition criteria

The accounting policies for right-of-use assets recognised under property, plant and equipment are illustrated below. Under IFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (underlying asset) for a period of time in exchange for consideration.

When the lease commences, the lessee recognises:

- an asset which consists of the right to use the asset underlying the lease, which is the sum of the financial liability resulting from the lease, the payments made on or before the commencement date of the lease (net of any lease incentives received), the initial direct costs, and any (estimated) costs of dismantling and/or removing the asset underlying the lease;
- a financial liability resulting from the lease that corresponds to the present value of the payments due under the lease. The discount rate to be used is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used.

If a lease agreement contains non-lease components (e.g. the provision of services, such as ordinary maintenance, which is to be recognised in accordance with IFRS 15), the lessee shall account for the lease components separately from the non-lease components and allocate the consideration under the agreement to the different components based on their stand-alone prices.

The lease term is determined taking into account:

- any period covered by an option to extend the lease, if it is reasonably certain that the option will be exercised;
- any period covered by an option to terminate the lease, if it is reasonably certain that the option will not be exercised.

For short-term leases (with a term of 12 months or less) that do not include an option to purchase the underlying asset from the lessee and leases where the underlying asset is of low value, the charge is recognised in the income statement on a straight-line basis over the lease term.

During the lease term, the lessee must:

- measure the right-of-use asset at cost, less accumulated depreciation and accumulated impairment determined and accounted for in accordance with the provisions of IAS 36 "Impairment of Assets", adjusted to take account of any restatement of the lease liability;
- increase the liability resulting from the lease transaction following the accrual of interest expense calculated at the interest rate implicit in the lease, or, alternatively, at the incremental borrowing rate, and reduce it by the amount of payments of principal and interest.

The right-of-use asset under a lease is derecognised at the end of the lease term.

The main financial statement items

The accounting policies adopted for the preparation of these half-yearly condensed consolidated financial statements of the CDP Group at 30 June 2019, with regard to the classification, recognition, measurement and derecognition of financial and non-financial assets and liabilities, as well as the methods for recognising revenues and costs, were substantially unchanged from those adopted for the preparation of the consolidated financial statements of the CDP Group at 31 December 2018, to which reference should be made for full disclosure. The only exceptions were the changes resulting from the mandatory adoption of the new IFRS 16 “Leases” starting from 1 January 2019, for which the main item requiring updating is illustrated below.

PROPERTY, PLANT AND EQUIPMENT

This item includes the capital assets used in operations governed by IAS 16, the investment property governed by IAS 40 and the inventories of property, plant and equipment governed by IAS 2. Also included are rights of use acquired under a lease and relating to the use of property, plant and equipment (for the lessees)[26], assets granted under an operating lease (for the lessors), as well as leasehold improvement costs, provided they relate to identifiable and separable property, plant and equipment.

“Operating property, plant and equipment” consist of property, plant and equipment used for production purposes and to supply goods/services, which may be leased or held for administrative purposes.

In accordance with IAS 16, these assets are initially recognised at purchase cost, including incidental expenses directly related to the purchase, non-deductible VAT and costs for bringing the asset to working condition, increased by revaluations carried out under the provisions of specific laws. Borrowing costs directly attributable to the acquisition, construction or production of an asset have to be added to the value of the asset itself and capitalised pursuant to IAS 23.

Special maintenance and repair costs, incurred after initial recognition, which result in an increase in the future economic benefits, are recognised as an addition to the value of the assets. Ordinary maintenance costs that do not generate future economic benefits, on the other hand, are recognised in the income statement.

Subsequent measurement is at cost, net of depreciation and impairment (the latter in accordance with IAS 36).

These assets are systematically depreciated from the period they enter service in the production process and are, therefore, ready for use. They are depreciated on a straight-line basis over their residual life.

Therefore, the depreciation allowances for each year charged to the income statement are calculated by the CDP Group at the rates listed below, which are considered adequate to represent the residual useful life of each asset.

[26] Lease liabilities recorded by the Group as lessee under leasing operations are recorded under financial liabilities measured at amortised cost.

	Minimum rate	Maximum rate
Buildings	2.0%	3.0%
Movables	6.0%	33.0%
Electrical plant	4.0%	33.3%
Other:		
Power lines	4.0%	4.0%
Transformation stations	2.4%	6.7%
Gas pipelines	2.0%	2.0%
Power stations	5.0%	10.0%
Gas reduction and regulation	5.0%	5.0%
Pipelines	2.0%	2.0%
Processing stations	4.0%	20.0%
Compression stations	5.0%	5.0%
Storage wells	1.7%	20.0%
Regasification	4.0%	4.0%
Industrial and commercial equipment	8.0%	33.3%
Other assets	3.0%	25.0%
Other plant and equipment	2.0%	33.3%

On the contrary, land and art works are not depreciated insofar as they have an indefinite useful life.

At every annual or interim reporting date, the recognised carrying value of the operating assets is tested for impairment. If signs of impairment are present, the carrying value of the asset is compared with its recoverable amount, with the latter being the greater of fair value less the costs of disposal, and the associated value in use of the asset (construed as the discounted value of the future cash flows originated by the asset). If the carrying value is higher than the recoverable amount, the difference is recognised in the income statement under “Net adjustments to/recoveries on property, plant and equipment”. If the reasons for which impairment was recognised cease to exist, the impairment loss is reversed. The adjusted value may not exceed the value that the asset would have had, net of the depreciation calculated in the absence of previous impairment.

Newly acquired assets are depreciated as from the period in which they enter service and are, therefore, ready for use.

Land and buildings are considered to be separable assets; therefore, they are treated as separate assets for accounting purposes, even if purchased together.

Each item of property, plant and equipment that has a significant value compared to the overall value of the asset it belongs to is recognised and depreciated separately.

“Investment property” consists of real estate property held for investment purposes to be leased to third parties outside the CDP Group. These assets are initially recognised in accordance with IAS 40 at purchase or construction cost, including directly attributable purchase/construction costs. However, maintenance costs relating to these assets cannot be capitalised, but are recognised in the income statement.

Subsequent measurement of said investment property in the consolidated financial statements is at cost, net of depreciation and impairment, as set out in IAS 16 in relation to operating property, plant and equipment.

“Assets under construction and advances” are composed of advances or expenses incurred in respect of items of property, plant and equipment that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company’s production cycle, depreciation is suspended.

As regards property, plant and equipment recognised in accordance with IAS 2, these are measured at the lower of cost and net realisable value, on the understanding that one nevertheless compares the carrying value of the asset and its recoverable amount, where there is some evidence that shows that the asset may have suffered an impairment loss. Any adjustments are recorded through profit or loss.

The carrying value of an operating item of property, plant and equipment is eliminated from the balance sheet upon disposal or when no future economic benefits are expected from its use or disposal.

OTHER ITEMS IN ASSETS, LIABILITIES AND INCOME STATEMENT

For all other items in the assets, liabilities and income statement in these half-yearly condensed consolidated financial statements of the CDP Group not mentioned above, please refer to Part A "Accounting policies" of the notes to the consolidated financial statements at 31 December 2018, as no significant changes occurred with regard to these items.

With regard to Regulation (EU) 2018/1595, which adopted IFRIC 23, the new interpretation states that an entity shall consider whether it is probable that the relevant taxation authority will accept every tax treatment, or group of tax treatments, it has used or plans to use in its tax return. If the entity concludes that it is probable that a particular tax treatment will be accepted, the entity shall determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its tax documentation. If the entity concludes that it is not probable that a particular tax treatment will be accepted, the entity shall use the most probable amount or the expected value of the tax treatment in determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The judgement should be based on which method provides the best forecast of how to resolve the uncertainty.

Disclosure of transfers between portfolios of financial assets

There were no transfers between portfolios of financial assets.

Disclosures on fair value measurement

QUALITATIVE DISCLOSURES

As there were no intervening changes to what is set out in the 2018 Annual Report, reference is made to what is stated in the latter under Chapter 3, Part A - ACCOUNTING POLICIES, A. 4- Disclosures on fair value measurement.

QUANTITATIVE DISCLOSURES

Hierarchy of fair value

Assets and liabilities measured at fair value on a recurring basis: breakdown by level of fair value

(thousands of euro)	30/06/2019			31/12/2018		
Financial assets/liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets designated at fair value through profit or loss	1,611,822	179,889	2,750,023	1,364,648	323,070	2,605,905
a) Financial assets held for trading	1,027,629	178,135	111,802	777,269	171,415	87,299
b) Financial assets designated at fair value						
c) Non -trading financial assets mandatorily at fair value	584,193	1,754	2,638,221	587,379	151,655	2,518,606
2. Financial assets at fair value through other comprehensive income	12,443,798		109,533	11,486,443		96,421
3. Hedging derivatives		552,218			722,177	
4. Property, plant and equipment						
5. Intangible assets						
Total	**14,055,620**	**732,107**	**2,859,556**	**12,851,091**	**1,045,247**	**2,702,326**
1. Financial liabilities held for trading	4,531	56,601	27,648		63,003	18,744
2. Financial liabilities at fair value			19,508		500,024	19,389
3. Hedging derivatives	55,653	2,846,422			826,038	
Total	**60,184**	**2,903,023**	**47,156**		**1,389,065**	**38,133**

Key:

L1 = Level 1

L2 = Level 2

L3 = Level 3

Changes in financial assets measured at fair value on a recurring basis (Level 3)

(thousands of euro)	Financial assets measured at fair value though profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) Financial assets held for trading	of which: b) Financial assets designated at fair value	of which: c) Financial assets mandatorily measured at fair value				
1 Opening balance	**2,605,905**	**87,299**		**2,518,606**	**96,421**			
2 Increases	**283,261**	**25,443**		**257,818**	**15,024**			
2.1 Purchases	266,460	17,502		248,958	15,000			
2.2 Profits taken to:	10,641	7,154		3,487				
2.2.1 Income statement	10,641	7,154		3,487				
- of which: capital gains	*10,025*	*7,154*		*2,871*				
2.2.2 Equity		X	X	X				
2.3 Transfers from other levels								
2.4 Other increases	6,160	787		5,373	24			
3. Decreases	**139,143**	**940**		**138,203**	**1,912**			
3.1 Sales	940	940			96			
3.2 Repayments	115,104			115,104	1,816			
3.3 Losses taken to:	23,099			23,099				
3.3.1 Income statement	23,099			23,099				
- of which: capital losses	*23,099*			*23,099*				
3.3.2 Equity		X	X	X				
3.4 Transfers to other levels								
3.5 Other decreases								
4. Closing balance	**2,750,023**	**111,802**		**2,638,221**	**109,533**			

Changes in financial liabilities measured at fair value on a recurring basis (Level 3)

(thousands of euro)	Financial liabilities held for trading	Financial liabilities at fair value	Hedging derivatives
1. Opening balance	**18,744**	**19,389**	
2. Increases	**9,056**	**119**	
2.1 Issues			
2.2 Losses taken to:	9,056		
2.2.1 Income statement	9,056		
- of which: capital losses	*9,056*		
2.2.2 Equity	X		
2.3 Transfers from other levels			
2.4 Other increases		119	
3. Decreases	**152**		
3.1 Repayments			
3.2 Buybacks			
3.3 Profits taken to:	152		
3.3.1 Income statement	152		
- of which: capital gains	*108*		
3.3.2 Equity	X		
3.4 Transfers to other levels			
3.5 Other decreases			
4. Closing balance	**27,648**	**19,508**	

Disclosure of “day one profit/loss”

As there were no intervening changes to what is set out in the 2018 Annual Report, reference is made to Chapter 3, Part A - ACCOUNTING POLICIES, A. 5 - Disclosure of “day one profit/loss” of the latter document.

INFORMATION ON THE CONSOLIDATED BALANCE SHEET

Assets

CASH AND CASH EQUIVALENTS - ITEM 10

Cash and cash equivalents: breakdown

(thousands of euro)	30/06/2019	31/12/2018
a) Cash	870	1,166
b) Free deposits with Central Banks		
Total	**870**	**1,166**

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

Financial assets held for trading: breakdown by type

(thousands of euro)

Items/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
A. On-balance-sheet assets					
1. Debt securities		1,030,066	187,097	1,217,163	869,616
1.1 Structured securities					
1.2 Other debt securities		1,030,066	187,097	1,217,163	869,616
2. Equity securities		396		396	6,441
3. Units in collective investment undertakings		1		1	70,000
4. Loans					
Total A		**1,030,463**	**187,097**	**1,217,560**	**946,057**
B. Derivatives					
1. Financial derivatives	68,811	4,305	26,890	100,006	89,926
1.1 Trading	68,811	4,305	26,890	100,006	83,995
1.2 Associated with fair value option					75
1.3 Other					5,856
2. Credit derivatives					
Total B	**68,811**	**4,305**	**26,890**	**100,006**	**89,926**
Total (A+B)	**68,811**	**1,034,768**	**213,987**	**1,317,566**	**1,035,983**

The financial derivatives relating to the Prudential Consolidation include:

- the value (approximately 11.5 million euro) of the options purchased as a hedge, for operational purposes, of the embedded option component of bonds indexed to baskets of equities. This option component was separated from the host instrument and was classified among financial liabilities held for trading;
- the positive fair value of interest rate derivatives;
- the positive fair value of forex derivatives (approximately 6.4 million euro).

Other financial assets mandatorily measured at fair value: breakdown by type

(thousands of euro)

Items/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Debt securities	156,364	584,028	148,015	888,407	1,043,161
1.1 Structured securities					
1.2 Other debt securities	156,364	584,028	148,015	888,407	1,043,161
2. Equity securities			4,291	4,291	4,290
3. Units in collective investment undertakings	1,770,791		10,352	1,781,143	1,662,282
4. Loans		233,152	317,175	550,327	547,907
4.1 Repurchase agreements					
4.2 Other		233,152	317,175	550,327	547,907
Total	**1,927,155**	**817,180**	**479,833**	**3,224,168**	**3,257,640**

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - ITEM 30

Financial assets measured at fair value through other comprehensive income: breakdown by type

(thousands of euro)

Items/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Debt securities	11,219,788		501,813	11,721,601	11,123,871
1.1 Structured securities					
1.2 Other debt securities	11,219,788		501,813	11,721,601	11,123,871
2. Equity securities	773,234		58,496	831,730	458,993
3. Loans					
Total	**11,993,022**		**560,309**	**12,553,331**	**11,582,864**

The financial assets relating to the Prudential Consolidation at 30 June 2019 include:

- debt securities with a value of 11,219.8 million euro; this item includes Italian government securities with a value of approximately 9,655 million euro;
- equity securities amounting to approximately 773 million euro, of which approximately 722 million consisting of the equity investment in TIM S.p.A., which rose during the first half of the year, from 4.933% of the share capital at the end of 2018 to 9.89%.

Financial assets measured at fair value through other comprehensive income: gross value and accumulated impairment

(thousands of euro)	Gross value				Accumulated impairment			
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Accumulated partial write-off(*)
Debt securities	11,200,979		533,484		(11,530)	(1,332)		
Loans								
Total 30/06/2019	**11,200,979**		**533,484**		**(11,530)**	**(1,332)**		
Total 31/12/2018	**10,700,156**		**434,586**		**(9,400)**	**(1,471)**		
of which: impaired financial assets acquired or originated	X	X			X			

(*) value to be shown for information purposes

FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

Financial assets measured at amortised cost: breakdown by type of loans to banks

(thousands of euro)

Type of transactions/values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
A. Loans to Central banks	**3,723,773**			**3,723,773**	**7,713,798**
1. Fixed-term deposits					
2. Reserve requirement	3,723,773			3,723,773	7,713,798
3. Repurchase agreements					
4. Other					
B. Loans to banks	**14,033,863**	**46,848**	**4,978,890**	**19,059,601**	**17,111,242**
1. Loans	13,162,411	46,848	4,978,890	18,188,149	16,139,329
1.1 Current deposit and demand deposit	384,106	46,848	4,977,650	5,408,604	3,198,509
1.2 Fixed-term deposits			1,240	1,240	703
1.3 Other financing:	12,778,305			12,778,305	12,940,117
- Repurchase agreements					
- Finance lease					
- Other	12,778,305			12,778,305	12,940,117
2. Debt securities	871,452			871,452	971,913
2.1 Structured					
2.2 Other debt securities	871,452			871,452	971,913
Total	**17,757,636**	**46,848**	**4,978,890**	**22,783,374**	**24,825,040**

Loans to banks are primarily composed of:

- the Parent Company's balance on the management account of the reserve requirement, which amounted to 3,724 million euro (a decrease of around 3,990 million euro on the figure recorded at the end of 2018);
- deposits of the Parent Company for Credit Support Annexes (cash collateral) held with banks hedging counterparty risk on derivatives, of around 1,969 million euro;
- other loans of around 10,808 million euro, granted by the Parent Company to the banking system as part of initiatives to support SMEs;
- current account balances amounting to around 5,409 million euro.

Financial assets measured at amortised cost: breakdown by type of loans to customers

(thousands of euro)

Type of transactions/values	30/06/2019	31/12/2018
1. Loans	**255,608,997**	**250,857,694**
1.Current accounts	665,521	489,527
1.1 Cash and cash equivalents held with Central State Treasury	158,626,212	158,265,776
2. Repurchase agreements	666,834	53,126
3. Loans	91,736,921	89,005,971
4. Credit cards, personal loans and loans repaid by automatic deductions from wages	257	278
5. Finance lease		
6. Factoring	1,104,117	1,266,836
7. Other	2,809,135	1,776,180
2. Debt securities	**62,464,611**	**54,392,114**
2.1 Structured securities		
2.2 Other debt securities	62,464,611	54,392,114
Total	**318,073,608**	**305,249,808**

Loans to customers, which essentially include the contribution of the Parent Company, mainly consist of:

- lending operations under the Separate Account and Ordinary Account;
- cash and cash equivalents held with Central State Treasury;
- investments in debt securities under the Held to collect business model.

With respect to the cash and cash equivalents deposited by the Parent Company with the Central State Treasury, account no. 29814, called “Cassa DP SPA - Gestione Separata”, which comprises the liquidity generated by Separate Account transactions, the Ministry of the Economy and Finance pays CDP interest at a floating 6-month rate equal to the weighted average (using weightings at 25% and 75%) of the yields recorded at auction, in the reference half year, respectively on 6-month BOTs and 10-year BTPs. The cash and cash equivalents held with the Treasury current account amounted to around 158,626 million euro (+360 million euro compared to the end of 2018).

The volume of mortgage loans and other financing amounted to approximately 94,546 million euro (+3,764 million euro compared to the end of 2018).

Reverse repurchase agreements amounted to approximately 667 million euro (+614 million euro compared to the end of 2018).

The volume of debt securities included in this item amounted to approximately 62,465 million euro, of which approximately 59,973 million euro pertaining to the Parent Company (of which 56,014 million euro in Italian government securities).

Financial assets measured at amortised cost: gross value and accumulated impairment

(thousands of euro)	Gross value				Accumulated impairment			
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Accumulated partial write-offs (*)
Debt securities	63,388,849				(52,786)			
Loans	262,423,886		15,301,857	949,675	(207,501)	(703,887)	(243,111)	
Total 30/06/2019	**325,812,735**		**15,301,857**	**949,675**	**(260,287)**	**(703,887)**	**(243,111)**	
Total 31/12/2018	**314,353,985**		**15,892,914**	**961,454**	**(219,529)**	**(667,524)**	**(246,452)**	
of which: impaired financial assets acquired or originated	X	X			X			

(*) value to be shown for information purposes

HEDGING DERIVATIVES - ITEM 50

Hedging derivatives: breakdown by type of hedge and level of inputs

(thousands of euro)	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
A. Financial derivatives:	**486,005**		**66,213**	**552,218**	**722,177**
1) Fair value	429,849		54,491	484,340	600,425
2) Cash flow	56,156		11,722	67,878	121,752
3) Investment in foreign operation					
B. Credit derivatives					
Total	**486,005**		**66,213**	**552,218**	**722,177**

FAIR VALUE CHANGE OF FINANCIAL ASSETS IN HEDGED PORTFOLIOS - ITEM 60

Fair value change of hedged financial assets: breakdown by hedged portfolio

(thousands of euro)

Fair value change of financial assets in hedged portfolios/Values	30/06/2019	31/12/2018
1. Positive fair value change	**1,443,977**	**138,026**
1.1 of specific portfolios:	1,443,977	138,026
a) financial assets measured at amortised cost	1,443,977	138,026
2. Negative fair value change	**(302)**	**(6,445)**
2.1 of specific portfolios:	(302)	(6,445)
a) financial assets measured at amortised cost	(302)	(6,445)
Total	**1,443,675**	**131,581**

This item reports the net change in the value of the loans hedged generically (macrohedging) by the Parent Company against interest rate risk. The assets fair-value hedged generically against interest rate risk consisted of loans. The residual principal due on maturity on the loans for which macrohedging was adopted amounted to about 13.5 billion euro at 30 June 2019.

EQUITY INVESTMENTS - ITEM 70

Equity investments: information on equity investments

Company name	Registered office	Operational headquarters	Type of relationship (1)	Equity investment Investor	% holding	% of votes (2)
A. Companies subject to joint control						
1. AS Gasinfrastruktur Beteiligung GmbH	Wien	Wien	7	SNAM S.p.A.	40.00%	40.00%
2. Ansaldo Energia	Genoa	Genoa	7	CDP Equity S.p.A.	59.94%	59.94%
3. BUSBAR4F s.c.a.r.l.	Trieste	Trieste	7	Fincantieri S.p.A.	10.00%	10.00%
			7	Fincantieri SI S.p.A.	50.00%	50.00%
4. CONSORZIO F.S.B.	Marghera (VE)	Marghera (VE)	7	Fincantieri S.p.A.	58.36%	58.36%
5. CSSC - Fincantieri Cruise Industry Development Ltd.	Hong Kong	Hong Kong	7	Fincantieri S.p.A.	40.00%	40.00%
6. CSSC Fincantieri (Shanghai) Cruise Design Limited	Shanghai	Shanghai	7	CSSC - Fincantieri Cruise Industry Development Limited	100.00%	100.00%
7. ELMED Etudes S.a.r.l.	Tunisi	Tunisi	7	Terna S.p.A.	50.00%	50.00%
8. ETIHAD SHIP BUILDING LLC	Abu Dhabi	Abu Dhabi	7	Fincantieri S.p.A.	35.00%	35.00%
9. FSIA INVESTIMENTI Srl	Milan	Milan	7	FSI Investimenti SpA	70.00%	70.00%
10. Fincantieri Clea Buildings s.c.a.r.l.	Verona	Verona	7	Fincantieri Infrastructure S.p.A.	51.00%	51.00%
11. Hotelturist S.p.A.	Padoa	Padoa	7	CDP Equity S.p.A.	45.90%	45.90%
12. IQ Made in Italy Investment Company SpA	Milan	Milan	7	FSI Investimenti SpA	50.00%	50.00%
13. Issel Middle East Information Technology Consultancy LLC	Abu Dhabi	Abu Dhabi	7	Issel Nord S.r.l.	49.00%	49.00%
14. M.T. Manifattura Tabacchi S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	62.50%	62.50%
15. Manifatture Milano S.p.A.	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
16. Metano S.Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Sant'Angelo Lodigiano	7	Italgas SpA	50.00%	50.00%
17. OpEn Fiber S.p.A.	Milan	Milan	7	CDP Equity S.p.A.	50.00%	50.00%
18. Orizzonte Sistemi Navali S.p.A.	Genoa	Genoa	7	Fincantieri S.p.A.	51.00%	51.00%
19. PERGENOVA s.c.p.a.	Genoa	Genoa	7	Fincantieri Infrastructure S.p.A.	50.00%	50.00%
20. Pentagramma Piemonte S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
21. Saipem S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	7	CDP Equity S.p.A.	12.55%	12.55%
22. TEREGA HOLDING S.A.S.	Pau	Pau	7	SNAM S.p.A.	40.50%	40.50%
23. Toscana Energia S.p.A.	Florence	Florence	7	Italgas SpA	48.68%	48.68%
24. Trans Austria Gasleitung GmbH (4)	Wien	Wien	7	SNAM S.p.A.	84.47%	84.47%
25. Umbria Distribuzione GAS S.p.A.	Terni	Terni	7	Italgas SpA	45.00%	45.00%
26. Unifer Navale S.r.l.	Finale Emilia (MO)	Finale Emilia (MO)	7	Seaf S.p.A.	20.00%	20.00%
27. Valvitalia Finanziaria S.p.A.	Milan	Milan	7	FSI Investimenti SpA	0.50%	0.50%
B. Companies subject to significant influence						
1. ARSENAL S.r.l.	Trieste	Trieste	4	Fincantieri Oil & Gas S.p.A.	24.00%	24.00%
2. AS Dameco	Skien	Skien	4	Vard Offshore Brevik AS	34.00%	34.00%
3. African Trade Insurance Company	Nairobi	Nairobi	4	SACE S.p.A.	4.23%	4.23%
4. B.F. S.p.A.	Milan	Jolanda di Savoia (FE)	4	CDP Equity S.p.A.	21.49%	21.49%
5. Brevik Technology AS	Brevik	Brevik	4	Vard Group AS	34.00%	34.00%
6. CENTRO SERVIZI NAVALI S.p.A.	San Giorgio di Nogaro (UD)		4	Fincantieri S.p.A.	10.93%	10.93%
7. CESI S.p.A.	Milan	Milan	4	Terna S.p.A.	42.70%	42.70%
8. CGES A.D.	Podgorica	Podgorica	4	Terna S.p.A.	22.09%	22.09%
9. CORESO S.A.	Bruxelles	Bruxelles	4	Terna S.p.A.	15.84%	15.84%
10. CSS Design Limited	British Virgin Island (GB)		4	Vard Marine Inc.	31.00%	31.00%
11. Castor Drilling Solution AS	Kristiansand S	Kristiansand S	4	Seaonics AS	34.13%	34.13%
12. DOF Iceman AS	Storebø	Storebø	4	Vard Group AS	50.00%	50.00%
13. Elite S.p.A.	Milan	Milan	4	CDP S.p.A.	15.00%	15.00%
14. Eni S.p.A.	Rome	Rome	4	CDP S.p.A.	25.76%	25.76%
15. Europrogetti & Finanza S.r.l. in liquidazione	Rome	Rome	4	CDP S.p.A.	31.80%	31.80%
16. FSI SGR S.p.A.	Milan	Milan	4	CDP S.p.A.	39.00%	39.00%
17. Fondo Italiano di Investimento SGR SpA	Milan	Milan	4	CDP S.p.A.	43.00%	43.00%
18. Gruppo PSC S.p.A.	Maratea (PZ)	Maratea (PZ)	4	Fincantieri S.p.A.	10.00%	10.00%
19. Interconnector (UK) Ltd	London	London	4	Snam International B.V.	23.68%	23.68%
20. Interconnector Zeebrugge Terminal S.C./C.V. Scrl	Bruxelles	Bruxelles	4	Snam International B.V.	25.00%	25.00%
21. Island Diligence AS	Stålhaugen	Stålhaugen	4	Vard Group AS	39.38%	39.38%
22. Kedrion SpA	Castelvecchio Pascoli (LU)	Castelvecchio Pascoli (LU)	4	FSI Investimenti SpA	25.06%	25.06%
23. Ligestra DUE S.r.l. (5)	Rome	Rome	4	Fintecna S.p.A.	100.00%	100.00%
24. Møkster Supply AS	Stavanger	Stavanger	4	Vard Group AS	40.00%	40.00%
25. Møkster Supply KS	Stavanger	Stavanger	4	Vard Group AS	36.00%	36.00%

Company name	Registered office	Operational headquarters	Type of relationship (1)	Equity investment: Investor	Equity investment: % holding	% of votes (2)
26. Olympic Challenger KS	Fosnavåg	Fosnavåg	4	Vard Group AS	35.00%	35.00%
27. Olympic Green Energy KS	Fosnavåg	Fosnavåg	4	Vard Group AS	29.50%	29.50%
28. Poste Italiane S.p.A.	Rome	Rome	4	CDP S.p.A.	35.00%	35.00%
29. QuattroR SGR S.p.A.	Milan	Milan	4	CDP S.p.A.	40.00%	40.00%
30. Rem Supply AS	Fosnavåg	Fosnavåg	4	Vard Group AS	26.66%	26.66%
31. Rocco Forte Hotels Limited	London	London	4	FSI Investimenti SpA	23.00%	23.00%
32. Senfluga energy infrastructure holdings S.A.	Athens	Athens	4	SNAM S.p.A.	60.00%	60.00%
33. Taklift AS	Skien	Skien	4	Vard Group AS	25.47%	25.47%
34. Trans Adriatic Pipeline AG	Baar	Baar	4	SNAM S.p.A.	20.00%	20.00%
35. Trevi Finanziaria Industriale S.p.A	Cesena	Cesena	4	FSI Investimenti SpA	16.86%	16.86%
C. Unconsolidated subsidiaries (3)						
1. ASSET COMPANY 6 S.R.L.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
2. ASSET COMPANY 7 B.V.	Rotterdam		1	SNAM S.p.A.	100.00%	100.00%
3. Cagliari 89 Scarl in liquidazione	Monastir (CA)	Monastir (CA)	1	Fintecna S.p.A.	51.00%	51.00%
4. Consorzio Codelsa in liquidazione	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
5. Consorzio Edinsud in liquidazione	Naples	Naples	1	Fintecna S.p.A.	58.82%	58.82%
6. Consorzio IMAFID in liquidazione	Naples	Naples	1	Fintecna S.p.A.	56.85%	56.85%
7. Consorzio MED.IN. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	85.00%	85.00%
8. Copower S.r.l.	Rome	Rome	1	Tep Energy Solution S.r.l.	51.00%	51.00%
9. IES Biogas S.r.l.	Argentina		1	IES Biogas s.r.l.	100.00%	95.00%
10. SNAM4EFFICIENCY S.R.L.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	SNAM S.p.A.	100.00%	100.00%
11. XXI APRILE S.r.l. in liquidazione	Rome	Rome	1	Fintecna S.p.A.	100.00%	100.00%
D. Unconsolidated associates (3)						
1. Albanian Gas Service Company Sh.a.	Tirana	Tirana	4	SNAM S.p.A.	25.00%	25.00%
2. Consorzio Condif in liquidazione	Rome	Rome	4	CDP Immobiliare S.r.l.	33.33%	33.33%
3. Consorzio Edinca in liquidazione	Naples	Naples	4	Fintecna S.p.A.	47.32%	47.32%
4. Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Mercogliano (AV)	4	Fintecna S.p.A.	45.46%	45.46%
5. Latina Biometano s.r.l.	Rome	Rome	4	IES Biogas s.r.l.	32.50%	32.50%
6. Quadrifoglio Brescia S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
7. Quadrifoglio Genova S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
8. Quadrifoglio Modena S.p.A in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
9. Quadrifoglio Piacenza S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
10. Quadrifoglio Verona S.p.A. in liquidazione	Rome	Rome	7	CDP Immobiliare S.r.l.	50.00%	50.00%
11. Sviluppo Turistico culturale Golfo di Napoli S.c.a.r.l.	Naples	Naples	4	CDP Immobiliare S.r.l.	25.00%	25.00%
12. TEP Energy Solution Nordest S.r.l.	Udine	Udine	4	Tep Energy Solution S.r.l.	50.00%	50.00%

Key

(1) Type of relationship:

1 = Majority of voting rights in ordinary shareholders' meeting

2 = Dominant influence in ordinary shareholders' meeting

3 = Agreements with other shareholders

4 = Other form of control

5 = Unitary management pursuant to Article 26.1 of Legislative Decree 87/92

6 = Unitary management pursuant to Article 26.2 of Legislative Decree 87/92

7 = Joint control

(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes

(3) Companies in liquidation or subsidiaries in the start-up phase without assets and liabilities.

(4) Participation in financial rights is equal to 89,2%

(5) It concerns companies estabilished to run some separate accounts whose revenues belong, for their majority, to Ministry for the Economy and Finance. For this reason these companies, even if are totally owned, are consolidated with the equity method

The value of the equity investments recorded in the financial statements at 30 June 2019 amounted to 20,296 million euro, down from the figure of 20,396 million euro at 31 December 2018.

The change in the period was due to the recognition of capital increases of 72 million euro and revaluations totalling 620 million euro, more than offset by the recognition of impairment of -37 million euro, dividends paid by investee companies of -644 million euro, and changes in valuation reserves of -111 million euro.

The main impacts during the period, for the significant equity investments, are summarised below:

- ENI - income for the period pertaining to the Group (295 million euro, taking into account consolidation effects) was offset by the change in valuation reserves, the reversal of the dividend and other changes, contributing a total negative amount of 104 million euro in the period;
- Poste Italiane - income for the period pertaining to the Group (194 million euro, taking into account consolidation effects) was offset by the change in valuation reserves, the reversal of the dividend and other changes, contributing a total negative amount of 61 million euro in the period;
- Saipem - the income for the period pertaining to the Group and the additional consolidation effects had a total impact of +4 million euro in the first half of 2019.

Impairment testing of equity investments

In compliance with the provisions of the reference accounting standards, at every reporting date the Group checks the presence of objective evidence that may give it reason to believe that the carrying amount of the equity investments is no longer fully recoverable.

The identification of this evidence, based on the existence of qualitative and quantitative indicators, as described in the accounting policies in the 2018 annual financial report - to which reference should be made for more information - and set out in detail in the internal policies, differs according to whether or not they are equity investments in companies whose shares are listed in active markets.

The analysis aimed at detecting the presence of impairment indicators is carried out, first of all, with regard to the separate financial statements of the company holding the equity investment. This analysis is accompanied, for the equity investments in listed companies, by the verification of the existence of a market price at least 40% below the carrying amount of the equity investment in the consolidated financial statements.

An impairment test is performed when the aforementioned indicators exist, in accordance with the provisions of IAS 36. This test is aimed at estimating the recoverable amount of the equity investment and comparing it with its carrying amount to determine the recognition of any impairment losses.

The impairment tests conducted are considered in order to evaluate any results in the consolidated financial statements. At the reporting date there were certain indicators that therefore required the conduct of the impairment tests. Some elements related to the main equity investments are described below.

Eni

The interest in ENI in CDP's equity portfolio is very significant in quantitative terms. CDP's risk profile is therefore linked to the main factors that determine the value and profitability of the associated company.

Specifically, in view of the presence of indicators of impairment, the value in use was determined on the basis of IAS 36, using the Discounted Cash Flow (DCF) method envisaged by the accounting standard.

The information needed to estimate the cash flows and the other information needed to calculate the DCF was taken from public sources. The impairment test found that the value in use was higher than the carrying value and, consequently, the carrying amount of the equity investment in ENI was confirmed.

Poste Italiane

Indicators of impairment were identified and, accordingly, an impairment test was conducted on the equity investment in Poste Italiane. The test took account of the fair value determined according to the internal policies, which was higher than the carrying value and, consequently, the carrying amount of the equity investment in Poste Italiane was confirmed.

Saipem

The equity investment in Saipem, which had already been subject to impairment in previous years, was again tested for impairment at 30 June 2019. The results of this test, taking into account the value in use determined using the DCF method based on information taken from public sources, identified a value in use higher than the carrying value of the equity investment, in line with the results at 31 December 2018.

The impairment test and the accuracy of the results obtained were subject to a Fairness Opinion provided by an independent expert.

Ansaldo Energia

Indicators of impairment were identified for the equity investment held in Ansaldo Energia and, accordingly, an impairment test was conducted at 30 June 2019. The value in use calculated using the DCF method based on internal and external information was compared with the carrying value of the equity investment and was found to be greater than the latter. The carrying amount of the equity investment was therefore confirmed. The impairment test and the accuracy of the results obtained were subject to a Fairness Opinion provided by an independent expert.

Open Fiber

For the equity investment in OpenFiber, the analysis produced a recoverable amount, estimated using the multiples method (determined as part of the more complex measurement by the investor through an independent expert), which was higher than the carrying amount in the consolidated financial statements. The carrying amount of the equity investment was therefore confirmed.

Trevi Finanziaria Industriale

The impairment test on the equity investment, previously subject to impairment, was conducted with the recoverable amount considered as the fair value and resulted in the recognition of an additional impairment loss at 30 June 2019 of 2 million euro.

Impairment indicators were also identified on other minor equity investments, which confirmed the recoverable amount of the values recognised in the consolidated financial statements at 30 June 2019.

The following summary table lists the methods used to calculate the recoverable amount determined for the purpose of the impairment test on the equity investments above:

Equity investment	Relationship	Recoverable amount	Methodology
ENI	Significant influence	Value in use	DCF
Poste Italiane	Significant influence	Fair value	Listing
Saipem	Joint control	Value in use	DCF
Ansaldo Energia	Joint control	Value in use	DCF
OpenFiber	Joint control	Fair value	Multiples
Trevi Finanziaria Industriale	Significant influence	Fair value	Listing

The consolidated accounting figures for companies subject to joint control and significant associates were produced based on the information provided by the investees at 30 June 2019.

Impairment tests were also conducted on the companies directly controlled by the Parent Company, consisting of SACE, CDP Equity, CDP Reti, Fintecna and CDP Immobiliare. In this case, the estimate of the recoverable amount was used to assess the existence of possible impairments of the net assets pertaining to the respective cash flow generating units (CGUs). This test, which was carried out in compliance with the provisions of paragraphs 104 and 105 of IAS 36, did not result in any impairment losses.

REINSURERS’ SHARE OF TECHNICAL PROVISIONS - ITEM 80

Reinsurers’ share of technical provisions: breakdown

(thousands of euro)	30/06/2019	31/12/2018
A. Non-life insurance	**877,131**	**851,681**
A1. reserves for unearned premiums	718,717	757,215
A2. reserves for claims outstanding	129,541	63,012
A3. other	28,873	31,454
B. Life insurance		
C. Technical provisions where the investment risk is borne by the insured		
D. Total reinsurers' share of technical provisions	**877,131**	**851,681**

PROPERTY, PLANT AND EQUIPMENT - ITEM 90

Operating property, plant and equipment: breakdown of assets measured at cost

(thousands of euro) Items/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Owned	**328,605**	**60,242**	**36,028,286**	**36,417,133**	**36,245,684**
a) land	117,406	49,800	451,678	618,884	617,552
b) buildings	55,042	8,796	2,333,365	2,397,203	2,416,022
c) movables	2,612	1,391	6,559	10,562	10,902
d) electrical plant	1,671	202	405,983	407,856	420,313
e) other	151,874	53	32,830,701	32,982,628	32,780,895
2. Right of use acquired under leases	**10,457**	**13,728**	**253,832**	**278,017**	**7,099**
a) land			9,875	9,875	
b) buildings	10,303	12,996	144,185	167,484	844
c) movables					
d) electrical plant					
e) other	154	732	99,772	100,658	6,255
Total	**339,062**	**73,970**	**36,282,118**	**36,695,150**	**36,252,783**
of which: obtained via the enforcement of the guarantees received					

Other property, plant and equipment refer primarily to the investments by Terna and Snam in plants instrumental for the performance of their business activity. In detail, the item includes mainly:

- investments by Terna of approximately 13.4 billion euro, referring to power lines for 6.3 billion euro and transformation stations for 4.5 billion euro;
- investments by Snam of approximately 19 billion euro for transport (gas pipelines, gas reduction regulation stations and plants), storage (wells, processing and compression stations, pipelines) and regasification;

Investment property: breakdown of assets measured at cost

(thousands of euro) Items/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Owned		**12,708**	**154,597**	**167,305**	**32,876**
a) land		4,379		4,379	4,378
b) buildings		8,329	154,597	162,926	28,498
2. Right of use acquired under leases	**12,271**		**1,112**	**13,383**	
a) land					
b) buildings	12,271		1,112	13,383	
Total	**12,271**	**12,708**	**155,709**	**180,688**	**32,876**
of which: obtained via the enforcement of the guarantees received					

Inventories of property, plant and equipment governed by IAS 2: breakdown

(thousands of euro) Items/Values	Total 30/06/2019	Total 31/12/2018
1. Inventories of property, plant and equipment from enforcement of the guarantees received		
2. Other inventories of property, plant and equipment	**1,344,847**	**1,374,466**
Total	**1,344,847**	**1,374,466**
of which measured at fair value, less costs of disposal		

Inventories of property, plant and equipment consist of the property owned by CDP Immobiliare and by the funds included in the scope of consolidation.

INTANGIBLE ASSETS - ITEM 100

Intangible assets: breakdown by category

	30/06/2019		31/12/2018	
(thousands of euro) Assets/values	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	**x**	**658,946**	**x**	**659,430**
A.1.1 pertaining to Group	x	658,946	x	659,430
A.1.2 non-controlling interests	x		x	
A.2 Other intangible assets	**8,290,012**	**16,257**	**8,128,683**	**16,158**
A.2.1 Assets carried at cost	8,290,012	16,257	8,128,683	16,158
a) internally-generated intangible assets	135,470		158,476	
b) other assets	8,154,542	16,257	7,970,207	16,158
A.2.2 Assets carried at fair value				
Total	**8,290,012**	**675,203**	**8,128,683**	**675,588**

Other intangible assets include the recognition of intangible assets resulting from business combinations involving the various companies of the Group.

They mainly regard:

- concessions and licences worth 989 million euro, which mainly relate to the value of the concessions for the storage of natural gas;

- infrastructure rights worth 6,485 million euro, of which 6,388 million euro relating to Italgas, and the remainder to Terna. The item includes the value of the public-private service concession agreements relating to the development, maintenance and operation of infrastructure under concession arrangements. Under the terms of the agreements, the operator holds the right to use the infrastructure in order to provide the public service;
- customer contracts valued at 118 million euro;
- trademarks worth 6 million euro;
- technological know-how worth 9 million euro;
- software licenses worth 30 million euro.

NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 120 OF THE ASSETS AND ITEM 70 OF THE LIABILITIES

Non-current assets and disposal groups held for sale: breakdown by category

(thousands of euro)	30/06/2019	31/12/2018
A. Assets held for sale		
A.1 Financial assets		
A.2 Equity investments		
A.3 Property, plant and equipment	169	11,583
- of which: obtained via the enforcement of the guarantees received		
A.4 Intangible assets		
A.5 Other non-current assets		
Total (A)	**169**	**11,583**
of which carried at cost	*169*	*11,583*

OTHER ASSETS - ITEM 130

Other assets: breakdown

(thousands of euro)	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
Payments on account for withholding tax on postal passbooks	85,998			85,998	89,634
Other tax receivables	82	2,541	96,962	99,585	160,158
Leasehold improvements	1,505		5,531	7,036	6,992
Receivables due from investees	589		188,515	189,104	151,570
Trade receivables and advances to public entities	156,363		17,096	173,459	180,419
Construction contracts			2,404,319	2,404,319	2,638,551
Advances to suppliers	2,437	1,235	491,351	495,023	471,827
Inventories			901,558	901,558	948,189
Advances to personnel	89	2,286	15,754	18,129	15,980
Other trade receivables	91	105,013	3,254,959	3,360,063	3,611,538
Other items	11,621	30,646	433,080	475,347	405,509
Accrued income and prepaid expenses	6,181	3,288	241,470	250,939	251,139
Total	**264,956**	**145,009**	**8,050,595**	**8,460,560**	**8,931,506**

The item includes assets that are not classified under the previous items.

The most significant amounts refer to:

- trade receivables of 3,360 million euro, mainly relating to Terna for 1,479 million euro, SNAM for 943 million euro, Fincantieri for 468 million euro, Italgas for 322 million euro, and SACE and SACE BT for 105 million euro;
- contract work in progress of 2,404 million euro, mainly regarding the shipbuilding activities of Fincantieri;
- inventories of semi-finished goods and work in progress in the amount of 902 million euro, which include:
  - mandatory gas reserves, kept at its storage sites by the subsidiary Stogit;
  - semi-finished products of the Fincantieri Group, amounting to around 333 million euro.

LIABILITIES

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10

Financial liabilities measured at amortised cost: breakdown by type of amounts due to banks

(thousands of euro)

Type of securities/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Due to central banks	**2,474,850**			**2,474,850**	**2,486,727**
2. Due to banks	**22,455,253**		**9,644,183**	**32,099,436**	**38,419,094**
2.1 Current accounts and demand deposits	10,915			10,915	35,574
2.2 Fixed-term deposits	1,677,663			1,677,663	1,769,169
2.3 Loans	20,359,638		7,587,176	27,946,814	34,015,643
2.3.1 Repurchase agreements	16,277,440			16,277,440	21,320,482
2.3.2 Other	4,082,198		7,587,176	11,669,374	12,695,161
2.4 Liabilities in respect of commitments to repurchase own equity instruments					
2.5 Lease liabilities					
2.6 Other payables	407,037		2,057,007	2,464,044	2,598,708
Total	**24,930,103**		**9,644,183**	**34,574,286**	**40,905,821**

“Due to central banks”, which refer exclusively to the Parent Company CDP, relate to the credit facilities granted by the ECB within the scope of the Targeted Longer-Term Refinancing Operations (TLTRO II). The balance of 2,475 million euro remained essentially stable compared to the end of 2018 (-12 million euro).

The repurchase agreements with banking counterparties, relating to the Parent Company, amount to approximately 16,277 million euro and were down on the first half of 2019 (around -5,043 million euro compared to the end of 2018).

The term deposits, relating exclusively to the Parent Company and amounting to around 1,678 million euro (around -92 million euro compared to the end of 2018), relate to the balance of the postal savings bonds and the passbook savings accounts held by banks.

Loans payable refer mainly to:

- loans granted to the Parent Company, equal to 3,971 million euro (approximately -381 million euro compared to the end of 2018), relating to credit lines received mainly from the European Investment Bank (EIB) and, the remainder, from the Council of Europe Development Bank (CEB);
- loans granted by the banking industry to the SNAM group for approximately 4,133 million euro, to the Fincantieri group for approximately 1,274 million euro, and to the Italgas group for 969 million euro.

The item “other payables”, relating to the Parent Company for around 407 million euro (approximately -94 million euro compared to the end of 2018), mainly relate to the deposits received for Credit Support Annex agreements to hedge counterparty risk on derivatives.

Financial liabilities measured at amortised cost: breakdown by type of amounts due to customers

(thousands of euro)

Types of operations/values	30/06/2019	31/12/2018
1. Current accounts and demand deposits	3,657,594	3,411,495
2. Time deposits	270,720,158	256,054,097
3. Loans	26,045,144	24,529,477
3.1 Repurchase agreements	24,569,144	24,270,854
3.2 Other	1,476,000	258,623
4. Liabilities in respect of commitments to repurchase own equity instruments		
5. Lease liabilities	260,266	
6. Other payables	4,779,365	4,793,163
Total	**30,5462,527**	**288,788,232**

Due to customers consist mainly of the Parent Company's term deposits, which include:

- the balance of passbook savings accounts, amounting to around 102,690 million euro (around -2,632 million euro compared to the end of 2018), and postal savings bonds, amounting to around 155,867 million euro (around +5,094 million euro compared to the end of 2018), issued by the Parent Company;
- the balance of MEF's liquidity management transactions (OPTES) of around 14,998 million euro (around +11,998 million euro compared to the end of 2018). This short-term funding was mainly used to invest in Italian government securities and to meet reserve requirements;
- repurchase agreements of around 24,568 million euro, up slightly on the 2018 year-end figure (around +297 million euro compared to the end of 2018);
- the balance of the Government Securities Amortisation Fund of 538 million euro (around +452 million euro compared to the end of 2018);
- the amounts not yet disbursed at year-end on loans being repaid granted by the Parent Company to public bodies and public-law bodies, of around 4,410 million euro (around +33 million euro compared to the end of 2018), recognised under sub-item "6. Other payables".

Financial liabilities measured at amortised cost: breakdown by type of securities issued

(thousands of euro)

Type of securities/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2018	31/12/2018
A. Securities					
1. Bonds	16,608,067	522,214	19,987,614	37,117,895	35,228,625
1.1 structured	51,283			51,283	49,911
1.2 other	16,556,784	522,214	19,987,614	37,066,612	35,178,714
2. Other securities	2,361,631			2,361,631	1,784,009
1.1 structured					
1.2 other	2,361,631			2,361,631	1,784,009
Total	**18,969,698**	**522,214**	**19,987,614**	**39,479,526**	**37,012,634**

With regard to the Prudential Consolidation, the balance of securities issued at 30 June 2019 refers to the Parent Company and includes:

- the bonds issued under the "Euro Medium Term Notes" (EMTN) and "Debt Issuance Programme" (DIP) programmes, with a stock of approximately 10,805 million euro (-328 million euro compared to the end of 2018). In the first half of 2019, under the "Debt Issuance Programme", new issues were made for a total equivalent nominal value of 950 million euro. These included the issue of a new CDP Social Bond for 750 million euro, the proceeds of which were used to finance school building and urban redevelopment projects;
- 2 bonds reserved for individuals, for a total of approximately 2,959 million euro (+1,484 million euro compared to the end of 2018), with a nominal value of 1,500 million euro each, one of which issued in March 2015 and the other issued in June 2019, aimed at diversifying the sources of funding of the Separate Account;
- 6 bonds guaranteed by the Italian government, for a total carrying amount of 4,581 million euro (+31 million euro compared to the end of 2018), entirely subscribed by Poste Italiane S.p.A. (of which 2 issued in December 2015 for a

total nominal value of 1,500 million euro, 2 issued in December 2017 for a total nominal value of 1,000 million euro, and another 2 issued in March 2018 for a total nominal value of 2,000 million euro);

Securities issued pertaining to the insurance undertakings refer to SACE's subordinated bond issues placed with institutional investors in January 2015, with an annual coupon of 3.875% for the first 10 years and indexed to the 10-year swap rate plus 318.6 basis points for the following years. The bonds can be redeemed by the issuer initially after 10 years and then at every subsequent coupon payment date.

Securities issued by Other Companies mainly refer to the bond placements by Snam, Terna and Italgas on active markets, amounting to 8,435 million euro, 8,024 million euro and 2,897 million euro, respectively.

FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

Financial liabilities held for trading: breakdown by type

(thousands of euro)

Type of operations/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
A. On-balance-sheet liabilities					
Total A					
B. Derivatives					
1. Financial derivatives	58,055	5,173	25,552	88,780	81,747
1.1 Trading	48,417	5,173	25,552	79,142	78,824
1.2 Associated with fair value option					
1.3 Other	9,638			9,638	2,923
2. Credit derivatives					
Total B	**58,055**	**5,173**	**25,552**	**88,780**	**81,747**
Total (A+B)	**58,055**	**5,173**	**25,552**	**88,780**	**81,747**

The item includes mainly:

- the value of the separated optional component of bonds indexed to equity baskets, issued by the Parent Company (approximately 9.6 million euro);
- the negative fair value of interest rate swaps (around 81.3 million euro) and foreign exchange swaps (around 1.8 million euro) subscribed by the Parent Company;
- the derivatives of SACE (mainly currency forward purchase/sale contracts) for 5.2 million euro and of FSI Investimenti for around 5.7 million euro;
- the fair value earn-out liability, of around 12.3 million euro, related to the investment in Open Fiber made by the subsidiary CDP Equity during 2016.

Financial liabilities designated at fair value: breakdown by type

(thousands of euro)

Type of transactions/values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Due to banks					
2. Due to customers					
3. Debt securities			**19,508**	**19,508**	**519,413**
3.1 Structured					500,024
3.2 Other			19,508	19,508	19,389
Total			**19,508**	**19,508**	**519,413**

HEDGING DERIVATIVES - ITEM 40

Hedging derivatives: breakdown by type of hedge and level

(thousands of euro)	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
A. Financial derivatives:	**2,563,593**	**26,546**	**311,936**	**2,902,075**	**826,038**
1) Fair value	2,554,781	26,546	10,584	2,591,911	681,372
2) Cash flow	8,812		301,352	310,164	144,666
3) Investment in foreign operation					
B. Credit derivatives					
Total	**2,563,593**	**26,546**	**311,936**	**2,902,075**	**826,038**

The contribution of this item was mainly attributable to the Parent Company, whose micro fair value and cash flow hedges, with a negative value at 30 June 2019, amounted to around 1,058 million euro, while the macro hedges with a negative value, relating to loan portfolios, amounted to around 1,506 million euro.

FAIR VALUE CHANGE OF FINANCIAL LIABILITIES IN HEDGED PORTFOLIOS - ITEM 50

Fair value change of hedged financial liabilities

(thousands of euro)

Adjustment of hedged liabilities/Components of the group	30/06/2019	31/12/2018
1. Positive adjustments of financial liabilities	22,154	26,033
2. Negative adjustments of financial liabilities		
Total	**22,154**	**26,033**

This item reports the net change in the value of the postal savings bonds portfolio hedged generically against interest rate risk. The hedging relationship was interrupted in 2009 in view of the termination of the derivative hedging instruments. The change in the fair value of the hedged bonds, determined up to the date of validity of the hedging relationship, was subsequently transferred to profit or loss on the basis of the amortised cost of the originally hedged postal savings bonds.

OTHER LIABILITIES - ITEM 80

Other liabilities: breakdown

(thousands of euro) Type of operations/Values	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
Items being processed	24,239	2,235		26,474	63,215
Amounts due to employees	9,249	1,881	103,923	115,053	128,046
Charges for postal funding service	436,021			436,021	440,465
Tax payables	114,363	5,934	70,289	190,586	248,581
Construction contracts			1,364,578	1,364,578	1,603,630
Trade payables	16,801	39,533	5,089,122	5,145,456	5,368,848
Due to social security institutions	8,325	4,018	109,905	122,248	121,821
Accrued expenses and deferred income	4,401		817,362	821,763	1,206,970
Liabilities for premiums to be reimbursed		129		129	1,647
Processing expenses		217		217	216
Collections from factoring being processed	17,699			17,699	4,405
Other	43,326	36,917	2,052,348	2,132,591	1,771,638
Total	**674,424**	**90,864**	**9,607,527**	**10,372,815**	**10,959,482**

This item shows the other liabilities that cannot be classified under the previous items, detailed below:

- the payable to Poste Italiane of about 436 million euro, relating to the portion of commissions due in respect of the products of the postal savings funding service not paid at the reporting date;
- tax payables, totalling around 191 million euro, mainly consisting of around 114 million euro for the substitute tax levied on interest paid on postal savings products;
- trade payables of around 5,089 million euro, mainly relating to Terna (around 2,491 million euro), Fincantieri (around 1,824 million euro), Italgas (around 382 million euro), and SNAM (around 334 million euro);
- contract work in progress of 1,365 million euro, mainly resulting from the activities of Fincantieri.

PROVISIONS FOR RISKS AND CHARGES - ITEM 100

Provisions for risks and charges: breakdown

(thousands of euro) Items/Components	Prudential consolidation	Insurance companies	Other entities	30/06/2019	31/12/2018
1. Provisions for credit risk relating to commitments and financial guarantees issued	**116,495**	**154,799**	**187**	**271,481**	**229,495**
2. Provisions on other guarantees issued and other commitments					
3. Company pensions and other post-retirement benefit obligations					
4. Other provisions	**137,440**	**104,225**	**2,231,019**	**2,472,684**	**2,519,958**
4.1 fiscal and legal disputes	64,885	1,700	591,531	658,116	665,606
4.2 staff costs	71,834	957	208,635	281,426	270,484
4.3 other	721	101,568	1,430,853	1,533,142	1,583,868
Total	**253,935**	**259,024**	**2,231,206**	**2,744,165**	**2,749,453**

The provisions for risks and charges at 30 June 2019 amounted to around 2,744 million euro.

The accruals included in the item 4.3 “Other provisions for risks and charges”, totalling approximately 1,533 million euro at 30 June 2019, consisted mainly:

- of approximately 696 million euro relating to the provisions for the dismantling and reclamation of sites, recognised mainly for liabilities that are likely to be incurred to remove the structures and reclaim natural gas storage and transportation sites;
- of about 301 million euro relating to the provisions for the reclamation and preservation of properties, as well as provisions for commitments in respect of contracts. The estimate of the liabilities recognised is based both on technical assessments (relating to the determination of works to be carried out or actions to be taken) and on legal assessments, bearing in mind contractual provisions in force;
- of around 41 million euro relating to liabilities for contractual guarantees issued to customers in line with market practices and conditions.

TECHNICAL RESERVES - ITEM 110

Technical reserves: breakdown

(thousands of euro)	Direct business	Indirect business	Total 30/06/2019	Total 31/12/2018
A. Non-life insurance	**2,619,191**	**140,788**	**2,759,979**	**2,675,499**
A1. Reserves for unearned premiums	2,118,325	105,780	2,224,105	2,222,013
A2. Reserves for claims outstanding	499,616	35,008	534,624	452,638
A3. Other	1,250		1,250	848
B. Life insurance				
C. Technical provisions where the investment risk is borne by the insured				
D. Total technical provisions	**2,619,191**	**140,788**	**2,759,979**	**2,675,499**

GROUP’S EQUITY - ITEMS 120, 130, 140, 150, 160, 170 AND 180

“Share capital” and “Treasury shares”: breakdown

The share capital of the Parent Company of 4,051,143,264 euro at 30 June 2019 was fully paid up and was composed of 342,430,912 ordinary shares, without par value.

At 30 June 2019, the Parent Company held treasury shares with a value of 57,220,116 euro.

Share capital - Number of shares of the Parent Company: changes for the period

Items/Type	Ordinary	Other
A. Shares at start of the year		
- fully paid	342,430,912	
- partly paid		
A.1 Treasury shares (-)	(4,451,160)	
A.2 Shares in circulation: opening balance	**337,979,752**	
B. Increases		
C. Decreases		
D. Shares in circulation: closing balance	**337,979,752**	
D.1 Treasury shares (+)	4,451,160	
D.2 Shares at end of the period	342,430,912	
- fully paid	342,430,912	
- partly paid		

INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

INTEREST - ITEMS 10 AND 20

Interest income and similar income: breakdown

(thousands of euro)

Items/Technical forms	Debt securities	Loans	Other	1st half of 2019	1st half of 2018
1. Financial assets measured at fair value through profit or loss	**12,999**	**9,992**		**22,991**	**13,486**
1.1 Financial assets held for trading	6,861			6,861	3,900
1.2 Financial assets designated at fair value					
1.3 Other financial assets mandatorily measured at fair value	6,138	9,992		16,130	9,586
2. Financial assets measured at fair value thorough other comprehensive income	**62,597**		**X**	**62,597**	**36,703**
3. Financial assets measured at amortised cost	**699,594**	**3,262,585**		**3,962,179**	**3,766,871**
3.1 Loans to banks	4,993	122,954	X	127,947	122,515
3.2 Loans to customers	694,601	3,139,631	X	3,834,232	3,644,356
4. Hedging derivatives	**X**	**X**	**(91,814)**	**(91,814)**	**(110,466)**
5. Other assets	**X**	**X**	**11,942**	**11,942**	**6,796**
6. Financial liabilities	**X**	**X**	**X**	**76,044**	**75,553**
Total	**775,190**	**3,272,577**	**(79,872)**	**4,043,939**	**3,788,943**
of which: interest income on non-performing assets		*10,004*		*10,004*	*1,863*
of which: interest income on finance lease					

Interest income accrued in the first half of 2019, amounting to approximately 4,044 million euro, essentially related to the Parent Company and mainly consisted of:

- interest on loans to banks and customers, classified as assets measured at amortised cost, totalling 3,219 million euro (+127 million euro on 30 June 2018);
- interest on debt securities, amounting to around 722 million euro (+96 million euro on 30 June 2018);
- interest on financial liabilities that, due to negative remuneration, resulted in an interest income of around 76 million euro (+0.5 million euro on 30 June 2018).

Sub-item “4. Hedging derivatives” includes the (positive or negative) amount of differentials or margins accrued on interest rate risk hedging derivatives that adjusts the interest income recognised on the hedged financial instruments. At 30 June 2019, this amount was a negative figure of around 92 million euro.

This item included interest income on impaired financial assets of approximately 10 million euro.

1.3 Interest expense and similar expense: breakdown

(thousands of euro)

Items/Technical forms	Debt securities	Securities	Other	1st half of 2019	1st half of 2018
1. Financial liabilities measured at amortised cost	**2,076,969**	**302,517**		**2,379,486**	**2,287,353**
1.1 Due to central banks		X	X		
1.2 Due to banks	86,270	X	X	86,270	76,702
1.3 Due to customers	1,990,699	X	X	1,990,699	1,893,350
1.4 Securities issued	X	302,517	X	302,517	317,301
2. Financial liabilities held for trading			**161**	**161**	**119**
3. Financial liabilities designated at fair value					**768**
4. Other liabilities and provisions	**X**	**X**	**11,056**	**11,056**	**8,893**
5. Hedging derivatives	**X**	**X**	**(26,327)**	**(26,327)**	**(62,403)**
6. Financial assets	**X**	**X**	**X**	**12,275**	**18,538**
Total	**2,076,969**	**302,517**	**(15,110)**	**2,376,651**	**2,253,268**
of which: interest expense on finance lease	*2,795*			*2,795*	

Interest expense at 30 June 2019 amounted to around 2,377 million euro and was mainly attributable to:

- remuneration of the Parent Company's postal funding, amounting to approximately 2,011 million euro (+95 million euro on 30 June 2018);
- interest expense accrued on securities issued by the Parent Company of 177 million euro, of the industrial companies of 116 million euro and of the SACE Group companies of 10 million euro.

Sub-item "5. Hedging derivatives" includes the (positive or negative) amount of differentials or margins accrued on interest rate risk hedging derivatives that adjusts the interest expense recognised on the hedged financial instruments. At 30 June 2019, this amount was a positive figure, reducing the interest expense, of around 26 million euro.

Sub-item "6. Financial assets" includes interest accrued on financial assets which, due to negative remuneration, gave rise to a charge (interest expense).

COMMISSIONS - ITEMS 40 AND 50

Commission income: breakdown

(thousands of euro)

Type of services/Amounts	1st half of 2019	1st half of 2018
a) guarantees issued	8,136	7,345
b) credit derivatives		
c) management, intermediation and advisory services:	2,480	1,918
1. trading of financial instruments		
2. trading of currencies		
3. management of portfolios	2,480	1,918
3.1. individual		
3.2. collective	2,480	1,918
4. custody and administration of securities		
5. custodian bank		
6. placement of securities		
7. receipt and transmission of orders		
8. advisory services		
9. distribution of third party services		
d) collection and payment services		
e) servicing for securitisations		
f) factoring services	3,682	7,941
g) collection services		
h) management multilateral trading systems		
i) maintenance and management of current accounts		
j) other services	217,528	196,932
Total	**231,826**	**214,136**

Commission income at 30 June 2019 amounted to 232 million euro, mostly deriving from the contribution of the Parent Company, which during the first half of the year earned commission income of 200 million euro in relation to:

- structuring and disbursement of loans of around 40 million euro;
- agreements signed with the Italian Ministry of the Economy and Finance for the management of the assets and liabilities of the MEF of approximately 151 million euro, of which 150 million euro relating to the management of the MEF Bonds, in accordance with the provisions of Article 7 of the new CDP-MEF agreement relating to the MEF Bonds renewed on 23 February 2018;
- guarantees issued of around 8 million euro.

The balance of this item also included commissions earned from the management of the Revolving Fund for Development Cooperation, the commissions earned under the agreement signed with the Italian Ministry of Foreign Affairs and International Cooperation for international cooperation activities, and the commissions earned from the management of the Revolving Fund supporting enterprises and investment in research (FRI) and from other services rendered.

The balance also included commission income of 8.5 million euro received by the subsidiary SIMEST for the management of Public Funds, 3.7 million euro for commissions for services related to factoring transactions of the subsidiary SACE Fct, and commission income of 2.5 million euro earned by the subsidiary CDPI SGR for the performance of its own institutional portfolio management activity.

Commission expense: breakdown

(thousands of euro)

Services/Amounts	1st half of 2019	1st half of 2018
a) guarantees received	13,521	12,050
b) credit derivatives		
c) management and intermediation services:	762,182	790,790
1. trading of financial instruments	5	38
2. trading of currencies		
3. management of portfolios	797	715
3.1 own portfolio	737	569
3.2 third-party portfolio	60	146
4. custody and administration of securities		
5. placement of financial instruments	761,380	790,037
6. door-to-door selling of financial instruments, products and services		
d) collection and payment services	863	1,270
e) other services	4,298	6,918
Total	**780,864**	**811,028**

Commission expense was almost exclusively attributable to the Parent Company and mainly related to the amount for the half year, of around 753 million euro, of the remuneration paid to Poste Italiane S.p.A. for managing postal savings products.

The commission expense for the postal savings service recognised during the first half of the year accrued under the agreement signed in December 2017 between CDP and Poste Italiane S.p.A., for the three-year period 2018-2020.

Commission expense of 11 million euro was recognised by the Fincantieri Group and mainly related to commissions due on guarantees received.

DIVIDENDS AND SIMILAR REVENUES - ITEM 70

The balance of this item at 30 June 2019, of around 3.7 million euro (3.3 million euro at 30 June 2018) mainly related to the dividends earned by the SNAM Group from unconsolidated non-controlling interests and dividends received by the Parent Company from investment funds.

PROFITS (LOSSES) ON TRADING ACTIVITIES - ITEM 80

The profits (losses) on trading activities, which showed a net profit of 5 million euro, was mainly due to derivative transactions.

FAIR VALUE ADJUSTMENTS IN HEDGE ACCOUNTING - ITEM 90

The fair value adjustments in hedge accounting at 30 June 2019 showed a negative amount of 57.7 million euro (negative amount of 20.5 million euro at 30 June 2018). The measurement component closed with a net negative amount of 53.2 million euro, while the disposals component recorded a negative amount of around 4.5 million euro.

GAINS (LOSSES) ON DISPOSAL OR REPURCHASE - ITEM 100

This item showed a gain of approximately 66 million euro, mainly relating to the Parent Company and essentially consisting of the net positive balance from the gains/losses recognised on the sale of debt securities recognised in the portfolio of financial assets measured at fair value through other comprehensive income (approximately +64 million euro) and, to a marginal extent, of the fees received from customers for the early repayment of mortgage loans (+2 million euro).

PROFITS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 110

The profits (losses) on financial assets and liabilities measured at fair value through profit or loss show a net loss of 12.7 million euro at 30 June 2019, attributable almost exclusively to the financial assets classified as mandatorily measured at fair value.

The balance at 30 June 2019 was mainly due to the contribution of the Parent Company in relation to units in collective investment undertakings (-17 million euro).

NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK - ITEM 130

This item shows a loss of around 82 million euro and almost exclusively relates to the net balance between adjustments and recoveries for credit risk calculated on an individual and collective basis and related to financial assets measured at amortised cost.

For financial assets that are performing (stages 1 and 2) impairment is calculated as a function of the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD).

If, in addition to a significant increase in credit risk, there is also objective evidence of an impairment loss (stage 3), the amount of the loss is measured as the difference between the contractual cash flows and all the cash flows that one would expect to receive, discounted at the original effective interest rate.

The amount of the loss to be recognised through profit or loss is calculated based on an analytical assessment process or for categories of the same kind and thus attributed analytically to each position and takes account of forward-looking information and possible alternative recovery scenarios.

Net impairment for credit risk relating to financial assets measured at amortised cost: breakdown

(thousands of euro)	Writedowns			Writebacks			
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3		
Type of operations/P&L Items		Write - off	Other			1st half of 2019	1st half of 2018
A. Loans to banks	**(6,719)**			**1,874**		**(4,845)**	**6,457**
- Loans	(6,595)			1,750		(4,845)	6,153
- Debt securities	(124)			124			304
of which: impaired loans acquired or originated							
B. Loans to customers	**(116,201)**		**(5,012)**	**41,226**	**4,567**	**(75,420)**	**(54,274)**
- Loans	(103,313)		(4,821)	38,453	4,567	(65,114)	(48,917)
- Debt securities	(12,888)		(191)	2,773		(10,306)	(5,357)
of which: impaired loans acquired or originated							(3)
Total	**(122,920)**		**(5,012)**	**43,100**	**4,567**	**(80,265)**	**(47,817)**

Net impairment for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

(thousands of euro)	Writedowns			Writebacks			
	Stage 1 and 2	Stage 3		Stage 1 and 2	Stage 3		
Type of operations/P&L Items		Write-off	Other			1st half of 2019	1st half of 2018
A. Debt securities	**(4,006)**			**2,015**		**(1,991)**	**(538)**
B. Loans							
Total	**(4,006)**			**2,015**		**(1,991)**	**(538)**

NET PREMIUM INCOME - ITEM 160

Net premium income: breakdown

(thousands of euro)

Premiums from insurance activity	Direct work	Indirect work	1st half of 2019	1st half of 2018
A. Life insurance				
B. Non-life insurance				
B.1 Gross premium income recognised (+)	186,466	6,378	192,844	139,796
B.2 Premiums transferred to reinsurance (-)	(37,508)	x	(37,508)	(21,805)
B.3 Change in gross amount of provision for unearned premiums (+/-)	(5,386)	15,537	10,151	91,277
B.4 Change in reinsurer's share of provision for unearned reserves (-/+)	(55,947)	595	(55,352)	(86,806)
B.5 Total	87,625	22,510	110,135	122,462
C. Total net premium income	**87,625**	**22,510**	**110,135**	**122,462**

OTHER NET INCOME (EXPENSE) FROM INSURANCE OPERATIONS - ITEM 170

Other net income (expense) from insurance operations: breakdown

(thousands of euro)	1st half of 2019	1st half of 2018
1. Net change in technical provisions	(2,983)	(2,598)
2. Claims accrued and paid during the year	(87,248)	(36,283)
3. Other net profit (loss) on insurance operations	234	(8,636)
Total	**(89,997)**	**(47,517)**

ADMINISTRATIVE EXPENSES - ITEM 190

Staff costs: breakdown

(thousands of euro)

Type of expenses/Sectors	Prudential consolidation	Insurance companies	Other entities	1st half of 2019	1st half of 2018
1) Employees	**68,484**	**33,667**	**870,265**	**972,416**	**921,178**
a) wages and salaries	49,730	22,078	616,620	688,428	641,886
b) social security costs	218	11	14,431	14,660	32,854
c) staff severance pay	253	468	12,025	12,746	11,838
d) pension costs	10,671	6,021	170,267	186,959	161,267
e) allocation to staff severance pay	87	65	2,520	2,672	2,718
f) allocation to provision for post-employment benefits:					
- defined contribution					
- defined benefit					
g) payments to external supplementary pensions funds:	2,919	1,852	26,355	31,126	31,887
- defined contribution	2,827	1,852	24,963	29,642	30,287
- defined benefit	92		1,392	1,484	1,600
h) costs arising from share-based payment arrangements			2,132	2,132	1,576
i) other employee benefits	4,606	3,172	25,915	33,693	37,152
2) Other personnel in service	**427**	**173**	**2,517**	**3,117**	**3,329**
3) Board of Directors and Board of Auditors	**709**	**358**	**6,511**	**7,578**	**8,220**
4) Retired personnel					
Total	**69,620**	**34,198**	**879,293**	**983,111**	**932,727**

Other administrative expenses: breakdown

(thousands of euro)

Type of expenses/Values	Prudential consolidation	Insurance companies	Other entities	1st half of 2019	1st half of 2018
IT costs	14,180	3,460	37,180	54,820	49,239
General services	2,444	2,394	2,255,157	2,259,995	2,082,347
Professional and financial services	7,311	2,252	268,244	277,807	182,587
Publicity and marketing expenses	577	595	13,003	14,175	14,473
Other personnel-related expenses	1,287	1,056	16,320	18,663	16,286
Utilities, duties and other expenses	4,155	3,808	94,868	102,831	110,402
Information resources and databases	2,167		2,879	5,046	3,426
Corporate bodies	219		117	336	289
Total	**32,340**	**13,565**	**2,687,768**	**2,733,673**	**2,459,049**

NET ACCRUALS TO THE PROVISIONS FOR RISKS AND CHARGES - ITEM 200

Net accruals to the provisions for risks and charges for commitments and guarantees issued

Net accruals to the provisions for risks and charges for commitments and guarantees issued show a negative amount of 1.5 million euro and mainly relate to accruals made by the Parent Company.

Net accruals to other provisions for risks and charges: breakdown

(thousands of euro)

Type of transactions/Values	Accruals	Reversal of excess	1st half of 2019
Net provisions for legal and fiscal disputes	(15,709)	9,842	(5,867)
Net provisions for sundry expenses for personnel	(941)	1,489	548
Net sundry provisions	(42,487)	37,217	(5,270)
Total	**(59,137)**	**48,548**	**(10,589)**

NET IMPAIRMENT/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT - ITEM 210

Net impairment of property, plant and equipment: breakdown

(thousands of euro)

Assets/P&L items	Prudential consolidation	Insurance companies	Other entities	1st half of 2019
A. Property, plant and equipment				
1. Operating	(2,858)	(1,964)	(743,201)	(748,023)
- Owned	(2,218)	(999)	(717,633)	(720,850)
- Right of use acquired under leases	(640)	(965)	(25,568)	(27,173)
2. Investment	(632)		(101)	(733)
- Owned			(81)	(81)
- Right of use acquired under leases	(632)		(20)	(652)
3. Inventories			(8,724)	(8,724)
Total	**(3,490)**	**(1,964)**	**(752,026)**	**(757,480)**

NET IMPAIRMENT/RECOVERIES ON INTANGIBLE ASSETS - ITEM 220

Net impairment of intangible assets: breakdown

(thousands of euro)

Assets/P&L items	Prudential consolidation	Insurance companies	Other entities	1st half of 2019
A. Intangible assets				
A.1 Owned	(3,047)	(1,048)	(296,658)	(300,753)
- Internally generated by the company		(318)	(26,077)	(26,395)
- Other	(3,047)	(730)	(270,581)	(274,358)
Total	**(3,047)**	**(1,048)**	**(296,658)**	**(300,753)**

OTHER OPERATING INCOME (COSTS) - ITEM 230

Other operating costs: breakdown

(thousands of euro)

Type of costs/Figures	Prudential consolidation	Insurance companies	Other entities	1st half of 2019	1st half of 2018
Depreciation of leasehold improvements	75		458	533	472
Other	4,219	1,415	35,951	41,585	36,426
Total	**4,294**	**1,415**	**36,409**	**42,118**	**36,898**

Other operating income: breakdown

(thousands of euro)

Type of costs/Figures	Prudential consolidation	Insurance companies	Other entities	1st half of 2019	1st half of 2018
Income for company engagements to employees	131		185	316	278
Recovery of expenses	56	4	2,546	2,606	21,417
Rental income and other income from property management	695	276	10,585	11,556	8,074
Revenues from industrial management			6,072,000	6,072,000	5,635,101
Other	1,303	6,205	77,444	84,952	72,479
Total	**2,185**	**6,485**	**6,162,760**	**6,171,430**	**5,737,349**

Other net operating income amounted to 6,129 million euro (5,700 million euro in the first half of 2018) and consists almost entirely of revenues from industrial operations.

Revenues from industrial operations mainly derive from:

- Fincantieri, in the amount of 2,803 million euro;
- Snam, in the amount of 1,318 million euro;
- Terna, in the amount of 1,114 million euro;
- Italgas, in the amount of 837 million euro.

GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 250

Net gains on equity investments, of approximately 583 million euro, comprise the results of the measurement at equity of investments subject to significant influence or joint control and are mainly due to:

- the positive effect of the measurement at equity of the investment in ENI (294.6 million euro), Poste Italiane (193.6 million euro), TAG (39 million euro), TIGF Holdings S.A.S. (29 million euro) and Toscana Energia (11.6 million euro);
- the negative effect of the measurement at equity of Open Fiber of 17.5 million euro.

GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 280

This item shows gains of 11.8 million euro and mainly consists of gains on the disposal of investment property.

RISK MONITORING

To ensure an efficient risk management system, CDP has set-up rules, procedures, resources (human, technological, and organisational), and control activities to identify, measure or evaluate, monitor, prevent or mitigate, and communicate all risks – assumed, or that could be assumed, in the different segments - to the appropriate reporting structures.

Risk management considers the specific characteristics of the activity performed, and is implemented in compliance with the regulatory requirements.

Within the organisational structure of CDP, the Chief Risk Officer (CRO), who reports directly to the Chief Executive Officer (CEO), is responsible for the governance of all types of risk and for the clear presentation of the overall risk profile and solidity of CDP to the Board of Directors. As part of this mandate, the CRO coordinates the activities of the Risk Management Unit (RM), the Risk Governance Unit (RG), the Compliance and Anti-Money Laundering Unit (CA) and the Risk Operations Unit (RO). RM is responsible for supporting the CRO with the management and monitoring of all types of risks, providing a clear view of the overall risk profile of CDP and of the capital requirements associated with each category of risk.

These types of risk are defined by the Risk Policy approved by the Board of Directors in 2010 and subsequently updated as necessary. They can be classified in market risks (which include equity risk, interest rate risk, inflation risk, and exchange rate risk), liquidity risks, credit risks (which includes concentration and counterparty risks), operational risks, and reputational risks. The Risk Policy is updated semi-annually and includes a main document (the Risk Policy itself) and its related annexes, each of which focuses on a specific category of risks (e.g. interest rate risk) or area exposed to those risks (e.g. treasury operations and investment in securities). The Risk Policy is the key tool used by the Board of Directors to define the risk appetite of CDP, the tolerance thresholds, risk limits, risk management policies, and the framework of the corresponding organisational processes.

The guidelines for the risk management of CDP are expressed in the Risk Policy and envisage:

- the separation of roles and responsibilities in the assumption and control of risks;
- the organisational independence of risk control from the operational management of risks;
- rigorous risk measurement and control systems.

Within the Board of Directors the Board Risk Committee has control and guidance functions with respect to risk management and the assessment of the adoption of new products. The CEO is supported by the Internal Risk Committee. This collegiate technical and advisory body provides opinions on policy and control issues concerning the overall risk profile of CDP and operational assessment for particularly relevant matters.

Risk Management verifies compliance with the limits set by the Board of Directors and the operating limits established by the CEO, recommending to the Risk Committee corrective measures that might be necessary to ensure compliance with the Risk Policy and with the risk profile chosen by CDP, monitoring the usage of economic capital and contributing to the capital management activities.

In CDP, SACE Fct and CDP Investimenti SGR, companies pertaining to the prudential consolidation, the bodies participating in the risk control and management systems consist not only of top management but also of second-level control functions (Risk Management, Compliance, Anti-Money Laundering) and third-level control functions (Internal Auditing).

1. CREDIT RISK

The principles adopted by CDP in its lending activities are set out in the Credit Risk Policy, which also governs the lending process and the roles of the units involved.

The Risk Operations Unit assesses the proposals formulated by the CDP business units, as well as the most significant transactions submitted for a governance opinion by the subsidiaries; it is also responsible for issuing internal ratings and estimating the Loss Given Default rates. These parameters are used for management and accounting purposes and are determined in accordance with the Risk Policy and the Rating and Recovery Rate Policy. This latter document, approved by the CEO, provides the details on the methods adopted by CDP for the assignment of internal ratings to counterparties and in producing internal estimates of the recovery rate for individual financing transactions. Risk Operations is also responsible for the periodic review of the loan portfolio, with regard to the evolution of each counterparty’s financial situation and to developments in their specific industry.

The Risk Governance Unit contributes towards the definition of risk policy guidelines for implementation both at CDP and at Group level and manages and monitors deteriorated exposures. This Unit is also responsible for the analysis of counterparties for the purpose of management or regulatory classification.

The Risk Management Unit is responsible for the methods used to determine the risk-adjusted pricing, for monitoring the usage of economic capital, and for measuring portfolio concentration. RM regularly monitors the overall evolution of the credit risk profile of the portfolio, also to identify corrective measures designed to optimise the risk/return profile.

The credit risk responsibilities of Risk Management also include:

- carrying out specific controls to ensure that the performance of individual exposures is properly monitored, especially for non-performing loans, that their classification is consistent, that provisioning is adequate and that the recovery process is appropriate;
- preparing opinions on specific loan transactions, in the specific cases detailed in the policies in effect from time to time;
- defining, selecting and implementing the models, methods, and instruments of the internal rating system, ensuring its continuous monitoring and update.

With regard to non-performing counterparties, the Risk Operations Unit reviews any proposals made for restructuring – where necessary with the support of other Units for more complex cases – while Risk Management performs a second-level control. Contractual amendment requests for performing loans ("waivers") are managed instead by the Transactions Management Unit, with the support of other Units for more complex cases where necessary.

To monitor the risks at CDP Group level a specific governance process is in place for the most significant transactions in terms of risk. A non-binding opinion from the Parent Company must be obtained in these cases. In particular, there has been a further implementation of the governance and coordination guidelines at a Group level by the Risk Governance Unit, whereas the Group Risk Committee has provided its opinions on the Group's risk monitoring and assessment systems, and on risk policies and Group transactions with a relevant impact.

The management of credit risk arising from the factoring activities carried out by SACE Fct is regulated by internal corporate policies. These apply from the initiation of contact and preliminary assessment of the counterparty, to possible management of credit collection. The factoring process includes the following phases: (i) an initial assessment of the counterparty; (ii) the approval decision, based on the thresholds and delegations of authority deriving from assessment of its creditworthiness; (iii) execution of the agreement; (iv) revision of the expiring credit facilities, with a new review and decision-making process; (v) operating management and management of non-performing loans, including the correct classification of the positions, the possible determination of impairment, the commencement of judicial or extra-judicial proceedings for credit recovery or, if it is decided not to pursue legal action, the writing of a report stating the unfeasibility of credit recovery.

The Group adopts policies for the credit risk management and measurement aimed at assessing the quality of credit assets. This is done both when each loan is granted/approved and through its lifetime, by monitoring the performance of portfolio positions. In particular, this set-up ensures, through an early warning system, the prompt highlight of credit events that indicate potential problems (based on information from both internal and external sources), and assigns the counterparty a specific class in the Watch List, depending on the level of importance of the signals identified. In addition, this system, based on specific indicators, processes regulatory classification proposals, in particular as Unlikely To Pay.

With regard to the credit risk management and control policies of the Separate Account, the Parent Company has adopted a system for approving loans to local entities. This system is used to classify each loan in homogeneous risk categories, adequately defining the risk level associated with the individual entities, with the aid of quantitative parameters that are differentiated by type and size of entity. This loan approval system uses qualitative and quantitative criteria to identify the cases where the debtor's creditworthiness requires further analysis.

For the Ordinary Account and loans to private-sector parties under the Separate Account portfolio, with the exclusion of the liquidity funds in support of the economy via the banking system, CDP uses a validated proprietary model to calculate portfolio credit risk. CDP also uses this system to calculate the economic capital associated with the entire loan portfolio, with the sole exception of exposures, direct or indirect, to the State.

The Risk Management Unit monitors compliance with the system of limits and the guidelines for composition of the loan portfolio, which are an integral part of the Risk Policy. The limits are set according to the credit rating of each counterparty, and become stricter as the rating and recovery rate decrease, according to proportions in line with the economic capital. Specific country risk limits are also set.

Risk Management also carries out stress tests on the level of risk in the loan portfolio, based on assumptions of generalised deterioration in the portfolio's creditworthiness, increased probability of default, decreased recovery rates and increased correlation parameters.

The methods adopted for the assignment of internal ratings aim to ensure compliance with an adequate level of transparency and consistency, including auditability of the process of evaluation.

In the internal rating assignment process CDP uses specific benchmark tools, developed by specialised providers, chosen on the basis of the main classes of CDP counterparties, based on their size, legal form, and sector of activity.

The master scale of ratings adopted by CDP, similarly to those used by the rating agencies, foresees 21 classes, of which 10 are for “investment grade” and 11 for “speculative grade” positions. A class is also used to denote counterparties in default. Given the limited number of historical defaults in the CDP portfolio, keeping into account the nature of the borrowers, default probabilities are calibrated on the basis of long-term default rates (through the cycle) calculated using data acquired from a specialised provider.

In 2018, when implementing IFRS 9, CDP defined a methodology to derive point-in-time default probabilities.

Default is defined in accordance with the supervisory regulations for banks issued by the Bank of Italy.

The internal estimates of Loss Given Default take into account the different types of guarantees, as well as recovery times, and are differentiated by category of customer.

The rating system is used in the loan approval process (for private individuals also in the setting of risk-adjusted prices), to monitor loan performance, to calculate provisions, within the limits framework and to measure the consumption of economic capital. The risk assessment assigned to the counterparty is updated at least annually, or at any time during the year whenever events occur or information is acquired that may significantly affect the credit rating.

In accordance with its own operations, SACE Fct has developed an internal scoring model for the assessment of public counterparties and, more specifically, of municipalities and provincial authorities. In that case, the Company complements the qualitative rating given by the AIDA PA rating tool (rating on 11 classes) with another six indicators, representing the creditworthiness of the public counterparties. The internally determined score is compared with the appropriate thresholds. Scores higher than those thresholds qualify the analysed counterparty for a positive rating.

2. COUNTERPARTY RISK

Pursuant to the executed ISDA agreements, netting is used in hedge transactions with the bank counterparties of the Company to reduce exposure. All the contracts are based on the 2002 ISDA agreement.

Credit Support Annexes, which involve the periodic exchange of collateral, are also systematically used to strengthen CDP credit risk mitigation.

The arrangement is based on the standard format recommended by the ISDA.

Securities financing transactions utilise GMRAs (Global Master Repurchase Agreement, ISMA 2000 format). In addition, CDP has long since joined the Cassa di Compensazione e Garanzia (Central Clearing House), through which it transacts in repo agreements while benefiting from robust protections against counterparty risk.

3. INTEREST RATE RISK

As a result of its operations, the Parent Company is exposed to interest rate risk under all its forms: repricing, yield curve, basis and optionality. CDP also monitors inflation risk within the same conceptual and analytical framework as interest rate risk in the banking book. The interest rate and the inflation risks can affect both the earnings and economic value of the Group.

CDP faces a substantial level of interest rate risk due to the presence of large unhedged volumes of assets and liabilities predating its transformation into a joint-stock company and to its assets and liabilities structure: a considerable portion of CDP’s liabilities consists of Ordinary fixed-rate Postal Bonds with an early redemption option, while the asset side mainly comprises fixed rate loans. Other types of Postal Bonds also embed an early redemption option, whose value is significantly affected by interest rates and inflation changes.

The basic approach taken by CDP to measuring and managing interest rate risk is an “economic value” perspective, which complements the “earnings-based” perspective. The economic value perspective corresponds to the long-term representation of the earnings-based perspective, as economic value of the firm is essentially equal to the discounted flows of future net interest income.

From this perspective, CDP analyses its exposure and risk profile by assessing those balance sheet items that are sensitive to interest rates, by quantifying their reaction to small changes (sensitivity analysis) and major shocks (stress testing) to the underlying risk factors. The transition from exposure metrics (derived from the sensitivity analyses and stress testing) to risk metrics is carried out by assigning a probability to possible market scenarios. This gives a statistical distribution of the value of the balance sheet items and composite indicators representing the economic capital needed to ensure that the company stays solvent given its risk profile.

This monitoring structure is translated into the calculation of value at risk (VaR), which CDP measures using historical simulation methods.

To quantify and monitor the interest rate risk in the banking book, CDP computes VaR figures both over short time horizons – such as over one day or ten days – and annually, the latter being well-suited for the internal capital adequacy assessment process with regard to risks in the banking book. The short-term and annual measures of VaR share the same combination of models for evaluating balance sheet items and measuring sensitivities; moreover, they use the same input data. The daily VaR is then used for backtesting, thanks to its larger pool of figures available over that interval.

VaR summarises in a single monetary amount the results of the simulation of many scenarios generated in accordance with the statistical characteristics of the risk factors.

CDP's Risk Policy sets specific limits to manage the exposure to interest rate and inflation risks. More specifically, limits have been established on the impact on the economic value of parallel shifts (+/- 100 basis points) in the yield curve and the inflation curve. Furthermore, more granular limits set by the Chief Executive Officer are in place.

CDP also assesses the impact of interest rate risk on earnings for shorter horizons, using internal planning and ALM systems, specifically quantifying the impact of parallel shifts in the yield curve on the net interest income.

CDP's ALM approach seeks to limit the volume of hedging derivatives by exploiting "natural hedges" between fixed-rate assets and liabilities. Therefore, hedging regards subsets of those items, depending on the sign of the net exposure, with a view on containing the overall risk exposure.

Operational responsibility for managing interest rate risk lies with the Finance Unit.

The measurement and the monitoring of interest rate risk are performed by the Market Risk & ALM Unit, within Risk Management, and discussed within the Finance Committee. The Board of Directors approves risk management policies and the associated monitoring methodology and receives periodic reporting on the results achieved.

SACE Fct monitors and manages interest rate risk according to the provisions of the specific policy and by setting appropriate operating limits. The management of interest rate risk is ensured by the Accounting and Treasury Unit, in close collaboration with the Risk Management Unit, through operating management of assets and liabilities in compliance with the guidelines defined by the Board of Directors. The Company carefully monitors any mismatching between assets and liabilities. The interest rate risk associated with standard transactions with and without recourse is minimal, since these are variable rate transactions with monthly repricing financed through floating or fixed rate funding with short-term maturities (from 1 to 3 months). There is, differently, an interest rate risk relating to final purchases of receivables, generated by short-term funding against the granting of fixed-rate loans over a longer term.

CDP Investimenti SGR is not directly exposed to interest rate and inflation risks resulting from its own activity but in relation to investments of liquidity. It invests principally in fixed-rate securities issued by the Italian Government and in the postal savings bonds issued by the Parent Company.

4. LIQUIDITY RISK

Liquidity risk arises in the form of "asset liquidity risk" and "funding liquidity risk".

Since the Parent Company, SACE Fct and CDP Investimenti SGR do not engage in trading activities, the exposure to liquidity risk in the sense of asset liquidity risk is limited.

In view of the dominant weight of demand deposits (savings accounts) and bonds redeemable on demand (postal savings bonds) on the liability side of the Separate Account, for the Parent Company liquidity risk becomes significant mainly in the form of funding liquidity risk .

In order to ensure that any uncontrolled redemptions scenario remains remote, CDP benefits from the mitigating effect of the state guarantee on postal savings. In addition to the key function of that guarantee, the ability of CDP to ensure that such a scenario does in fact remain remote is based on its capital strength, on the protection and promotion of postal savings reputation with the public, on safeguarding CDP's reputation in the market and on liquidity management. With regard to the latter, CDP adopts a series of specific measures to prevent the emergence of unexpected funding requirements and to be able to meet them if it should prove necessary.

To this end, Risk Management monitors a lower limit on the stock of liquid assets, together with a number of aggregates that represent the capacity of CDP to cope with potential crisis. As an operational protection measure for liquidity risk, CDP has adopted a Contingency Funding Plan (CFP). The CFP sets out the processes and strategies used by CDP to manage possible liquidity crises, whether of systemic origin – caused by an unexpected deterioration in monetary and financial market conditions – or due to idiosyncratic difficulties at CDP itself.

As regards the Ordinary Account, CDP raises funds through the market or the European Investment Bank (EIB), adopting approaches, opportunities and constraints similar to those of ordinary banks.

CDP prevents the emergence of unexpected liquidity requirements by developing effective loan disbursement forecasting systems, setting structural limits on maturity transformation, monitoring the short-term liquidity position, carried out on a continuous basis by the Finance Unit, and monitoring liquidity gaps at medium and long term horizon, performed by the Market Risk & ALM Unit.

Management of treasury activities by the Finance Unit enables CDP to raise funds using repos, for both the Separate and Ordinary Accounts.

CDP can also take part in European Central Bank refinancing operations, as it holds a significant stock of eligible negotiable and non-negotiable assets.

As a further control, for both the Separate and the Ordinary Account, Risk Management monitors the incremental liquidity buffer available in a stress scenario, through transactions with the European Central Bank and by refinancing liquid assets with market counterparts.

In addition to the monitoring tools described, RM performs a stress test to assess the potential effects of an extremely unfavourable scenario on the liquidity position.

With regard to SACE Fct activities, the Liquidity Risk Policy defines the roles and responsibilities of the corporate bodies and corporate units involved in the process and the methods of measuring, managing, and monitoring liquidity risk. Moreover, a Contingency Funding Plan defines the strategies for management of a possible liquidity crisis and the specific procedures to be implemented in response to adverse fund-raising situations.

As far as liquidity risk is concerned, CDPI SGR is potentially exposed to a cash shortfall risk, caused by, among others, lower management fees, due to fluctuations in values of the real estate Alternative Investment Fund (AIF) units and/or real estate direct assets held by the portfolios it manages, as management fees are actually calculated as a percentage of either the Net Asset Value (FIA) or the Gross Asset Value (FIV, FIT and FIA 2). At present, that risk appears not substantial.

From an operational point of view, liquidity risk is monitored through a careful planning of Company cash flows (financial forecast), prepared by the Administration, Finance and Control Unit and updated on a monthly basis.

5. OPERATIONAL RISKS

CDP has adopted the guidelines established by the Basel Committee for the banking industry and incorporated by the Bank of Italy in Circular no. 285 of 17 December 2013 as the benchmark for managing operational risk.

Operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This type includes losses resulting from internal or external fraud, human error, business disruption, system unavailability, breach of contract and natural disasters.

Operational risk includes legal risk but not strategic or reputational risk.

The “legal risk” is the risk of incurring losses resulting from violations of laws or regulations, from contractual or tortious liability or from other disputes.

The operational risk management system is a set of structured processes, functions and resources for identifying, assessing and controlling the above-mentioned risks. Its main objective is to ensure effective prevention and mitigation of such risks.

Apart from adopting best practice in the banking sector as a reference, CDP pays particular attention to industrial sector benchmarks for the management of operational risks. The methodological and organisational framework implemented is aimed at capturing the company’s actual risk profile, similarly to what occurs in the most advanced corporates, which actively manage operational risks even though they are not subject to capital requirements.

The objective is to improve corporate processes and the Internal Control System, so as to lay the foundations for more targeted mitigation measures and to make a more accurate quantification of the associated economic capital, currently estimated using the Basic Indicator Approach.

The Operational Risk Unit, operating within Risk Management, is the Unit responsible for designing, implementing and monitoring the methodological and organisational framework for the assessment of the exposure to operational risks, the initiation of remediation measures - in agreement with the Units involved - and the preparation of reporting to the Top Management.

The adopted framework involves the inclusion of information on operational losses classified according to specified Loss Event Types (i.e. a Model of loss events), Loss Effect Types (i.e. a Model of types of losses) and Risk Factors (i.e. a Model for the classification of risk factors).

With a view to implementing integrated management of events, so as to combine into a single decision-making step the assessment of mitigation actions defined during both Risk Assessment and Loss Data Collection, a dedicated Working Group has been established for the analysis of the corrective measures identified to control operational risks.

The Operational Risk Unit monitors the status of the corrective actions initiated by periodically checking their progress with the individuals responsible for the actions taken and/or to be taken.

The results of the activities performed are shared and disseminated through dedicated reports, which detail operational risk exposures and detected losses. In this way, information on operational risks is provided to the Top Management and the managers of the business units involved, in order to enable the implementation of the most appropriate corrective actions.

In line with the mission of the Operational Risk Unit, which is to develop and disseminate awareness of operational risks within the Company, training courses addressed to all the staff involved in the analyses were organised.

Other periodical actions organised by the Operational Risk Unit for the staff concerned include training, also in the form of on-the-job training. These actions ensure that the bank officers concerned have appropriate knowledge of the process and of its attendant responsibilities, so as to make the best use of support tools.

The aim is to put in place a coordinated approach at all levels within the Company, which can be achieved by wide dissemination of operational risk awareness.

6. RISK OF MONEY LAUNDERING AND FINANCING OF TERRORISM

Group-level strategic decisions about managing the risk of money laundering and financing of terrorism are the responsibility of the Parent Company's corporate bodies, which set out counterparty acceptance policies, introducing the obligation to refrain from establishing any type of relationship under certain conditions which may expose the company to an unacceptable level of risk. In this respect, the Parent Company sets from time to time the most proper way to involve the subsidiaries' control departments in the decisions about the relevant risk management policies and procedures.

The Parent Company's Anti-Money Laundering Unit promotes group-level coordination of the assessment methodologies and procedures to supervise the operating activities related to the risk management of money laundering and financing of terrorism. Where applicable, a specific anti-money laundering function was established in each subsidiary which, by closely operating with the specific function of the Parent Company, monitors the effectiveness of the processes related to the anti-money laundering legislation in the relevant company.

Each group company entrusted the anti-money laundering managers with the power to report suspicious transactions to the UIF (Financial Intelligence Unit). The information obtained as part of these activities is shared among the anti-money laundering units and becomes common information heritage, ensuring effective collaboration within the entire group.

7. EQUITY INVESTMENT RISKS

CDP has a significant portfolio of equity investments (listed and unlisted) and of fund units. The measurement and management criteria applied to equity investments and fund units are set out in the Risk Policy and include also specific stress tests, in particular in respect of the most significant equity investments (in quantitative terms) in listed companies.

Price risk regards the possibility that the net economic value, profitability or the book equity of CDP could be adversely affected by variables associated with stocks, in particular the market prices of such securities and related derivatives, or changes in the current and future profitability of the investment in such instruments.

In order to monitor and manage equity investment risks, CDP also considers investments in units of investment funds, including real estate funds, as equity investments.

In line with the net economic value approach, equity risk is quantified in terms of VaR (with a one-year time horizon). The VaR gives a proxy of the risk that the listed and liquid securities – even when they are not accounted at their current fair value – do not recover any impairment over time. It is calculated based on hypotheses about the statistical distribution of the prices of the stocks, the related derivatives (when present) and the fair value of unlisted securities. Risk is quantified by assuming continuity in the business model of CDP, which expects to hold most of its stock investments in the long term.

8. COMPLIANCE RISK

The Compliance function operates using a risk-based approach applied to the entire company operations ensuring, above all, effective preventive controls, with a view to pro-active and dynamic risk management.

In this respect, it: i) ensures constant monitoring of the new national and international legislation, assessing any impact on the company’s processes; ii) provides advice and support, for matters where compliance risk has a significant role (e.g.

conflicts of interest, international sanctions, market abuse); iii) validates beforehand company procedures to ensure their compliance with applicable regulations; and iv) participates in internal committees. This function also carries out ex post controls, assessing the adequacy of the organisational measures in place and the correct application of the compliance risk prevention procedures, while identifying the related corrective actions and monitoring their implementation over time.

With respect to management and coordination, the Compliance function regularly coordinates all the CDP Group's Compliance units, issuing guidelines, providing consultancy, ensuring operational and methodological support, sharing work tools, while receiving periodic information flows. Finally, the Compliance function has direct responsibility for the compliance activities related to some CDP Group companies, in accordance with specific outsourcing agreements.

9. REPUTATIONAL RISK

Given CDP's peculiar nature, the ex ante management of the reputational risk is extremely important. The Compliance and Anti-money Laundering Unit applies an internally-developed methodology to assess the reputational risk related to transactions, based on specific "risk indicators" (Country Risk, Counterparty Risk, Economic Sector Risk).

The outcome of the assessed lending transactions supplements the preliminary documentation supporting advisory or decision-making bodies.

10. LEGAL DISPUTES

Civil and administrative disputes

At 30 June 2019, there were 69 pending disputes in civil and administrative matters in which CDP is a defendant, for a total amount of approximately 875 million euro.

In particular, the most significant dispute in civil matters related to the conversion of preference shares into ordinary CDP shares, following the exercise of the right of withdrawal by Fondazione Cassa di Risparmio di Verona Vicenza Belluno e Ancona. The dispute, initiated by the Foundation in June 2013 before the Court of Rome, amounted to approximately 432 million euro and was subsequently increased to 651 million euro when the parties' conclusions were presented. The proceedings are currently pending at first instance before the Court of Rome for the main claim and at appeal before the Court of Appeal of Rome for the preliminary rulings.

With reference to the above-mentioned dispute with the Foundation, in relation to the proceedings before the Court of Rome, CDP's defence team considered the risk of a ruling against the company to be probable. The defence team has also stated that, considering the complexity and particular nature of the lawsuit and the state of the proceedings, any reliable estimate of CDP obligations would currently be arbitrary. With regard to the proceedings pending before the Court of Appeal of Rome, the defence team considered the risk of a ruling against the company to be possible. In relation to the proceedings considered at the various instances, the defence team considers it reasonable to expect a favourable outcome to the proceedings.

With reference to all the above-mentioned pending disputes in civil and administrative matters, provisions have been made for a total of approximately 57 million euro.

Labour law disputes

At 30 June 2019, there were 17 pending disputes in labour matters in which CDP is a defendant, for a total amount of approximately 700 thousand euro. Please note that provisions were made for total of about 3.5 million euro.

11. OTHER MATERIAL RISKS

As a result of its operations, CDP is exposed to other market risks, in addition to the equity risks related to its investment portfolio and the interest rate and inflation risks in the banking book.

Specifically, CDP is exposed to the equity risk arising from the issue of Postal Bonds indexed to the Euro Stoxx 50. This risk is hedged from an operational perspective by purchasing options reflecting those embedded in the Bonds, taking into account the redemption profile and the outstanding amount expected at maturity, estimated upon issue by means of the internal models of investor repayment behaviour.

The hedged notional amount estimated upon issue is then monitored periodically, at least every quarter, to check its match with the expected profile newly estimated based on the actual redemptions observed. As a result of the early redemption option granted to investors, the hedged notional at the inception date may be in overhedge later in the life of the bond: the hedging policy is optimised on the portfolio of options sold, checking the net position on options with the same financial features (in terms of payoff, strike, fixing dates), in order to ensure that the cash flows payable, should the embedded options expire in the money, are entirely hedged.

The net exposure is regularly monitored, including by applying stress scenarios which provide for the joint decrease of the Euro Stoxx 50 index and its volatility level. The results of monitoring activities and stress tests are used, inter alia, to determine any plans to unwind the hedges in place and to check the effectiveness of the operational hedges for EMIR purposes.

CDP may be exposed to the exchange rate risk by granting loans and by issuing or purchasing foreign currency bonds.

Generally speaking, CDP undertakes such activities only with appropriate exchange rate hedges in place. Hedges usually consist of the signing of Cross Currency Swaps (CCSs) which convert foreign currency flows into Euro. Alternatively, the position may be refinanced with funding in the same currency as the commitment, carrying out strategies which minimise existing risks.

12. MONITORING THE RISKS OF COMPANIES SUBJECT TO MANAGEMENT AND COORDINATION

Management and monitoring of subsidiaries' risks are the responsibility of the Risk Governance, Risk Management and Risk Operations Units of the Parent Company, which report to the Chief Risk Officer.

Under the Management and Coordination Regulation, the Parent Company shall set:

- the principles and guidelines of material risks (credit, market, operational, etc.), and the risk processes, systems and models, in accordance with the mandatory requirements applicable to Supervised Companies;
- the risk appetite framework;
- risk identification and control guidelines, checking the adequacy of the related procedures;
- monitoring the evolution of corporate risks and compliance with operational limits.

In accordance with the Management and Coordination Regulation, the subsidiaries also:

- discuss risk-assumption rules with the Parent Company prior to their approval or change;
- prepare, at a frequency adequate to the type of risk, the periodic reporting required, ensuring compliance with the Parent Company's functional requirements;
- regularly describe the main risk profiles and their evolution.

BUSINESS COMBINATIONS

TRANSACTIONS IN THE PERIOD

Business combinations

(thousands of euro) Company name	Date of transaction	(1)	(2)	(3)	(4)
Luxury Interiors Factory S.r.l.	19/03/2019	381	100%	2,454	(519)
Business Unit Aquamet S.p.A.	30/04/2019	22,606	100%	n.a.	n.a.
Mediterranea S.r.l.	30/04/2019	2,293	100%	241	51
Business Unit ISGAS Energit Multiutilities S.p.A	30/04/2019	7,269	100%	n.a.	n.a.
Alfiere S.p.A	24/06/2019	8,734	100%	-	(4,723)

Key

(1) = Cost of transaction

(2) = Percentage of voting rights in the Ordinary Shareholder's Meeting

(3) = Total Group revenues

(4) = Group net Profit (Loss)

Acquisition of Luxury Interiors Factory S.r.l.

On 19 March 2019, the subsidiary Marine Interiors S.p.A. acquired the entire equity investment held in Luxury Interiors Factory S.r.l., a company engaged in research, development, sale and installation of hygiene facilities in the marine sector.

The table below shows the consideration paid for the acquisition of the company and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Assets	Book value	Adjustment	Fair value
10. Cash and cash equivalents	136		136
40. Financial assets measured at amortised cost	25		25
90. Property, plant and equipment	15		15
110. Tax assets	608		608
130. Other assets	23		23
Total acquired assets	**807**		**807**
Liabilities			
10. Financial liabilities at amortised cost	785		785
60. Tax liabilities	13		13
80. Other liabilities	22		22
Total liabilities assumed	**820**		**820**
Net acquired assets	**(13)**		**(13)**
Goodwill	394		394
Cost of business combination	**381**		**381**

Acquisition of business unit Aquamet S.p.A.

On 30 April 2019, the acquisition was completed from the CONSCOOP group of the Aquamet S.p.A. business unit, which holds, among others, 9 natural gas distribution concessions in several municipalities of Lazio, Campania, Basilicata and Calabria, serving a total of 23,800 users.

The table below shows the consideration paid for the acquisition of the company and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Assets	Book value	Adjustment	Fair value
100. Intangible assets	24,365		24,365
130. Other assets	1		1
Total acquired assets	**24,366**		**24,366**
Liabilities			
80. Other liabilities	1,450		1,450
90. Staff severance pay	310		310
Total liabilities assumed	**1,760**		**1,760**
Net acquired assets	**22,606**		**22,606**
Cost of business combination	**22,606**		**22,606**

Acquisition of Mediterranea S.r.l.

On 30 April 2019, the acquisition was completed from the CONSCOOP group of the entire share capital of Mediterranea S.r.l., which holds 6 natural gas distribution concessions in the Salerno province, serving approximately 3,600 users.

The table below shows the consideration paid for the acquisition of the company, and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Assets	Book value	Adjustment	Fair value
90. Property, plant and equipment	117		117
100. Intangible assets	10,668	1,778	12,446
130. Other assets	1,067		1,067
Total acquired assets	**11,852**	**1,778**	**13,630**
Liabilities			
10. Financial liabilities measured at amortised cost	10,111		10,111
80. Other liabilities	1,115		1,115
90. Staff severance pay	1		1
100. Provisions for risks and charges	110		110
Total liabilities assumed	**11,337**		**11,337**
Net acquired assets	**515**	**1,778**	**2,293**
Cost of business combination	**515**	**1,778**	**2,293**

Acquisition of business unit Isgas Energit Multiutilities S.p.A.

On 30 April 2019, the acquisition was completed from the CONSCOOP group of the business unit of Isgas Energit Multiutilities S.p.A., which holds the propane air distribution concessions in the Cagliari, Nuoro and Oristano municipalities (Sardinia), currently serving a total of 22,300 users with LPG.

The table below shows the consideration paid for the acquisition of the company and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Assets	Book value	Adjustment	Fair value
90. Property, plant and equipment	83		83
100. Intangible assets	31,478		31,478
130. Other assets	12,446		12,446
Total acquired assets	**44,007**		**44,007**
Liabilities			
10. Financial liabilities measured at amortised cost	19,901		19,901
80. Other liabilities	15,955		15,955
90. Staff severance pay	882		882
Total liabilities assumed	**36,738**		**36,738**
Net acquired assets	**7,269**		**7,269**
Cost of business combination	**7,269**		**7,269**

Acquisition of Alfiere S.p.A.

On 24 June 2019, CDP Immobiliare acquired the 50% equity investment held by Telecom Italia S.p.A. (TIM) in Alfiere. As a result, from that date CDP Immobiliare has held 100% of the share capital of Alfiere. Under this transaction, CDP Immobiliare took over the obligations undertaken by TIM on behalf of Alfiere with the lending banks, and in particular the financial support commitments (for a total maximum remaining amount of around 11.4 million euro).

The table below shows the consideration paid for the acquisition of the company and gives a breakdown of the assets acquired and liabilities assumed at the date of the transaction (amounts in thousands of euro).

Assets	Book value	Adjustment	Fair value
40. Financial assets measured at amortised cost	994		994
90. Property, plant and equipment	135,000		135,000
130. Other assets	631		631
Total acquired assets	**136,625**		**136,625**
Liabilities			
10. Financial liabilities measured at amortised cost	123,566		123,566
80. Other liabilities	3,802		3,802
100. Provisions for risks and charges	430		430
Total liabilities assumed	**127,798**		**127,798**
Net acquired assets	**8,827**		**8,827**
Badwill		93	93
Cost of business combination	**8,827**	**(93)**	**8,734**

BUSINESS COMBINATIONS CARRIED OUT AFTER THE REPORTING DATE

On 4 July 2019, Fincantieri S.p.A. completed the acquisition of a 60% stake in the INSIS group, a solution provider in the field of integrated physical and logical security and operating on domestic and foreign markets both directly and as a technology partner of large industrial groups. The purchase price for the equity investment was 23 million euro. The agreement also gives Fincantieri the right to exercise a call option on the remaining 40%, and the third-party non-controlling shareholder the right to exercise a put option on that stake.

(thousands of euro) Company name	Date of transaction	(1)	(2)	(3)	(4)
INSIS SpA	04/07/2019	23,400	60.00%	51,803	1,920

Key

(1) = Cost of transaction

(2) = Percentage of voting rights in the Ordinary Shareholder's Meeting

(3) = Total Group revenues

(4) = Group net Profit (Loss)

TRANSACTIONS WITH RELATED PARTIES

1. Information on the remuneration of key management personnel

The table below shows the remuneration paid in the first half of 2019 to members of the management and control bodies and key management personnel of the Parent Company and the wholly-owned subsidiaries.

DIRECTORS' AND STATUTORY AUDITORS' REMUNERATION

(thousands of euro)	Directors	Board of Auditors	Key management personnel
a) short-term benefits	6,065	1,161	11,668
b) post-employment benefits	78		492
c) other long-term benefits			1,545
d) severance benefits			
e) share-based payments	274		
Total	**6,417**	**1,161**	**13,705**

REMUNERATION PAID TO THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS OF THE PARENT COMPANY

(thousands of euro)

Name and Surname	Position		Period in office	End of term (*)	Compensation and bonuses
Directors					
Massimo Tononi	Chairman		01/01/2019-30/06/2019	2020	147
Luigi Paganetto	Vice Chairman		01/01/2019-30/06/2019	2020	18
Fabrizio Palermo	Chief Executive Officer		01/01/2019-30/06/2019	2020	105 (***)
Fabrizia Lapecorella	Director		01/01/2019-30/06/2019	2020	(**)
Fabiana Massa Felsani	Director		01/01/2019-30/06/2019	2020	18
Valentino Grant	Director		01/01/2019-30/06/2019	2020	18
Francesco Floro Flores	Director		01/01/2019-30/06/2019	2020	18
Matteo Melley	Director		01/01/2019-30/06/2019	2020	18
Alessandra Ruzzu	Director		01/01/2019-30/06/2019	2020	18
Supplementary members for administration of Separate Account (Article 5.8, Decree law 269/2003)					
Biagio Mazzotta	Director	(note 1)	20/05/2019-31/05/2019	2020	(**)
Pier Paolo Italia	Director	(note 2)	01/01/2019-19/05/2019 and 01/06/2019-30/06/2019	2020	(**)
Alessandro Rivera	Director	(note 3)	01/01/2019-30/06/2019	2020	(**)
Davide Carlo Caparini	Director		01/01/2019-30/06/2019	2020	18
Antonio Decaro	Director		01/01/2019-30/06/2019	2020	18
Achille Variati	Director	(note 4)	01/01/2019-30/06/2019	2020	-
Statutory Auditors in office at 30 June 2019 (note 5)					
Carlo Corradini	Chairman		01/01/2019-30/06/2019	2021	20
Enrica Salvatore	Auditor	(note 6)	23/05/2019-30/06/2019	2021	-
Franca Brusco	Auditor	(note 6)	23/05/2019-30/06/2019	2021	-
Mario Romano Negri	Auditor		23/05/2019-30/06/2019	2021	3
Giovanni Battista Lo Prejato	Auditor		23/05/2019-30/06/2019	2021	(**)
Statutory Auditors with office ceased in the first half of 2019					
Alessandra Dal Verme	Auditor		01/01/2019-23/05/2019	2018	(**)
Giusella Finocchiaro	Auditor	(note 7)	01/01/2019-23/05/2019	2018	10
Luciano Barsotti	Auditor		01/01/2019-23/05/2019	2018	12
Ines Russo	Auditor		01/01/2019-23/05/2019	2018	12

(*) Date of Shareholders' Meeting called to approve financial statements for the year

(**) The remuneration is paid to the Ministry for the Economy and Finance

(***) The remuneration shown includes the MBO for 2018.

(1) State Accountant General.

(2) Delegate of the State Accountant General.

(3) General Director of the Treasury.

(4) Director Achille Variati will not receive any remuneration in accordance with Article 5.9 of Law 135 of 2012.

5) On 23 May 2019, the Shareholders' Meeting appointed the new members of the Board of Statutory Auditors who will remain in office up to the date of the Shareholders' Meeting called for the approval of the financial statements as at and for the year ended 31December 2021. The standing auditors are: Carlo Corradini (Chairman), Franza Brusco, Giovanni Battista Lo Prejato, Mario Romano Negri and Enrica Salvatore.

(6) The remuneration accrued from 23/05/19 to 30/06/2019, amounting to approximately 3 thousand euro, had not yet been paid at the reporting date

(7) At the reporting date, a remaining amount of approximately 2 thousand euro had not yet been paid.

2. Information on transactions with related parties

Certain transactions among the CDP Group and related parties, notably those with the Ministry of the Economy and Finance and Poste Italiane S.p.A., arise as a result of legislative provisions.

In any event, it should be noted that the CDP Group did not carry out any atypical or unusual transactions with related parties whose size could have an impact on the assets and liabilities or performance of the Group Companies. All transactions with related parties were carried out on an arm's length basis and form part of the Group's ordinary operations.

The table below shows the assets, liabilities, revenues and costs in respect of the CDP Group's transactions in the first half of 2019 with:

- the Ministry of the Economy and Finance;
- companies subject to significant influence or joint control;
- the subsidiaries and direct and indirect affiliates of the Ministry of the Economy and Finance;

- post-employment benefit plans for employees of the CDP Group, key management personnel and entities associated to them, included in the column “Others”.

(thousands of euro) Items/Related parties	Ministry of Economy and Finance (MEF)	Associates and joint operations of the CDP Group	Direct and indirect MEF subsidiaries and associates	Others	Total transactions with related parties
Assets					
Financial assets measured at fair value through profit and loss		143,692	5,498		**149,190**
Financial assets measured at fair value through other comprehensive income	9,635,291		250,589		**9,885,880**
Financial assets measured at amortised cost					
loans to banks			*2,786,424*		***2,786,424***
loans to customers	*245,503,574*	*1,129,741*	*2,815,070*		***249,448,385***
Other assets	912,981	545,889	726,935	74	**2,185,879**
Liabilities					
Financial liabilities measured at amortised cost:					
due to banks					
due to customers	*16,956,874*	*16,968*			***16,973,842***
securities issued		*4,511,705*			***4,511,705***
Other liabilities	18,007	585,312	113,713	7,978	**725,010**
Off-balance sheet	2,024,323	1,998,508	952,320		**4,975,151**
Income statements					
Interest income and similar income	2,891,394	10,289	51,312		**2,952,995**
Interest expense and similar expense	(1,297)	(36,919)			**(38,216)**
Commission income	152,130	1,660	875		**154,665**
Commission expense		(752,825)	(13)		**(752,838)**
Profits (losses) on trading activities		(26)			**(26)**
Gains (losses) on disposal or repurchase	(50)		48		**(2)**
Administrative expenses		(22,873)	(4,993)	(2,415)	**(30,281)**
Other operating income (costs)	(227,106)	1,128,945	1,088,250	(62)	**1,990,027**

Share-based payments

Fincantieri incentive plans

2016-2018 Performance Share Plan

On 19 May 2017, the Shareholders' Meeting of FINCANTIERI S.p.A. approved the medium-/long-term management share-based incentive plan called 2016-2018 Performance Share Plan (the "Plan") for management, as well as the related Regulation. The project had been approved by the Board of Directors on 10 November 2016.

The Plan is divided into three cycles, each having a duration of three years, and provides for the free assignment of shares to the beneficiaries identified by the Board of Directors, up to a maximum number of 50,000,000 FINCANTIERI S.p.A. ordinary shares without nominal value, provided that the foregoing beneficiaries meet the specific performance targets established in relation to 2016-2018 (first cycle), 2017-2019 (second cycle) and 2018-2020 (third cycle). The targets identified for all three cycles are Total Shareholder Return ("TSR") and EBITDA, which provide objective criteria for measuring value creation by the Company over the long term.

The vesting period for all beneficiaries will be three years, from the date the rights are granted to the date the shares are assigned to the beneficiaries. Therefore, on meeting the performance targets and satisfying the other conditions set out in the Plan Regulation, the shares accrued in relation to the first cycle will be vested and assigned to the beneficiaries by 31 July 2019, while those accrued in relation to the second and third cycles will be vested and assigned respectively by 31 July 2020 and 31 July 2021.

The Plan also contemplates a lock-up period in relation to a portion of the shares assigned to the Company's board members or key management personnel.

In the first cycle of the Plan, 9,101,544 FINCANTIERI S.p.A. ordinary shares were assigned to the beneficiaries identified by the Board of Directors on 15 December 2016; in the second cycle of the Plan, 4,170,706 FINCANTIERI S.p.A. shares were assigned to the beneficiaries identified by the Board of Directors on 25 July 2017; and, in the third and last cycle of the Plan, 3,604,691 shares of the Parent Company were assigned to the beneficiaries identified by the Board of Directors on 22 June 2018.

The business and financial performance targets consist of two components:

- a "market based" component (equal to 30% of the total rights assigned) linked to Fincantieri's performance in terms of the TSR associated with the FTSE ITALY ALL SHARE Index and the Peer group identified by the Company;
- a "non-market based" component (equal to 70% of the total rights assigned) linked to the achievement of Group EBITDA targets measured against pre-established targets.

The "market based" component was calculated according to the Monte Carlo method, under which appropriate assumptions can be applied to define a significant number of alternative scenarios within a given time period. Unlike the "market based" performance target, the "non-market based" component (EBITDA) is immaterial in terms of the fair value estimate but is updated quarterly to take into account expectations in terms of the number of rights accruable based on EBITDA performance measured against the targets established in the Plan. To estimate the number of rights accrued as at 31 December 2017 it has been assumed that the target will be met.

The table below shows the amount, for each cycle of the Plan, of the fair value determined at the grant date of the rights to the beneficiaries.

	Grant date	n° of shares assigned	Fair value (euro)
First cycle of the Plan	19/05/2017	9,101,544	6,866,205
Second cycle of the Plan	25/07/2017	4,170,706	3,672,432
Third cycle of the Plan	22/06/2018	3,604,691	3,963,754

With reference to the 2016-2018 Performance Share Plan, please note that the BoD meeting on 27 June 2019 resolved on the closure of the 1st cycle of the "2016-2018 Performance Share Plan", assigning, free of charge to the beneficiaries, 10,104,787 ordinary shares of Fincantieri through the use of 2,572,497 treasury shares in the portfolio and issuing 7,532,290 new shares, always without nominal value. The issue and delivery of the shares will take place by 31 July 2019.

2019-2021 Performance Share Plan

On 11 May 2018, the Shareholders' Meeting of FINCANTIERI S.p.A. approved the new 2019-2021 Performance Share Plan (the "Plan") for management and the related Regulation, the structure of which was defined by the Board of Directors at the meeting held on 27 March 2018.

The Plan is divided into three cycles, each having a duration of three years, and provides for the free assignment of shares to the beneficiaries identified by the Board of Directors, up to a maximum number of 25,000,000 FINCANTIERI S.p.A. ordinary shares without nominal value, provided that the foregoing beneficiaries meet the specific performance targets established in relation to 2019-2021 (first cycle), 2020-2022 (second cycle) and 2021-2023 (third cycle).

The vesting period for all beneficiaries will be three years, from the date the rights are granted to the date the shares are assigned to the beneficiaries. Therefore, on meeting the performance targets and satisfying the other conditions set out in the Plan Regulation, the shares accrued in relation to the first cycle will be vested and assigned to the beneficiaries by 31 July 2022, while those accrued in relation to the second and third cycles will be vested and assigned respectively by 31 July 2023 and 31 July 2024.

The Plan also contemplates a lock-up period in relation to a portion of the shares assigned to the Company's board members or key management personnel.

In addition to the EBITDA and TSR parameters, already included in the 2016-2018 Performance Share Plan, the Group has also introduced a further parameter, the Sustainability Index, among the Plan's targets, which measures the achievement of the sustainability targets the Group has set itself to align it with European best practices and the growing expectations of the financial community regarding sustainable development.

The references for testing the achievement of the sustainability target consist of market parameters such as the Carbon Disclosure Project (CDP) and a second rating by an additional agency that assesses the entire basket of sustainability aspects.

The free assignment of the number of rights is delegated to the Board of Directors, which also has the power to identify the number and names of the beneficiaries.

Snam incentive plans

With reference to Snam incentive plans, since no changes were made to them, reference should be made to "Part I - Share-based payments" of the 2018 Annual Financial Report.

CONSOLIDATED INFORMATION ON OPERATING SEGMENTS

OPERATING SEGMENTS

This section of the Notes to the consolidated financial statements has been drafted in compliance with IFRS 8 - Operating Segments.

Operating segment disclosures are presented by showing separately the contribution given by four sectors to the consolidated Group's results:

- Support to the economy: represented by the Parent Company's financial data;
- International expansion: represented by the SACE group's financial data;
- Other sectors: represented by the financial data of the Companies subject to management and coordination, except for those included in the previous sector, and without their equity investments, which are reported under the heading "Companies not subject to management and coordination". The segment therefore includes CDP Reti, Fintecna, CDP Equity, FSI Investimenti, CDP Investimenti SGR, the funds FIV Plus, FIV Extra, FIT, FT1 and FIA2, CDP Industria, and CDP Immobiliare[27];
- Companies not subject to management and coordination: represented by the financial data of the companies consolidated line by line (Snam, Terna, Italgas, Fincantieri) and by the financial data deriving from consolidation with the equity method of ENI, Poste Italiane, Saipem, Ansaldo Energia, FSIA, OpenFiber, Kedrion, IQ Made in Italy, Valvitalia, Trevi Finanziaria Industriale, Rocco Forte Hotels, BF, Hotelturist, and the other associates or companies subject to joint control.

The reported financial data were prepared considering the contribution of the four segments already net of the effects of consolidation entries, but without the elimination of dividends, which has instead been performed in the column aggregating the three segments "Support for the economy", "International expansion" and "Other sectors".

Thus, the contribution of the three segments taken together, for which profit before tax for the period amounts to 1.1 billion euro, is represented by the Parent Company and the companies subject to management and coordination.

This aggregate figure is impacted significantly by the weight of the financial data of the "Support for the economy" segment in terms of Net interest income and Net commission income.

The segment "Companies not subject to management and coordination" reports a profit before tax for the period of 1.9 billion euro. In regard to gross income, there was an improvement in net interest income due to borrowing charges and a significant contribution, even if lower with respect to the previous period, from the measurement of investee companies with the equity method. This item comprises the positive results of ENI, Poste Italiane and the equity investments held by Snam; while the contribution from Ansaldo Energia was negative.

Profit before tax benefited from a significant contribution from the core earnings of the industrial companies recorded under Other net operating income, which offset administrative expenses of 3.5 billion euro and amortisation/depreciation charges for the period of 1 billion euro, related to technical investments and to the effects of the purchase price allocations on those assets.

Balance sheet figures too show the significant weight of the "Support for the economy" segment, in particular under property, plant and equipment and in funding for Companies not subject to management and coordination.

The reclassified income statement figures and the main reclassified balance sheet figures at 30 June 2019 and for the comparison period shown below are attributable to the Group as a whole. For further details, see also Annex 2.2 "Reconciliation between the reclassified income statement and balance sheet and the financial statements - CDP Group".

[27] The segment includes the equity investments of CDP Immobiliare and Fintecna (except for Fincantieri), since they are representative of the companies's business.

Reclassified consolidated balance sheet at 30/06/2019

(thousands of euro)	Companies subject to management and coordination				Companies not subject to management and coordination	Total
	Support for the economy	International expansion	Other segments	Total		
Loans and cash and cash equivalents	269,751,085	2,166,746	1,414,838	273,332,669	4,739,447	278,072,116
Equity investments	-	8,699	72,883	81,582	20,214,571	20,296,153
Debt and equity securities and units in collective investment undertakings	74,764,447	3,797,804	658,662	79,220,913	559,882	79,780,795
Property, plant and equipment/technical investments	347,433	96,139	1,545,385	1,988,957	36,231,728	38,220,685
Other assets (including Inventories)	263,472	160,460	84,551	508,483	7,952,074	8,460,557
Funding	347,478,055	927,493	1,367,459	349,773,007	29,762,840	379,535,847
- of which bonds	*18,969,698*	*522,214*	*412,637*	*19,904,549*	*19,594,485*	*39,499,034*

Reclassified consolidated balance sheet at 31/12/2018

(thousands of euro)	Companies subject to management and coordination				Companies not subject to management and coordination	Total
	Support for the economy	International expansion	Other segments	Total		
Loans and cash and cash equivalents	267,406,920	2,463,277	1,040,453	270,910,650	4,349,244	275,259,894
Equity investments	-	8,361	70,563	78,924	20,316,737	20,395,661
Debt and equity securities and units in collective investment undertakings	66,173,940	3,323,773	657,407	70,155,120	447,561	70,602,681
Property, plant and equipment/technical investments	322,661	74,274	1,426,018	1,822,953	35,837,172	37,660,125
Other assets (including Inventories)	257,673	149,830	105,196	512,699	8,418,807	8,931,506
Funding	336,600,554	1,050,565	1,245,246	338,896,365	28,329,735	367,226,100
- of which bonds	*17,708,840*	*531,564*	*416,443*	*18,656,847*	*18,875,200*	*37,532,047*

Reclassified consolidated income statement for the period ended 30/06/2019

(thousands of euro)	Support for the economy	Companies subject to management and coordination: International expansion	Companies subject to management and coordination: Other segments	Total (*)	Companies not subject to management and coordination	Total
Net interest income	**1,122,432**	**78,937**	**6,861**	**1,208,230**	**(143,746)**	**1,064,484**
Dividends	780,723	2,624	298,795	1,397	2,337	3,734
Gains (losses) on equity investments	-	460	(120)	340	583,118	583,458
Net commission income (expense)	43,518	28,568	2,409	74,495	(20,729)	53,766
Other net revenues (costs)	22,541	12,720	3,695	38,956	(38,170)	786
Gross income	**1,969,214**	**123,309**	**311,640**	**1,323,418**	**382,810**	**1,706,228**
Profit (loss) on insurance business	-	20,138	-	20,138	-	20,138
Profit (loss) on banking and insurance operations	**1,969,214**	**143,447**	**311,640**	**1,343,556**	**382,810**	**1,726,366**
Net recoveries (impairment)	(77,761)	(1,451)	(4,051)	(83,263)	(457)	(83,720)
Administrative expenses	(93,089)	(68,061)	(40,610)	(201,760)	(3,515,024)	(3,716,784)
Other net operating income (costs)	(2,006)	7,610	7,770	13,374	6,115,938	6,129,312
Operating income	**1,796,358**	**81,545**	**274,749**	**1,071,907**	**2,983,267**	**4,055,174**
Net Provisions for risks and charges	(4,119)	10,014	19,355	25,250	(35,839)	(10,589)
Net adjustment to property, plant and equipment and intangible assets	(5,891)	(4,554)	(12,825)	(23,270)	(1,034,963)	(1,058,233)
Other	(1)	-	2,595	2,594	9,196	11,790
Income (loss) for the period before tax	**1,786,347**	**87,005**	**283,874**	**1,076,481**	**1,921,661**	**2,998,142**
Income taxes						(809,060)
Net income for the period						**2,189,082**

(*) Total of the segments "Support for the economy", "International expansion" and "Other segments", net of elimination of dividends

Reclassified consolidated income statement for the period ended 30/06/2018

(thousands of euro)	Support for the economy	Companies subject to management and coordination: International expansion	Companies subject to management and coordination: Other segments	Total (*)	Companies not subject to management and coordination	Total
Net interest income	**999,205**	**74,691**	**(5,462)**	**1,068,434**	**(166,248)**	**902,186**
Dividends	811,479	4,532	281,114	1,285	2,008	3,293
Gains (losses) on equity investments	-	351	(1,595)	(1,244)	675,895	674,651
Net commission income (expense)	41,258	13,775	1,948	56,981	(20,384)	36,597
Other net revenues (costs)	40,175	14,362	(10,909)	43,628	(14,498)	29,130
Gross income	**1,892,117**	**107,711**	**265,096**	**1,169,084**	**476,773**	**1,645,857**
Profit (loss) on insurance business	-	74,945	-	74,945	-	74,945
Profit (loss) on banking and insurance operations	**1,892,117**	**182,656**	**265,096**	**1,244,029**	**476,773**	**1,720,802**
Net recoveries (impairment)	(39,390)	(8,106)	(1,784)	(49,280)	(152)	(49,432)
Administrative expenses	(83,528)	(63,882)	(38,354)	(185,764)	(3,206,012)	(3,391,776)
Other net operating income (costs)	1,513	6,668	240	8,421	5,692,030	5,700,451
Operating income	**1,770,712**	**117,336**	**225,198**	**1,017,406**	**2,962,639**	**3,980,045**
Net Provisions for risks and charges	(16,529)	7,300	9,452	223	(44,389)	(44,166)
Net adjustment to property, plant and equipment and intangible assets	(3,169)	(2,692)	(6,630)	(12,491)	(989,629)	(1,002,120)
Other	(1)	-	11,541	11,540	(13,785)	(2,245)
Income (loss) for the period before tax	**1,751,013**	**121,944**	**239,561**	**1,016,678**	**1,914,836**	**2,931,514**
Income taxes						(739,683)
Net income for the period						**2,191,831**

(*) Total of the segments "Support for the economy", "International expansion" and "Other segments", net of elimination of dividends

ANNEXES

1. Annexes to the consolidated financial statements

1.1 Scope of consolidation

2. Annexes to the half-yearly report on operations

2.1 Reconciliation between the reclassified income statement and balance sheet and the financial statements – CDP S.p.A.

2.2 Reconciliation between the reclassified income statement and balance sheet and the financial statements – CDP Group

2.3. Details of alternative performance indicators – CDP S.p.A.

1. Annexes to the consolidated financial statements

1.1 Scope of consolidation

Company name	Registered office	Investor	% holding	Consolidation method
PARENT COMPANY				
Cassa depositi e prestiti S.p.A	Rome			
Consolidated companies				
ACE Marine LLC	Green Bay - WI	Fincantieri Marine Group LLC	100.00%	Line-by-line
African Trade Insurance Company	Nairobi	SACE S.p.A.	4.23%	Equity
Albanian Gas Service Company Sh.a.	Tirana	SNAM S.p.A.	25.00%	At cost
Alfiere S.p.A	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
Ansaldo Energia	Genoa	CDP Equity S.p.A.	59.94%	Equity
ARSENAL S.r.l.	Trieste	Fincantieri Oil & Gas S.p.A.	24.00%	Equity
AS Dameco	Skien	Vard Offshore Brevik AS	34.00%	Equity
AS Gasinfrastruktur Beteiligung GmbH	Wien	SNAM S.p.A.	40.00%	Equity
ASSET COMPANY 2 S.r.L.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
ASSET COMPANY 4 S.R.L.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
ASSET COMPANY 6 S.R.L.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	At cost
ASSET COMPANY 7 B.V.	Rotterdam	SNAM S.p.A.	100.00%	At cost
AVVENIA THE ENERGY INNOVATOR S.R.L.	Rome	Terna Energy Solutions S.r.l.	70.00%	Line-by-line
B.F. S.p.A.	Milan	CDP Equity S.p.A.	21.49%	Equity
Bacini di Palermo S.p.A.	Palermo	Fincantieri S.p.A.	100.00%	Line-by-line
Bonafous S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
BOP6 s.c.a.r.l.	Trieste	Fincantieri S.p.A.	5.00%	Line-by-line
		Fincantieri SI S.p.A.	95.00%	Line-by-line
Brevik Technology AS	Brevik	Vard Group AS	34.00%	Equity
BUSBAR4F s.c.a.r.l.	Trieste	Fincantieri S.p.A.	10.00%	Equity
		Fincantieri SI S.p.A.	50.00%	Equity
Cagliari 89 Scarl in liquidazione	Monastir (CA)	Fintecna S.p.A.	51.00%	At cost
Castor Drilling Solution AS	Kristiansand S	Seaonics AS	34.13%	Equity
CDP Equity S.p.A.	Milan	Fintecna S.p.A.	2.87%	Line-by-line
		CDP S.p.A.	97.13%	Line-by-line
CDP Immobiliare S.r.l.	Rome	CDP S.p.A.	100.00%	Line-by-line
CDP Industria SpA	Rome	CDP S.p.A.	100.00%	Line-by-line
CDP Investimenti SGR S.p.A.	Rome	CDP S.p.A.	70.00%	Line-by-line
CDP Reti S.p.A.	Rome	CDP S.p.A.	59.10%	Line-by-line
CDP Technologies AS	Alesund	Seaonics AS	100.00%	Line-by-line
CDP Technologies Estonia OÜ	Tallinn	CDP Technologies AS	100.00%	Line-by-line
Centro per gli Studi di Tecnica Navale - CETENA S.p.A.	Genoa	Fincantieri S.p.A.	71.10%	Line-by-line
		Seaf S.p.A.	15.00%	Line-by-line
CENTRO SERVIZI NAVALI S.p.A.	San Giorgio di Nogaro (UD)	Fincantieri S.p.A.	10.93%	Equity
CESI S.p.A.	Milan	Terna S.p.A.	42.70%	Equity
CGES A.D.	Podgorica	Terna S.p.A.	22.09%	Equity
Cinque Cerchi S.p.A. in liquidazione	Rome	CDP Immobiliare S.r.l.	100.00%	Line-by-line
Consorzio Codelsa in liquidazione	Rome	Fintecna S.p.A.	100.00%	At cost
Consorzio Condif in liquidazione	Rome	CDP Immobiliare S.r.l.	33.33%	At cost
Consorzio Edinca in liquidazione	Naples	Fintecna S.p.A.	47.32%	At cost
Consorzio Edinsud in liquidazione	Naples	Fintecna S.p.A.	58.82%	At cost
CONSORZIO F.S.B.	Marghera (VE)	Fincantieri S.p.A.	58.36%	Equity
Consorzio IMAFID in liquidazione	Naples	Fintecna S.p.A.	56.85%	At cost
Consorzio INCOMIR in liquidazione	Mercogliano (AV)	Fintecna S.p.A.	45.46%	At cost
Consorzio MED.IN. in liquidazione	Rome	Fintecna S.p.A.	85.00%	At cost
Copow er S.r.l.	Rome	Tep Energy Solution S.r.l.	51.00%	At cost
CORESO S.A.	Bruxelles	Terna S.p.A.	15.84%	Equity
CSS Design Limited	British Virgin Island (GB)	Vard Marine Inc.	31.00%	Equity
CSSC - Fincantieri Cruise Industry Development Ltd.	Hong Kong	Fincantieri S.p.A.	40.00%	Equity
CSSC Fincantieri (Shanghai) Cruise Design Limited	Shanghai	CSSC - Fincantieri Cruise Industry Development Limited	100.00%	Equity

Company name	Registered office	Investor	% holding	Consolidation method
Cubogas s.r.l.	San Donato Milanese (MI)	Snam 4 Mobility S.p.A.	100.00%	Line-by-line
Difebal S.A.	Montevideo	Terna S.p.A.	100.00%	Line-by-line
DOF Iceman AS	Storebø	Vard Group AS	50.00%	Equity
EGN Distribuzione S.r.l.	Turin	European Gas Netw ork – EGN S.r.l.	100.00%	Line-by-line
Elite S.p.A.	Milan	CDP S.p.A.	15.00%	Equity
ELMED Etudes S.a.r.l.	Tunisi	Terna S.p.A.	50.00%	Equity
Enersi Sicilia	San Donato Milanese (MI)	Snam 4 Mobility S.p.A.	100.00%	Line-by-line
Eni S.p.A.	Rome	CDP S.p.A.	25.76%	Equity
Enura S.P.A.	San Donato Milanese (MI)	SNAM S.p.A.	55.00%	Line-by-line
Estaleiro Quissamã Ltda	Rio de Janeiro	Vard Group AS	50.50%	Line-by-line
ETIHAD SHIP BUILDING LLC	Abu Dhabi	Fincantieri S.p.A.	35.00%	Equity
European Gas Netw ork – EGN S.r.l.	Turin	Italgas Reti SpA	100.00%	Line-by-line
Europrogetti & Finanza S.r.l. in liquidazione	Rome	CDP S.p.A.	31.80%	Equity
FIA 2	Rome	CDP S.p.A.	100.00%	Line-by-line
Fincantieri (Shanghai) Trading Co. Ltd	Shanghai	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Australia Pty Ltd	Sydney	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Clea Buildings s.c.a.r.l.	Verona	Fincantieri Infrastructure S.p.A.	51.00%	Equity
Fincantieri Do Brasil Partecipacoes S.A.	Rio de Janeiro	Fincantieri Holding B.V.	20.00%	Line-by-line
		Fincantieri S.p.A.	80.00%	Line-by-line
Fincantieri Europe S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Holding B.V.	Amsterdam	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri India Private Limited	New Delhi	Fincantieri S.p.A.	1.00%	Line-by-line
		Fincantieri Holding B.V.	99.00%	Line-by-line
Fincantieri Infrastructure S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Marine Group Holdings Inc.	Green Bay - WI	Fincantieri USA Inc.	87.44%	Line-by-line
FINCANTIERI MARINE GROUP LLC	Washington, DC	Fincantieri Marine Group Holdings Inc.	100.00%	Line-by-line
Fincantieri Marine Systems North America Inc.	Chesapeake - VI	Fincantieri Holding B.V.	100.00%	Line-by-line
FINCANTIERI OIL & GAS S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri S.p.A.	Trieste	Fintecna S.p.A.	71.64%	Line-by-line
Fincantieri Services Middle East LLC	Doha	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri Services USA LLC	Miami	Fincantieri USA Inc.	100.00%	Line-by-line
Fincantieri SI S.p.A.	Trieste	Seaf S.p.A.	100.00%	Line-by-line
Fincantieri Sw eden AB	Stockholm	Fincantieri S.p.A.	100.00%	Line-by-line
Fincantieri USA Inc.	Washington, DC	Fincantieri S.p.A.	100.00%	Line-by-line
Fintecna SpA	Rome	CDP S.p.A.	100.00%	Line-by-line
FIT - Fondo Investimenti per il Turismo	Rome	CDP S.p.A.	100.00%	Line-by-line
FIT1 - Fondo Investimenti per il Turismo	Rome	FIT - Fondo Investimenti per il Turismo	100.00%	Line-by-line
FIV extra	Rome	CDP S.p.A.	100.00%	Line-by-line
FIV PLUS	Rome	CDP S.p.A.	100.00%	Line-by-line
FMSNA YK	Nagasaki	Fincatieri Marine Systems North America Inc.	100.00%	Line-by-line
Fondo Italiano di Investimento SGR SpA	Milan	CDP S.p.A.	43.00%	Equity
Fondo Sviluppo Export	Milan	SACE S.p.A.	100.00%	Line-by-line
FSI Investimenti SpA	Milan	CDP Equity S.p.A.	77.12%	Line-by-line
FSI SGR S.p.A.	Milan	CDP S.p.A.	39.00%	Equity
FSIA INVESTIMENTI Srl	Milan	FSI Investimenti SpA	70.00%	Equity
Gasrule Insurance D.A.C.	Dublin	SNAM S.p.A.	100.00%	Line-by-line
Gestione Bacini La Spezia S.p.A.	La Spezia	Fincantieri S.p.A.	99.89%	Line-by-line
GNL Italia SpA	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
Gruppo PSC S.p.A.	Maratea (PZ)	Fincantieri S.p.A.	10.00%	Equity
Hotelturist S.p.A.	Padoa	CDP Equity S.p.A.	45.90%	Equity
IES Biogas S.r.l.	Argentina	IES Biogas s.r.l.	100.00%	At cost
		Snam 4 Mobility S.p.A.	100.00%	Line-by-line
Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (MI)	ASSET COMPANY 2 S.r.L.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Interconnector (UK) Ltd	London	Snam International B.V.	23.68%	Equity
Interconnector Zeebrugge Terminal S.C./C.V. Scrl	Bruxelles	Snam International B.V.	25.00%	Equity
IQ Made in Italy Investment Company SpA	Milan	FSI Investimenti SpA	50.00%	Equity
Ischia Gas S.r.l.	Turin	European Gas Network – EGN S.r.l.	100.00%	Line-by-line
Island Diligence AS	Stålhaugen	Vard Group AS	39.38%	Equity
Isotta Fraschini Motori S.p.A.	Bari	Fincantieri S.p.A.	100.00%	Line-by-line
Issel Middle East Information Technology Consultancy LLC	Abu Dhabi	Issel Nord S.r.l.	49.00%	Equity
Issel Nord S.r.l.	Follo	Fincantieri S.p.A.	100.00%	Line-by-line
Italgas Acqua S.p.A.	Milan	Italgas SpA	100.00%	Line-by-line
ITALGAS RETI S.P.A.	Turin	Italgas SpA	100.00%	Line-by-line
ITALGAS S.P.A.	Milan	CDP Reti S.p.A.	26.04%	Line-by-line
		SNAM S.p.A.	13.50%	Line-by-line
Kedrion SpA	Castelvecchio Pascoli (LU)	FSI Investimenti SpA	25.06%	Equity
Latina Biometano s.r.l.	Rome	IES Biogas s.r.l.	32.50%	At cost
Ligestra DUE S.r.l.	Rome	Fintecna S.p.A.	100.00%	Equity
Luxury Interiors Factory s.r.l.	Naples	Marine Interiors S.p.A.	100.00%	Line-by-line
M.T. Manifattura Tabacchi S.p.A.	Rome	CDP Immobiliare S.r.l.	62.50%	Equity
Manifatture Milano S.p.A.	Rome	CDP Immobiliare S.r.l.	50.00%	Equity
Marigliano Gas S.r.l.	Turin	European Gas Network – EGN S.r.l.	100.00%	Line-by-line
MARINE INTERIORS S.p.A.	Trieste	Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	100.00%	Line-by-line
Marinette Marine Corporation	Marinette - WI	Fincantieri Marine Group LLC	100.00%	Line-by-line
Medea Newco S.r.l.	Milan	Italgas SpA	100.00%	Line-by-line
Medea S.p.A.	Sassari	Italgas Reti SpA	100.00%	Line-by-line
Mediterranea S.r.l.	Forlì	Italgas Reti SpA	100.00%	Line-by-line
Metano S.Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	Italgas SpA	50.00%	Equity
Møkster Supply AS	Stavanger	Vard Group AS	40.00%	Equity
Møkster Supply KS	Stavanger	Vard Group AS	36.00%	Equity
Monita Interconnector S.r.l.	Rome	Terna S.p.A.	95.00%	Line-by-line
		Terna Rete Italia S.p.A.	5.00%	Line-by-line
Olympic Challenger KS	Fosnavåg	Vard Group AS	35.00%	Equity
Olympic Green Energy KS	Fosnavåg	Vard Group AS	29.50%	Equity
OpEn Fiber S.p.A.	Fosnavåg	CDP Equity S.p.A.	50.00%	Equity
Orizzonte Sistemi Navali S.p.A.	Fosnavåg	Fincantieri S.p.A.	51.00%	Equity
Pentagramma Perugia S.p.A.	Fosnavåg	CDP Immobiliare S.r.l.	100.00%	Line-by-line
Pentagramma Piemonte S.p.A. in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	Equity
Pentagramma Romagna S.p.A. in liquidazione unipersonale	Fosnavåg	CDP Immobiliare S.r.l.	100.00%	Line-by-line
PERGENOVA s.c.p.a.	Fosnavåg	Fincantieri Infrastructure S.p.A.	50.00%	Equity
PI.SA. 2 S.r.l.	Fosnavåg	Terna S.p.A.	100.00%	Line-by-line
Poste Italiane S.p.A.	Fosnavåg	CDP S.p.A.	35.00%	Equity
Quadrifoglio Brescia S.p.A. in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	At cost
Quadrifoglio Genova S.p.A. in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	At cost
Quadrifoglio Modena S.p.A in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	At cost
Quadrifoglio Piacenza S.p.A. in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	At cost
Quadrifoglio Verona S.p.A. in liquidazione	Fosnavåg	CDP Immobiliare S.r.l.	50.00%	At cost
QuattroR SGR S.p.A.	Fosnavåg	CDP S.p.A.	40.00%	Equity
Rem Supply AS	Fosnavåg	Vard Group AS	26.66%	Equity
Resia Interconnector S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Residenziale Immobiliare 2004 S.p.A.	Rome	CDP Immobiliare S.r.l.	74.47%	Line-by-line
Rete S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Rete Verde 17 S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Rete Verde 18 S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Rete Verde 19 S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Rete Verde 20 S.r.l.	Rome	Terna Energy Solutions S.r.l.	100.00%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Rocco Forte Hotels Limited	London	FSI Investimenti SpA	23.00%	Equity
SACE BT	Rome	SACE S.p.A.	100.00%	Line-by-line
Sace do Brasil	Sau Paolo	SACE S.p.A.	100.00%	Line-by-line
SACE FCT	Rome	SACE S.p.A.	100.00%	Line-by-line
SACE Servizi	Rome	SACE BT	100.00%	Line-by-line
SACE Spa	Rome	CDP S.p.A.	100.00%	Line-by-line
Saipem S.p.A.	San Donato Milanese (MI)	CDP Equity S.p.A.	12.55%	Equity
Seanergy a Marine Interiors Company S.r.L.	Pordenone	Marine Interiors S.p.A.	85.00%	Line-by-line
Seaonics AS	Alesund	Vard Group AS	56.40%	Line-by-line
Seaonics Polska SP.Z O.O.	Gdańsk	Seaonics AS	100.00%	Line-by-line
Seaside S.r.l.	Bologna	Italgas SpA	100.00%	Line-by-line
Seastema S.p.A	Genoa	Fincantieri S.p.A.	100.00%	Line-by-line
Senfluga energy infrastructure holdings S.A.	Athens	SNAM S.p.A.	60.00%	Equity
Simest SpA	Rome	SACE S.p.A.	76.01%	Line-by-line
Snam 4 Mobility S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
Snam Gas & Energy Services (Beijing) Co. Ltd.	Beijing	Snam International B.V.	100.00%	Line-by-line
Snam International B.V.	Amsterdam	SNAM S.p.A.	100.00%	Line-by-line
SNAM RETE GAS S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
SNAM S.p.A.	San Donato Milanese (MI)	CDP Reti S.p.A.	31.04%	Line-by-line
SNAM4EFFICIENCY S.R.L.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	At cost
Società per l'Esercizio di Attività Finanziaria - Seaf S.p.A.	Trieste	Fincantieri S.p.A.	100.00%	Line-by-line
SPE Santa Lucia Transmissora de Energia S.A.	Rio de Janeiro	Terna Chile S.p.A.	0.01%	Line-by-line
		Terna Plus S.r.l.	99.99%	Line-by-line
SPE Santa Maria Transmissora de Energia S.A.	Rio de Janeiro	Terna Chile S.p.A.	0.01%	Line-by-line
		Terna Plus S.r.l.	99.99%	Line-by-line
Stogit S.p.A.	San Donato Milanese (MI)	SNAM S.p.A.	100.00%	Line-by-line
Sviluppo Turistico culturale Golfo di Napoli S.c.a.r.l.	Naples	CDP Immobiliare S.r.l.	25.00%	At cost
Taklift AS	Skien	Vard Group AS	25.47%	Equity
Tamini Transformers USA L.L.C.	Sewickley	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Trasformatori India Private Limited	Magarpatta City, Hadapsar, Pune	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Trasformatori S.r.l.	Legnano (MI)	Terna Energy Solutions S.r.l.	70.00%	Line-by-line
TEP Energy Solution Nordest S.r.l.	Udine	Tep Energy Solution S.r.l.	50.00%	At cost
Tep Energy Solution S.r.l.	Rome	ASSET COMPANY 4 S.R.L.	100.00%	Line-by-line
TEREGA HOLDING S.A.S.	Pau	SNAM S.p.A.	40.50%	Equity
Terna Chile S.p.A.	Santiago del Cile	Terna Plus S.r.l.	100.00%	Line-by-line
TERNA Crna Gora d.o.o.	Podgorica	Terna S.p.A.	100.00%	Line-by-line
Terna Energy Solutions S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna Interconnector S.r.l.	Rome	Terna S.p.A.	65.00%	Line-by-line
		Terna Rete Italia S.p.A.	5.00%	Line-by-line
Terna Peru S.A.C.	Lima	Terna Plus S.r.l.	99.99%	Line-by-line
		Terna Chile S.p.A.	0.01%	Line-by-line
TERNA PLUS S.r.l.	Rome	Terna S.p.A.	100.00%	Line-by-line
TERNA RETE ITALIA S.p.A.	Rome	Terna S.p.A.	100.00%	Line-by-line
Terna SpA	Rome	CDP Reti S.p.A.	29.85%	Line-by-line
Toscana Energia S.p.A.	Florence	Italgas SpA	48.68%	Equity
Trans Adriatic Pipeline AG	Baar	SNAM S.p.A.	20.00%	Equity
Trans Austria Gasleitung GmbH	Wien	SNAM S.p.A.	84.47%	Equity
Trevi Finanziaria Industriale S.p.A	Cesena	FSI Investimenti SpA	16.86%	Equity
Umbria Distribuzione GAS S.p.A.	Terni	Italgas SpA	45.00%	Equity
Unifer Navale S.r.l.	Finale Emilia (MO)	Seaf S.p.A.	20.00%	Equity
Valvitalia Finanziaria S.p.A.	Milan	FSI Investimenti SpA	0.50%	Equity
Vard Accommodation AS	Tennfjord	Vard Group AS	100.00%	Line-by-line
Vard Accommodation Tulcea SRL	Tulcea	Vard Accommodation AS	99.77%	Line-by-line
		Vard Electro Tulcea S.r.l.	0.23%	Line-by-line

Company name	Registered office	Investor	% holding	Consolidation method
Vard Aqua Chile SA	Puerto Montt	Vard Aqua Sunndal AS	95.00%	Line-by-line
Vard Aqua Scotland Ltd	Lochgilphead	Vard Aqua Sunndal AS	100.00%	Line-by-line
Vard Aqua Sunndal AS	Sunndalsøra	Vard Group AS	98.21%	Line-by-line
Vard Braila SA	Braila	Vard RO Holding S.r.l.	94.12%	Line-by-line
		Vard Group AS	5.88%	Line-by-line
Vard Contracting AS	Vatne	Vard Group AS	100.00%	Line-by-line
Vard Design AS	Alesund	Vard Group AS	100.00%	Line-by-line
Vard Design Liburna Ltd.	Rijeka	Vard Design AS	51.00%	Line-by-line
Vard Electrical Installation and Engineering (India) Private Limited	New Delhi	Vard Electro Tulcea S.r.l.	0.50%	Line-by-line
		Vard Electro AS	99.50%	Line-by-line
Vard Electro AS	Sovik	Vard Group AS	100.00%	Line-by-line
Vard Electro Braila SRL	Braila	Vard Electro AS	100.00%	Line-by-line
Vard Electro Brazil (Instalacoes Eletricas) Ltda	Niteroi	Vard Group AS	1.00%	Line-by-line
		Vard Electro AS	99.00%	Line-by-line
Vard Electro Canada Inc.	Vancouver	Vard Electro AS	100.00%	Line-by-line
Vard Electro Italy S.r.l.	Genoa	Vard Electro AS	100.00%	Line-by-line
Vard Electro Tulcea SRL	Tulcea	Vard Electro AS	99.96%	Line-by-line
Vard Engineering Brevik AS	Brevik	Vard Group AS	100.00%	Line-by-line
Vard Engineering Constanta SRL	Costanza	Vard RO Holding S.r.l.	70.00%	Line-by-line
		Vard Braila SA	30.00%	Line-by-line
Vard Engineering Gdansk sp. Z o. o.	Gdańsk	Vard Engineering Brevik AS	100.00%	Line-by-line
Vard Group AS	Alesund	Vard Holdings Limited	100.00%	Line-by-line
Vard Holdings Limited	Singapore	Fincantieri Oil & Gas S.p.A.	97.44%	Line-by-line
Vard Marine Inc.	Vancouver	Vard Group AS	100.00%	Line-by-line
Vard Marine US Inc.	Houston	Vard Marine Inc.	100.00%	Line-by-line
Vard Niterói Ltda	Rio de Janeiro	Vard Group AS	99.99%	Line-by-line
		Vard Electro Brazil (Instalaçoes Eletricas) Ltda	0.01%	Line-by-line
Vard Offshore Brevik AS	Porsgrunn	Vard Group AS	100.00%	Line-by-line
Vard Piping AS	Tennfjord	Vard Group AS	100.00%	Line-by-line
Vard Promar SA	Recife	Vard Group AS	100.00%	Line-by-line
Vard RO Holding SRL	Tulcea	Vard Group AS	100.00%	Line-by-line
Vard Seaonics Holding AS	Alesund	Vard Group AS	100.00%	Line-by-line
Vard Shipholding Singapore Pte Ltd	Singapore	Vard Holdings Ltd	100.00%	Line-by-line
Vard Singapore Pte. Ltd.	Singapore	Vard Group AS	100.00%	Line-by-line
Vard Tulcea SA	Tulcea	Vard Group As	0.00%	Line-by-line
		Vard RO Holding S.r.l.	100.00%	Line-by-line
Vard Vung Tau Ltd	Vung Tau	Vard Singapore Pte Ltd	100.00%	Line-by-line
VBD1 AS	Norway	Vard Group AS	100.00%	Line-by-line
XXI APRILE S.r.l. in liquidazione	Rome	Fintecna S.p.A.	100.00%	At cost

2. Annexes to the half-yearly report on operations

2.1 Reconciliation between the reclassified income statement and balance sheet and the financial statements – CDP S.p.A.

The following tables provide a reconciliation of the financial statements prepared in accordance with Bank of Italy circular no. 262/2005, as amended, and the aggregates as reclassified on an operational basis.

These reclassifications mainly concerned:

- the allocation to specific and distinct items of interest-bearing amounts and non-interest-bearing amounts;
- the revision of portfolios for IAS/IFRS purposes with their reclassification into uniform aggregates in relation to both products and business lines.

Balance sheet - Assets

(millions of euro)

ASSETS - Balance sheet items	30 June 2019	Cash and cash equivalents and other treasury investments	Loans	Debt securities, equity securities	Equity investments	Assets held for trading and hedging derivatives	Property, plant and equipment and intangible assets	Accrued income, prepaid expenses and other non-interest bearing assets	Other assets
10. Cash and cash equivalents	0	0							
20. Financial assets measured at fair value through profit or loss	2,754			156	2,499	99		0	
30. Financial assets measured at fair value through other comprehensive income	12,335			11,539	773			23	
40. Financial assets measured at amortised cost	333,658								
a) Loans to banks	17,721	6,041	10,462					1,218	
b) Loans to customers	315,937	160,990	89,550	56,311				9,086	
50. Hedging derivatives	490					490			
60. Fair value change of financial assets in hedged portfolios (+/-)	1,444					1,444			
70. Equity investments	30,434				30,434				
80. Property, plant and equipment	348						348		
90. Intangible assets	23						23		
100. Tax assets	405								405
120. Other assets	334								334
Total assets	**382,225**	**167,032**	**100,012**	**68,006**	**33,706**	**2,033**	**371**	**10,327**	**738**

Balance sheet - Liabilities and equity

(millions of euro)

LIABILITIES AND EQUITY - Balance sheet items	30 June 2019	Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non-interest bearing assets	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Total equity
10. Financial liabilities measured at	353,998						
a) Due to banks	24,808	24,784		24			
b) Due to customers	308,483	308,336		146			
c) Securities issued	20,707	20,229		478			
20. Financial liabilities held for trading	93		93				
30. Financial liabilities designated at fair value	-						
40. Hedging derivatives	2,564		2,564				
50. Fair value change of financial liabilities in hedged portfolios	22		22				
60. Tax liabilities	792					792	
70. Liabilities associated with non-current assets and disposal groups held for sale	-						
80. Other liabilities	652				652		
90. Staff severance pay	1					1	
100. Provisions for risks and charges	251					251	
110. Valuation reserves	610						610
120. Redeemable shares	-						
130. Equity instruments	-						
140. Reserves	15,367						15,367
150. Share premium reserve	2,379						2,379
160. Share capital	4,051						4,051
170. Treasury shares	(57)						(57)
180. Net income (loss) for the period	1,502						1,502
Total liabilities and equity	**382,225**	**353,349**	**2,678**	**648**	**652**	**1,045**	**23,852**

Income statement

(milions of euro)

INCOME STATEMENT-Financial statement items	30 June 2019	Net interest income	Dividends	Other net revenues (costs)	Gross Income	Write-downs	Staff costs and other administrative expenses	Amortisation and other operating expenses and income	Operating income	Net provisions for risks and charges	Income taxes	Net income (loss) for the period
10. Interest income and similiar income	3.925	3.925			3.925				3.925			3.925
20. Interest expense and similar expense	(2.211)	(2.211)			(2.211)				(2.211)			(2.211)
40. Commissin income	200	150		50	200				200			200
50. Commissin expense	(758)	(753)		(5)	(758)				(758)			(758)
70. Dividends and similar revenues	781		781		781				781			781
80. Profits (losses) on trading activities	(8)			(8)	(8)				(8)			(8)
90. Net gain (loss) on hedging activities	(24)			(24)	(24)				(24)			(24)
100. Gains (losses) on disposal or repurchase	66			66	66				66			66
110. Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	(27)			1	1	(27)			(27)			(27)
130. Net adjustments/recoveries for credit risk	(75)					(75)			(75)			(75)
160. Administrative expenses	(91)						(91)		(91)			(91)
170. Net accruals to the provisions for risks and charges	(8)					(3)			(3)	(4)		(8)
180. Net adjustments to/recoveries on property, plant and equipment	(3)							(3)	(3)			(3)
190. Net adjustments to/recoveries on intangible assets	(3)							(3)	(3)			(3)
200. Other operating income (costs)	3						1	3	3			3
220. Gains (losses) on equity investments	93					93			93			93
230. Gains (Losses) on tangible and intangible assets measured at fair value												
240. Goodwill impairment												
250. Gains (losses) on disposal of investments	(0)									(0)		(0)
270. Income tax for the period on continuing operations	(360)										(360)	(360)
Total income statement	**1.502**	**1.111**	**781**	**79**	**1.971**	**(13)**	**(90)**	**(3)**	**1.866**	**(4)**	**(360)**	**1.502**

2.2 Reconciliation between the reclassified income statement and balance sheet and the financial statements - CDP Group

In order to ensure consistency between the consolidated financial statements, prepared on an accounting basis and the aggregates presented on an operational basis, the balance sheet and income statement reconciliation statements are shown below.

These reclassifications mainly concerned: the allocation of interest-bearing amounts and non-interest-bearing amounts to specific and distinct items; the revision of portfolios for IFRS purposes with their reclassification into uniform aggregates in relation to both products and business lines.

Consolidated balance sheet - Assets

(millions of euro) ASSETS - Balance sheet items	30/06/2019	Cash and cash equivalents and other trasury investments	Loans	Debt securities and units in collective investment undertakings	Equity investments	Trading and hedging derivatives	Property, plant and equipment and intangible assets	Reinsurers' share of technical reserves	Other assets
10. Cash and cash equivalents	1	1							
20. Financial assets measured at fair value through profit or loss	4.542								
a) Financial assets held for trading	1.318			1.218		100			
b) Financial assets designated at fair value									
c) Other financial assets mandatorily measured at fair value	3.224		550	2.674					
30. Financial assets measured at fair value through other comprehesinve income	12.553			12.553					
40. Financial assets measured at amortised cost	340.857								
a) Loans to banks	22.783	9.134	12.778	871					
b) Loans to customers	318.074	159.958	95.651	62.465					
50. Hedging derivatives	552					552			
60. Fair value change of financial assets in hedged portfolios (+/-)	1.444								1.444
70. Equity investments	20.296				20.296				
80. Reinsurers' share of technical reserves	877							877	
90. Property, plant and equipment	38.221						38.221		
100. Intangible assets	8.965						8.965		
110. Tax assets	1.589								1.589
120. Non-current assets and disposal groups held for sale									
130. Other assets	8.461								8.461
Total assets	**438.358**	**169.093**	**108.979**	**79.781**	**20.296**	**652**	**47.186**	**877**	**11.494**

Consolidated balance sheet - liabilities and equity

(millions of euro) LIABILITIES AND EQUITY - Balance sheet items	30/06/2019	Funding					Liabilities held for trading and hedging derivatives	Technical reserves	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Total equity
			Postal funding	Funding from banks	Funding from customers	Bond funding					
10. Financial liabilites measured at amortised cost	379.516										
a) Due to banks	34.574	34.574	1.340	33.234							
b) Due to customers	305.463	305.463	258.968	24.570	21.925						
c) Securities issued	39.479	39.479				39.479					
20. Financial liabilities held for trading	89						89				
30. Financial liabilities designated at fair value	20	20				20					
40. Hedging derivatives	2.902						2.902				
50. Fair value change of financial liabilities in hedged portfolios (+/-)	22								22		
60. Tax liabilities	4.209									4.209	
70. Liabilities associated with non-current assets and disposal groups held for sale											
80. Other liabilities	10.373								10.373		
90. Staff severance pay	213									213	
100. Provisions for risks and charges	2.744									2.744	
110. Technical reserves	2.760							2.760			
120. Valuation reserves	410										410
150. Reserves	14.686										14.686
160. Share premium reserve	2.378										2.378
170. Share capital	4.051										4.051
180. Treasury shares (-)	(57)										(57)
190. Non-controlling interests (+/-)	12.672										12.672
200. Net income (loss) for the period	1.370										1.370
Total liabilities and equity	**438.358**	**379.536**	**260.308**	**57.804**	**21.925**	**39.499**	**2.991**	**2.760**	**10.395**	**7.166**	**35.510**

Consolidated income statement

(millions of euro) INCOME STATEMENT - Financial statement items	30/06/2019	Net interest income	Gain (losses) on equity investments	Net commission income (expense)	Other net revenus (costs)	Gross income	Profit (loss) on insurance busness	Profit (loss) on banking and insurance operations	Net recoveries (impairment)	Administrative expenses	Other net operating income (costs)	Operating income	Net provision for risk and charges	Net adjustments on PPE and intangible assets	Other	Income taxes	Net income (loss) for the period
10. Interest income and similar income	4.044	4.044				4.044		4.044				4.044					4.044
20. Interest expense and similar expense	(2.377)	(2.377)				(2.377)		(2.377)				(2.377)					(2.377)
40. Commission income	232	150		82		232		232				232					232
50. Commission expense	(781)	(753)		(28)		(781)		(781)				(781)					(781)
70. Dividends and similar revenues	4		4			4		4				4					4
80. Profits (losses) on trading activities	5				5	5		5				5					5
90. Fair value adjustments in hedge accounting	(58)				(58)	(58)		(58)				(58)					(58)
100. Gains (losses) on disposal or repurchase	66				66	66		66				66					66
110. Profits (losses) on financial assets and liabilities designated at fair value through profit or loss	(12)				(12)	(12)		(12)				(12)					(12)
130. Net adjustments/recoveries for credit risk	(82)								(82)			(82)					(82)
140. Gain/losses from changes in contracts without derecognition																	
160. Net premium income	110						110	110				110					110
170. Net other income (expense) from insurance operations	(90)						(90)	(90)				(90)					(90)
190. Administrative expenses	(3.717)									(3.717)		(3.717)					(3.717)
200. Net accruals to the provisions for risks and charges	(12)								(1)			(1)	(11)				(12)
210. Net adjustments to/recoveries on property, plant and equipment	(757)													(757)			(757)
220. Net adjustments to/recoveries on intangible assets	(301)													(301)			(301)
230. Other operating income (costs)	6.129										6.129	6.129					6.129
250. Gains (losses) on equity investments	583		583			583		583				583					583
270. Net adjustment on goodwill																	
280. Gains (losses) on disposal of investments	12														12		12
300. Income tax for the period on continuing operations	(809)															(809)	(809)
330. Net income (loss) for the period	**2.189**	**1.064**	**587**	**54**	**1**	**1.706**	**20**	**1.726**	**(83)**	**(3.717)**	**6.129**	**4.055**	**(11)**	**(1.058)**	**12**	**(809)**	**2.189**
340. Net income (loss) for the period pertaining to non-controlling interests	819																819
350. Net income (loss) for the period pertaining to shareholders of the Parent Company	**1.370**																**1.370**

2.3 Details of alternative performance measures – CDP S.p.A.

In support of the comments on the results for the period, paragraph 5.2.1 of the Half-yearly report on operations also presents and illustrates the reclassified income statement and balance sheet of CDP S.p.A. A reconciliation between the latter and the Parent Company's financial statements at 30 June 2019 is provided in Annex 2, as required in Consob Communication no. 6064293 of 28 July 2006. With a view to providing further information on the Parent Company's performance, the Half-yearly report on operations contains financial information and a number of alternative performance measures, including, for example, the cost/income ratio and net impaired loans/net exposure. In accordance with the guidelines published on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415), details of the calculation method and the content of the aforementioned measures are provided below.

STRUCTURE RATIOS

Funding / Total liabilities: it measures Total Funding, as shown in the aggregate account (Annex 2), against total liabilities, as shown in the financial statements

Postal Funding / Total Funding: it measures Postal Funding, inclusive of the nominal value of Savings Bonds and Passbook Savings Accounts, interest accrued and premiums on the related options, against Total Funding, as shown in the aggregate account (Annex 2)

PROFITABILITY RATIOS

Spread on interest-bearing assets and liabilities: it measures the difference between the return on assets (measured as the ratio of interest income to average interest-bearing assets) and the cost of liabilities (measured as the ratio of interest expense to average interest-bearing liabilities).

Average interest-bearing assets are measured as the average at two dates (31 December 2018 and 30 June 2019) of Cash and Cash Equivalents, Loans to customers and banks and Debt securities, as shown in the aggregate account (Annex 2).

Average interest-bearing liabilities are measured as the average at two dates (31 December 2018 and 30 June 2019), of Funding, as shown in the aggregate account (Annex 2)

Cost/Income Ratio: it measures the ratio of Operating Costs (sum of staff costs, administrative expenses, depreciation and amortisation, and other operating income and costs) to Gross Income, net of the cost of risk, as respectively shown in the aggregate account (Annex 2).

INDEPENDENT AUDITOR'S REPORT

REVIEW REPORT ON HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2019

To the Shareholders of
Cassa Depositi e Prestiti SpA

Foreword

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Cassa depositi e prestiti SpA and its subsidiaries (the Cassa depositi e prestiti Group) as of 30 June 2019, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows and the related notes. The directors of Cassa depositi e prestiti SpA are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with International Accounting Standard 34, applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution no. 10867 of 31 July 1997. A review of half-yearly condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Cassa depositi e prestiti Group as of 30 June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Rome, 5 August 2019

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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CERTIFICATION OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154 BIS OF LEGISLATIVE DECREE NO. 58/1998

1. The undersigned Fabrizio Palermo, in his capacity as Chief Executive Officer, and Paolo Calcagnini, in his capacity as Manager in charge with preparing the company's financial reports of Cassa depositi e prestiti S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of legislative decree no. 58 of 24 February 1998:
   - the appropriateness with respect to the characteristics of the company; and
   - the actual application of the administrative and accounting procedures for the preparation of the half-yearly condensed consolidated financial statements at 30 June 2019, during the first half of 2019.

2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the half-yearly condensed consolidated financial statements at 30 June 2019 was based on a process developed by Cassa depositi e prestiti S.p.A. in line with the *Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission*, which is a generally accepted framework at international level.

3. In addition, we certify that:

   3.1 the half-yearly condensed consolidated financial statements at 30 June 2019:

   a. have been prepared in compliance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b. correspond to the information in the books and other accounting records;

   c. give a true and fair view of the performance and financial position of the issuer and of the companies included in the scope of consolidation.

   3.2 The interim report on operations includes a reliable analysis of the important events which occurred during the first half of the year and their impact on the half-yearly condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year.

Rome, 5 August 2019

The Chief Executive Officer

Fabrizio Palermo

The Manager in charge with preparing the company's financial reports

Paolo Calcagnini

Cassa depositi e prestiti S.p.A.

Registered office

Via Goito 4
00185 Rome

Share capital euro 4,051,143.264.00 fully paid up
Tax identification number and
Rome Companies’ Register no. 80199230584
VAT no. 07756511007
Rome Chamber of Commerce REA no. 1053767

Tel. +39 06 42211
www.cdp.it

Milan Office

Via San Marco 21 A
20123 Milan

Brussels Office

Rue Montoyer 51
B- 1000 Brussels

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Via Goito 4
00185 Rome, Italy