Danieli Banking Corporation S.A.
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R.C.S. Luxembourg: B 59.765

Annual accounts and Director's report and
Independent auditor's report
as at 30 June 2017

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the annual accounts of the Bank.

The Directors' Report for the year ended 30 June 2017

Dear Shareholders,

The Board of Directors have the pleasure to submit its annual report for the financial year ended 30 June 2017.

General economic and financial outlook

The trend for the global economy for the year 2017 maintains a growth rate of 3,5% with a more substantial increase than 2016 and with a positive contribution by the emerging countries and developing economies but also with a positive (although moderate) performance for the mature economies.

GDP projections for the 2018 show a further improvement lead by emerging countries, lead by China and India.

The Euro maintained a moderate volatility during the year; during August and September it posted a rally against the USD while waiting for the result of the German pools – it is worth to mention that the German election is the last Eurozone's politic milestone this year.

The trade-weighted dollar index DXY was stable along the 2016/17 period but suffered in July 2017 a reversal of fortune due to the release of some slightly soft data in the United States and the ECB announcement for a downsize of the adoption of conventional and unconventional monetary policy measures.

In September 2017 the FED announced the possibility of a last interest rate hike this year and the reduction of its monstrous balance sheet, becoming the first central bank in history to walk back its Quantitative Easing – QE programme. The FED Board, under Mrs. Yellen, announced the reduction process would start next month at a pace of $10 billion a month which will gradually increase to $30 billion/month. To put the balance sheet reduction process in context, it would take over 30 years to finalize the process, hence a meaningless monetary tightening tool. However, it was not the reduction of the balance sheet what pushed the dollar higher, but the indication that another hike in 2017 is likely. This caught markets by surprise, as can be reflected in the implied probabilities of an interest rate hike in December, which jumped from near 20% to above 60% in a matter of minutes – an extremely significant jump.

The Futures markets now show a fairly good expectation about the likelihood of a hike within the end of 2017 and US 10 year treasuries, considered the global benchmark for safe haven assets, saw further increases in yields, which rose above 2,25%. The graphic of FOMC members' expectations for interest rates showed that the median member expects 2Y rates to stay between 1,35% and 1,45% at the end of 2017.

We expect equities in Europe to stay in a 'Fat & Flat' range. Moderate economic growth and low bond yields mean equities are attractive versus other assets but are unlikely to provide bull-market style returns from here. We consider what this means for worldwide market, sector and thematic views.

As far as Europe is concerned, during the financial year under review, the ECB confirmed the adoption of unconventional and conventional monetary policy measures aimed to pursue its price stability mandate and to support lending to the real economy. These measures, which comprised, among others, the reduction of the main refinancing rate, negative interest rates on deposit facility, targeted longer-terms refinancing operations and liquidity injections under the Securities Markets Programme, have depressed the course of interest rates in the year down to the very bottom side both on the short and the long end of the yield curve.

Evolution of the business and financial results

The banking activity started in June 2015 has been pursued during 2016/2017.

During the financial year under review, the Bank continued to manage its assets arising from its own funds in accordance with the Investment Policy and Risk Tolerance Statement (limits) adopted by the Board of Directors and the Authorized Management. At the same time, the Bank continued its' activities of the receipt of deposits and the granting of loans to related parties customers (i.e. companies belonging to the Danieli Group) as well as to one new client being in relationship with the Danieli Group, in accordance with the market opportunities and commercial strategies of the Bank's parent company.

The notable evolutions are:

- as at 30 June 2017 the total amount of deposits from customers amount to EUR 98,29 million (30 June 2016 - EUR 88,19 million);
- the loan granting activity increased, in accordance with the Bank's business plan; the loans granted to companies belonging to the Danieli Group reached EUR 60,76 million (30 June 2016 - EUR 7 million) and two loans for a total amount of EUR 35 million were granted to one client being in relationship with the Danieli Group – a financial entity ultimately owned by the Italian State.

The financial year closes with a net profit of EUR 3,12 million (2016 – EUR 15,87 million).

As described in the previous years' annual accounts, the significant profit realized by the Bank in the past was mainly due to the exchange profit accounted in relation to assets in USD held by the Bank. A significant part of such assets has been sold, thus enabling the Bank to significantly reduce its exposure to Foreign Exchange Risk. The current investment policy adopted by the Board of Directors mainly provides that the current remaining exposure shall in any case not exceed the maximum amount of USD 200 million. As at 30 June 2017, the open (long) USD position of the Bank amounts to USD 138,40 million.

The primary non-trading instruments and their geographical breakdown related to the financial assets and liabilities of the Bank are detailed in Note 3 of the annual accounts.

The financial year 2016/2017 has been characterised by two main trends which impacted the activity of the Bank directly:

- historical-low interest rates;
- the evolution of the EUR / USD exchange rate towards the end of the Bank's financial year.

Although overall the Bank continued to perform satisfactorily, its profitability was impacted by the two last factors, especially by the evolution of the EUR / USD exchange rate which generated a loss of EUR 3,12 million.

In view of the above, the net profit for the financial year ended 30 June 2017 was mainly generated by interest income on loans and advances and on fixed-income securities. Two other factors that had a positive impact on the results of the Bank were:

- the evolution of the prices of the fixed-income securities which allowed for a reduction of the impairment previously recorded (income of EUR 1,15 million), the majority of which was generated by three specific securities which were sold;
- the foreign exchange derivatives contracts the Bank entered into, which generated a realised net positive impact of EUR 2,44 million.

The general administrative expenses remained stable, although the Bank continued to invest and improve its internal organization framework to ensure compliance with regulatory standards and to create solid basis for its future developments. It is to be noted that the increase of 3% in this caption is mainly due to:

- professional and consultancy services paid to third parties mainly in relation to the Bank's regulatory reporting and compliance requirements,
- increase in staff costs, as the Bank continued to strengthen its Accounting and Back-Office department.

During the financial year under review, no research and development activity was carried out by the Bank.

Moreover the Bank did not acquire any of its own shares and has no branches in Luxembourg and abroad.

Return on assets

In view of the above, the Bank's return on assets for the financial year under review calculated by dividing the net profit by the total assets according to the provisions contained in article 38-4 of the law of 5 April 1993 on the financial sector, as amended, stands at 0,26% (2016 – 1,38%).

Increase in the Bank's own funds

In the frame of an internal reorganisation process of the Bank's shareholder's structure, the Extraordinary Shareholder's meeting, held on 28 June 2017, has approved a contribution into the share premium account of the Bank of an amount of EUR 65 million. This contribution has been made partially in cash and partially in kind through the transfer to DBC of financial assets owned by its sole shareholder. Subsequent to this transaction, as at 30 June 2017, the Bank's total share premium account amounts to EUR 637,8 million (2016 – EUR 572,8 million).

Expected performance in 2017/18

The Bank will continue the management of its own funds through the allocation and placement of its liquidity between a carefully selection of financial counterparts. The Bank targets to maintain mainly investments in its structural portfolio, up to the maximum overall limit of EUR 500 million authorized under the Own Fund Investment Policy approved by the Board of Directors while maintaining a credit exposure primarily with investment grade issuer but considering the minimum threshold of BBB- in consideration of the current low-interest trend.

Deposits from customers are expected to remain at a target level of around of EUR 100 million. Loans and advances to customers belonging to the Danieli Group will presumably also grow in line with the development of the group business and activity.

Considering the current low-interest trend, the Bank, in accordance with its Investment Policy and Risk Tolerance Statement, will operate an accurate and carefully selection of new investments to be made in fixed-income securities in order to limit the reduction of the average yield performed during the year 2017. Moreover, should the opportunity arise, the Bank can engage, within the limits included in its Risk Tolerance Statement, in new financial derivatives linked to the EUR/USD exchange rate that can continue to contribute to its financial results of the next financial year.

Employees and Management

The composition of the Bank's management and staff of the Bank is detailed in Note 20 of the annual accounts.

During the financial year ended as at 30 June 2017 and 2016, there was no deferred remuneration, vested or unvested, awarded or paid-out and reduced through performance adjustment. Remunerations are only paid in cash and there was no individual being remunerated EUR 1 million or more per financial year.

Risk management

This section provides a short summary of the risk management organization implemented by the Bank and of the main risk to which the Bank may be exposed. The Pillar III Risk Report relating to the financial year ended on 30 June 2017 will be published in conjunction with the publication of these Annual Accounts and will be available on the Bank's website.

Risk Management Organization

Within the Bank, the Authorized Management has the ultimate responsibility for the risk taking while the Board of Directors is responsible for setting, documenting and communicating to the Authorized Management its risk strategy for risk taking and risk management. Considering the size of the Bank and the nature of its business the risk management framework has been structured in a manner so as to involve, through the Investment Committee and the Risk and Credit Committee both members of the Board of Directors and members of the Authorized Management in the risk taking and risk management processes.

The Risk Management Function is placed under the responsibility of the Chief Risk Officer, who is also member of the Authorized Management. He is responsible for anticipating, identifying, measuring, monitoring and reporting on an ongoing basis all the risks the Bank is or may be exposed to. He also regularly monitors the compliance with limits (credit and market) considered by the Market and Finance Department to operate and also to coordinate the preparation of the ICAAP report.

The Board of Directors and the Authorized Management consider that the Bank's Risk Management Organisation is adequate for its business strategy and risk profile as well as being proportionate to the size and complexity of its activities.

Risk Appetite and Tolerance

By taking into consideration the nature of the Bank's business, which for a significant part, consist for the time being in managing assets arising from its own funds, the Board of Directors and the Authorized Management have adopted a conservative approach which, through the establishment of a clear Investment Policy and a Risk Tolerance Statement (limits) linked to this policy, is designated firstly to safeguard the activity of the Bank through a perpetual respect of the obligations imposed by the regulator and secondly to address the Bank's investment strategy and to meet its business developments and objectives in terms of investments return.

Credit Risk

Credit risk is the risk of suffering losses as a result of customers and counterparties not being able to meet their obligations towards the Bank as they become due and payable. The credit risk definition adopted by the Bank includes country risk and counterparty risk.

The Bank has a prudent approach in building its credit and structural securities portfolio. For the time being, credits provided to customers are composed of loans granted to companies belonging to the Danieli Group and of two loans granted to a financial entity being in relationship with the Danieli Group and being ultimately owned by the Italian State. Other loans and advances consist of amounts deposited with other banking or insurance counterparties. The Bank's structural securities portfolio is composed of securities issued by issuers having at least an Investment Grade Rating assessed by a nominated ECAI. The Risk and Credit Committee and the members of the Authorized Management are responsible for doing a due diligent evaluation of the counterparties before initial approval by the Board of Directors.

Credit Risk measurement is primarily based on the Standardized Approach used for the calculation of Pillar I regulatory capital requirements. The Bank does not use an Internal Rating Based (IRB) Approach. Potential negative impact correlated to credit risk is also quantified on a regular basis by using the 1Y Montecarlo Credit VaR estimated with default probabilities based on CDS market data from the counterparty itself or its parent group with a 99,9% confidence level.

In order to manage the risk profile and the risk limits included in the Risk Tolerance Statement and Investment Policy and to limit the Concentration Risk, specific credit risk limits are established for loans and advances consisting of amounts deposited with other banking or insurance counterparties. Limits by economic sector and by counterparties' country of residence are included in the Investment Policy. In addition, the use by the Bank of the largest limit in respect of exposures towards institutions - provided that each of such exposure does not exceeds 100% of the Bank's eligible own funds – has been fixed at the maximum amount of EUR 180 million and is limited only to exposures towards carefully selected systemic financial institutions (including their subsidiaries in Luxembourg or abroad).

Impaired and Past Due Assets and Provisions

Specific provisions are made against loans and advances when, in the opinion of the Board of Directors and the Authorized Management, recovery in full is doubtful. For this purpose, each overdue exceeding 30 days shall be reported to the members of the Risk and Credit Committee. As at 30 June 2017 and 2016, the Bank had no impaired asset for which a specific or general provision has been raised. There was no past due asset. The Bank have not incurred any material write-off of bad debts or made any recovery of amounts previously written off during the year to 30 June 2017 and to 30 June 2016

Settlement and Free Delivery Risk

Regarding Settlement Risk, the Bank is usually executing transactions related to securities or foreign currencies only for its own account so that an eventual price difference on unsettled transactions will result rather in an opportunity cost than in an out-of-pocket loss. There is currently no execution on behalf of third parties and the Bank doesn't plan to enter into commodities transactions. In order to manage Free Delivery Risk, the Bank imposes delivery versus payment process to make settlement on transactions. In addition, the Bank monitors pending transactions by type of products. As at 30 June 2017 and 2016, there were no pending transactions. The exposure to Settlement Risk is therefore minimal and generally no additional capital requirement is required.

Concentration Risk

Concentration risk is the risk of losses due to unbalanced positions towards counterparties or clients. Concentration risk can be linked to group activity concentration, but also to economic sector or localization. Concentration Risk measurement is primarily performed based on the approach and on the regulatory requirements laid down by the regulator for reporting on large exposures.

For Pillar II internal assessments potential negative impact correlated to Concentration Risk is also quantified by using the 1Y Montecarlo Credit VaR estimated with default probabilities based on CDS market data from the counterparty itself or its parent group and with a 99,9% confidence level. The Bank controls its concentration risk through large exposures analysis which is performed on a regular basis. This analysis is implemented by using the assessment requirements foreseen for regulatory reporting and assessments provided for Credit Risk.

Market Risk & Foreign exchange Risk

Market Risk other than Foreign Exchange Risk

The Bank's objectives are to maintain a structural securities portfolio so that the Bank does not plan to engage in proprietary trading activities and will therefore normally not directly be exposed to market risk other than to foreign exchange risk by reason of assets held in USD through its securities portfolio.

Foreign Exchange Risk is the risk incurred by the Bank as a result of the variation of exchange rates

The Bank is exposed to Foreign Exchange Risk by reason of assets held in USD and mainly related to its structural securities portfolio. The risks related to the Bank exposure in USD respect the limits determined by the Board of Directors in the Risk Tolerance Statement and in the approved Investment Policy. The Bank monitors its exposure in USD on a daily basis. The Board of Directors has decided to implement stop-loss limits as part of its Risk Management Framework.

Foreign Exchange Risk measurement is primarily based on the Standardized Approach used for the calculation of Pillar I regulatory capital requirements. For Pillar II internal assessments the inherent risk related to foreign exchange is assessed on the basis of a 1 year parametric VaR with a confidence level of 99,9% estimated by using historical data.

Interest Rate Risk Arising from Non-trading Activities

The Interest Rate risk arising from non-trading activities (securities portfolio and deposits with other financial counterparties), under the form of impact on interest income or costs (current income impact) or under the form of impact on the fair value of assets and liabilities (patrimonial impact) is subject to limits which have been determined by the Board of Directors and which have been included in the Risk Tolerance Statement. The Bank does not carry out any trading activities and therefore no capital charge is allocated for market risk other than foreign exchange risk under Pillar I.

Inherent Risk related to variation of interest rates is evaluated by using the methodology applied for the Stress Test under CSSF Circular 08/338 as amended by CSSF Circular 16/642. The Stress Test objectives are to assess the patrimonial impact deriving from the variation by 200 basis points of all interest rates related to the Bank's non-trading activities, with a limitation to 0% for negative interest rate assumptions. To this end, the influence of a change in interest rate is calculated both on non-trading assets and on amounts owed to customers.

Operational Risk Management

Operational risk in the Bank is related, amongst others, to the following areas: mistake in processing of transactions, unplanned loss of personnel, embezzlement and physical destruction of assets (in particular of the EDP system) by a third party or by force majeure. Operational Risk, which includes Outsourcing Risk, has been identified as one of the material risk which the Bank is exposed to. The Operational Risk includes Outsourcing Risk and, in particular for the Bank, the risk related to the EDP system and IT infrastructure outsourced. The Bank has calculated the amount of regulatory capital corresponding to the Pillar I for operational risk by applying the Basic Indicator Approach. As at 30 June 2017, the Bank's Operational Risk Exposure under the Basic Indicator Approach amounts to EUR 21,45 million and the capital requirement to EUR 1,72 million. As at 30 June 2016, the exposure amounted to EUR 19,21 million and the capital requirement to EUR 1,54 million.

For the Pillar II and internal assessments, the quantification of operational risk and sub-risks is produced by the Bank by using a self-assessment approach which involves the Authorized Management and senior staff members. Potential impact and mitigation factors are quantified cautiously. Additional buffers determined by the Authorized Management are added to the amount of residual risk in order to take into account the fact that this self-assessment methodology is recent and that the Bank does not have a long history on operational incidents to compare with these estimates.

Liquidity Risk

The Bank's strategy for Liquidity Risk is to observe higher liquidity standards in comparison to the regulatory requirements in order to be able to meet any unforeseen payment obligations.

Considering the Bank's Investment Policy, that foresees to maintain a consistent part of liquidity invested for a period below 6 months and ample liquidity for day-to-day changes in deposit funding, the quantification of inherent liquidity risk does not indicate a significant potential loss. In addition, the Authorized Management does not expect to have any material risk in terms of liquidity, as the Bank generally uses to maintain adequate reserves of immediately available funds to face its current payment obligations.

The Board of Directors considers that the approach adopted by the Authorized Management is relevant, reasonable and is in line with the Bank's risk tolerance in proportion of the Bank's current activities.

The Bank also monitors its Liquidity Risk through the LCR ratio and the Net Stable Funding Ratio (NSFR) which minimum level will raise 100% as of 1 January 2018.

Legal & Compliance Risk

Legal & Compliance risk is the risk of adverse effects for an institution which does not comply with currently prevailing standards. The Compliance Risk can cover a variety of risks such as reputational, legal, litigation and sanctions risks, including some aspects of operating risk, that are connected to all the Bank's activities.

Compliance risk is also composed of:

Regulatory Risk: Risk of loss arising from non-compliance with laws and regulations, and lack of adequate documentation to demonstrate compliance.

Monitoring and Reporting Risk: Risk of loss arising from failure to comply with financial reporting standards, agreements or regulatory requirements, including risks resulting from actions taken by shareholders, regulators and customers who may have been harmed by incomplete, inaccurate or untimely reporting of financial performance.

The Bank aims to fully comply with the applicable laws, regulations, policies, procedures and internal Code of Conduct. Emerging regulations are monitored by the Compliance & Legal Function and by the Risk Management Function and are reported to the Authorized Management and to the Board of Directors. Additional strategies and procedures required to comply with regulations are put in place where necessary. The Compliance & Legal Function ensures that the Bank complies with AML/CBT regulation and is responsible of the Bank's compliance with the legal and regulatory framework. The Compliance & Legal Function is also in charge for the centralized monitoring of Customer's Complaints.

Reputation Risk

Due to the type of activity and business that the Bank will perform during the following year, the Bank considers that the risk of a reputation issue, which could directly have an impact on its results, is low. Notwithstanding, the Bank may be exposed to reputation risks in respect to counterparts other than customers, i.e. mainly to reputation issues vis-à-vis the regulators or its shareholders. Reputation Risk is managed and monitored by the Compliance & Legal Function.

Leverage Ratio

The Leverage ratio of the Bank as at 30 June 2017 stands at 90,19% (2016 – 84.86%) versus the minimum threshold of 3%. In consideration of the nature of the Bank's business, the Bank considers being able to maintain a leverage ratio that remains stable over time.

Unencumbered and encumbered assets

As at 30 June 2017 and 2016, the Bank does not have any encumbered assets. Given the nature of the Bank's activities, the Bank does not expect to have a high level of encumbered assets.

Capital conservation buffers

The CRR indicates that Banks have to maintain the following capital buffers:

- a capital conservation buffer
- a specific countercyclical capital buffer
- a systemic risk capital buffer

As at 30 June 2017, the Bank's capital conservation buffer amounted to EUR 19,97 million (2016 – EUR 17,72 million) corresponding to 2,5% of the total amount of the Risk Weighted Assets (RWAs) and the specific countercyclical capital buffer to 0,10 million (2016 – EUR 0,61 million). The Bank is not required to maintain a systemic risk capital buffer.

The Bank's Internal Capital Adequacy Assessment Process (ICAAP)

The main objective of the ICAAP is to self-assess capital adequacy in respect of the risks which the Bank is or may be exposed to, considering its business model and strategy, as well as its defined risk appetite and risk-bearing capacity. The Bank has established its first ICAAP document during the year 2014 and its last document with reference to the financial year ended as of 30 June 2017.

This work has been organized in different phases and has involved different bodies within the Bank such as the Board of Directors, the Authorized Management, the Risk Management and Compliance Functions and the Internal Auditor.

In order to assess the adequacy of the Pillar II capital requirement calculation, stress tests are used to analyse the impact of exceptional but plausible events on the capital of the Bank. Stress test scenarios have been derived from the Pillar II risk assessment results. The most plausible scenarios are chosen by the Authorized Management of Bank.

The ICAAP is reviewed and challenged by the Board of Directors on an annual basis, as part of the business planning and risk identification process, or when any major changes to the business strategy and risk profile occur. The risk and capital management processes are gradually enhanced through the inclusion of the ICAAP as an integral part of these processes.

Allocation of profits

In consideration of the financial results registered during the year under review, the Board of Directors propose to the Shareholders' the following allocation of the profit for the financial year ended on 30 June 2017:

	EUR
Financial result as of 30 June 2017	**3.118.646**
Profit brought forward	44.311.504
Total	**47.430.150**
Allocation to the legal reserve	-160.000
Allocation to the special reserve for NWT 2018	-2.686.000
Dividend distribution	-40.000.000
Allocation to results brought forward	-4.584.150
Balance	---

Significant subsequent events

There are no significant events subsequent to the year end that might affect the results or disclosures presented in the annual accounts for the year ended 30 June 2017.

Luxembourg, 29 September 2017

On behalf of the Board of Directors

Vania BARAVINI
Director

Norbert HOUET-DUTRUGE
Director

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Independent auditor's report

To the Board of Directors
Danieli Banking Corporation S.A.
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Report on the audit of the annual accounts

Opinion

We have audited the accompanying annual accounts of Danieli Banking Corporation S.A. (the "Bank"), which comprise the balance sheet as at June 30 2017, and the profit and loss account for the year then ended, and the notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at 30 June 2017 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of loans and advances to customers

The valuation of loans and advances to customers is estimated by the Board of Directors through the application of judgement and use of highly subjective assumptions. Certain aspects of the measurement and accounting of loan loss impairments or value adjustments require significant judgement, such as the identification of loans that are deteriorating, the objective evidence for impairment/value adjustments, the value of collateral and the assessment of the recoverable amount.

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Due to the significance of loans and advances to customers belonging to a commercial portfolio and the related estimation uncertainty which led the Board of Directors to conclude that all loans are performing in line with agreements, this is considered a key audit risk. We focused on the identification of impairment events, which differs based upon the type of lending product and customer. Judgement is required to determine whether a loss has been incurred.

The exposures which give rise to the greatest uncertainty are typically those which are unsecured or are subject to potential collateral shortfalls. We focused on exposures that were potentially more sensitive to developing and emerging economic trends.

Our audit procedures included the assessment of the procedures for the approval, recording and monitoring of loans and advances to customers, and evaluating the methodologies, inputs and assumptions used by the Bank in assessing the adequacy of impairment allowances for individually assessed loans and advances to customers.
We understood and evaluated the processes for identifying impairment events within the loans portfolio. We assessed critically the criteria for determining whether an impairment event had occurred and therefore whether there was a requirement to calculate an impairment provision. We also inspected all performing loans to further challenge whether all impairment events had been identified by management.

We also assessed whether the annual accounts' disclosures appropriately reflect the Bank's exposure to credit risk in relation to loans and advances to customers.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the annual accounts and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Ernst & Young
Société Anonyme
Cabinet de révision agréé

Bernard Lhoest

Luxembourg, 10 October, 2017

Danieli Banking Corporation S.A.
Société Anonyme

Balance Sheet
As at 30 June 2017

ASSETS (EUR)	**Note(s)**	**30/06/2017**	**30/06/2016**
Cash in hand, balances with central banks and post office banks	**3.1, 3.2, 5**	**1.296.844**	**1.299.011**
Loans and advances to credit institutions	**3.1, 3.2**	**604.551.538**	**701.712.961**
- repayable on demand		136.967.432	158.799.744
- other loans and advances		467.584.106	542.913.217
Loans and advances to customers	**3.1, 3.2, 6**	**166.795.387**	**57.431.305**
Debt securities and other fixed-income securities	**3.1, 3.2, 7**	**438.722.722**	**385.066.137**
- issued by other borrowers		438.722.722	385.066.137
Other assets	**8**	**4.467.067**	**469.566**
Prepayments and accrued income	**9**	**1.973.328**	**1.705.092**
TOTAL ASSETS		**1.217.806.886**	**1.147.684.072**

The accompanying notes for an integral part of these annual accounts.

Danieli Banking Corporation S.A.
Société Anonyme

Balance sheet (continued)
As at 30 June 2017

LIABILITIES (EUR)	Note(s)	30/06/2017	30/06/2016
Amounts owed to credit institutions	**3.1**	**3.721.754**	**3.496.109**
- repayable on demand		33	---
- with agreed maturity dates or period of notice		3.721.721	3.496.109
Amounts owed to customers	**3.1, 6**	**98.286.559**	**88.192.664**
- repayable on demand		35.310.036	12.530.047
- with agreed maturity dates		62.976.523	75.662.617
Other liabilities	**10**	**669.148**	**679.214**
Accruals and deferred income	**9**	**214.953**	**43.512**
Provisions		**4.240.498**	**12.717.244**
- provisions for taxation	11.1	4.189.602	12.717.244
- other provisions	11.2	50.896	---
Subscribed capital	**12, 15**	**400.000.000**	**400.000.000**
Share premium account	**13, 15**	**637.800.000**	**572.800.000**
Reserves	**14, 15**	**25.443.825**	**13.443.825**
Profit brought forward	**15**	**44.311.503**	**40.440.236**
Profit for the financial year	**15**	**3.118.646**	**15.871.268**
TOTAL LIABILITIES		**1.217.806.886**	**1.147.684.072**

OFF-BALANCE SHEET ITEMS (EUR)	Note(s)	30/06/2017	30/06/2016
Commitments to deliver cash against securities	**24**	**8.565.545**	**---**
TOTAL		**8.565.545**	**---**

The accompanying notes for an integral part of these annual accounts.

Danieli Banking Corporation S.A.
Société Anonyme

Profit and loss account
For the year ended 30 June 2017

PROFIT AND LOSS ACCOUNT (EUR)	Note(s)	30/06/2017	30/06/2016
Interest receivable and similar income		**7.161.556**	**9.706.029**
of which: interest on fixed-income securities		*4.370.532*	*5.927.060*
Interest payable and similar charges		**-690.466**	**-264.672**
Net profit on financial operations	**21**	**311.602**	**11.484.822**
Other operating income	**17.2**	**76.100**	**72.568**
General administrative expenses		**-2.341.023**	**-2.268.948**
- staff costs	**20**	-506.809	-463.867
showing separately			
• *wages and salaries*		*-474.119*	*-438.698*
• *social security costs*		*-32.690*	*-25.169*
- of which : relating to pensions		*-19.354*	*-15.891*
- other administrative expenses	**18**	-1.834.214	-1.805.081
Profit on ordinary activities before tax		**4.517.769**	**18.729.799**
Tax on profit on ordinary activities	**11.1**	**-694.075**	**-2.855.321**
Profit on ordinary activities after tax		**3.823.694**	**15.874.478**
Other taxes not shown under the preceding items	**22**	**-705.048**	**-3.210**
PROFIT FOR THE FINANCIAL YEAR		**3.118.646**	**15.871.268**

The accompanying notes for an integral part of these annual accounts.

Note 1 – General

1.1. Corporate matters

Danieli Banking Corporation S.A. (the Company) or (the Bank) or (DBC) was incorporated in Luxembourg on 18 June 1997 as “société anonyme” and under the name of Danflat International S.A.

Following an extraordinary shareholder’s meeting on 26 May 2009 the Company changed its name in Danfin International S.A. The Company applied during 2013 for an authorization to carry out banking activities within the meaning of Article 2 (1) of the law of 5 April 1993 on the financial sector, as amended.

On 23 December 2013, the extraordinary shareholder’s meeting decided among other things to change the corporate name of the Company into Danieli Banking Corporation S.A., and to completely restate the articles of association of the Company in order to adapt the structure of the Company to its future banking activity.

On 27 June 2016, the extraordinary shareholder’s meeting has decided to convert the 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights of a par value of EUR 100 each into 2.000.000 ordinary shares of a par value of EUR 100 each. Following the above conversion, the subscripted capital of the Bank as at 30 June 2016 amounts to EUR 400.000.000 and is represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

The registered office and the central administration of the Bank are at 126, rue Cents L-1319 Luxembourg.

The Bank’s financial year starts on July 1 and ends on June 30 of each year.

The Bank belongs to the Danieli Group. The parent company of Danieli Group is Danieli & C. Officine Meccaniche S.p.A. ("D&C" / “Parent Company”) having its registered office in Italy, via Nazionale, 41, Buttrio, Province of Udine which controls the Bank, through its Luxembourg subsidiary Danieli International S.A., a “société anonyme” having its registered office at 126, rue Cents, L-1319 Luxembourg,

D&C is listed on the Milan Stock Exchange. Founded in 1914, the Danieli Group is one of the main actors worldwide involved in the design, manufacture and sale of plants and equipment for the steel industry by offering a range of machinery that covers the entire production process, from the management of the primary process (iron ore) to the production of the finished product. The Danieli Group is also a primary actor in the production of special steels through its two operating factories in Italy and Croatia.

The Bank’s annual accounts are included in the consolidated financial statements of D&C. The consolidated financial statements of D&C are prepared in conformity with the IAS (“International Accounting Standards) and IFRS (“International Financial Reporting Standards”), as adopted by the EU, rules. They are available at the registered office of D&C and of the Bank.

The Bank does not hold any participations and consequently does not need to prepare consolidated annual accounts.

1.2. Nature of the Bank’s business

Danieli Banking Corporation S.A. (the “Bank”) is authorized to carry out all banking activities as defined by the law of 5 April 1993 on the financial sector, as amended and is consequently submitted to the supervision of the Luxembourg Supervisory Authority *the Commission de Surveillance du Secteur Financier* (CSSF).

The Bank’s business consists in the reception of public deposits or any other reimbursable public funds and the granting of credit facilities on its own behalf mainly with the companies belonging to the “Danieli Group” as well as with the customers and suppliers of this latter. The Bank started its banking business in June 2015 through the receipt of the first deposits from companies belonging to the “Danieli Group”.

Note 2 – Summary of significant accounting policies

2.1. Basis of presentation

These annual accounts have been prepared in conformity with the legal and accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the Luxembourg Supervisory Authority, the Commission de Surveillance du Secteur Financier (CSSF).

Reclassification of comparative figures:

Following a review of the updated activities of the Bank, certain items were classified differently compared to the year ended 30 June 2016, in order to ensure a more clear presentation. The following reclassifications were carried out on the balances reported as at 30 June 2016 in order to ensure comparability with those presented for the year ended on 30 June 2017:

- The amount of “other provisions” was reclassified into “other liabilities”;
- The non-deductible VAT was reclassified from “other taxes not shown under the preceding items” to “other administrative expenses”;
- The amount previously shown as “Value adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings” has been included in “Net profit/(loss) on financial operations”;
- The amount of “loans and advances to customers” previously presented in note 3.1.1.1 as “less than 3 months” has been reclassified “1-5 years”.

The books and records of the Bank are kept in euro (“EUR”), which is the currency of the Bank’s capital, and the annual accounts have been prepared using the following significant accounting policies:

2.2. Date of recording of transactions in the balance sheet

Assets and liabilities are recorded on the balance sheet on the transaction date rather than when the amounts concerned become cleared funds, i.e. the date of the effective transfer.

2.3. Foreign currencies

The Bank has adopted a multicurrency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they were created. For the preparation of the annual accounts, amounts in foreign currencies are translated into Euro (EUR) with the following criteria:

- Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction;
- Assets and liabilities denominated in currencies other than EUR are translated into EUR at the exchange rate prevailing at the balance sheet date. The gain or loss arising from such translation is recorded in the profit and loss account;
- The elements of the profit and loss account are translated into EUR on the basis of the exchange rates prevailing at date of the transaction.

Note 2 – Summary of significant accounting policies (continued)

2.3. Foreign currencies (continued)

The year-end exchange rates of the main currencies used by the Bank as at 30 June 2017 and 2016 are as follows:

	30/06/2017	**30/06/2016**
1 EUR	1,1412 USD	1,1102 USD
1 EUR	9,6398 SEK	9,4242 SEK

2.4. Financial derivatives

The Bank's commitments deriving from financial derivatives linked to exchange rates are recorded on the transaction date as off-balance sheet items. When applicable, for contracts traded over the counter and unallocated to determined assets or liabilities, the premiums paid or received appear on the balance sheet respectively under the caption "other assets" or "other liabilities". At the year-end, where necessary, a provision is made in respect of individual unrealised losses resulting from the revaluation of the Bank's commitments at market value while the unrealised gains are not recognised (principle of prudence). No provision is made in those cases where a financial instrument clearly hedges an asset or a liability and economic unity is established.

2.5. Loans and advances

Loans and advances repayable on demand include amounts, which can be withdrawn at any time without notice or with a 24 hours notice. The term loans and advances include amounts whose residual maturity exceeds 24 hours.

Loans and advances to customers include facilities granted by the Bank to companies belonging to the Danieli Group, i.e. related parties, as well as loans granted to financial entities outside the Danieli Group and placements made by the Bank with insurance companies.

Loans and advances are stated at disbursement value less repayment made and any value adjustments required. Accrued interests not received are recorded in the balance sheet caption "Prepayments and accrued income".

The policy of the Bank is to set up specific value adjustments for doubtful and irrecoverable debts in accordance with the circumstances and for amounts determined by the Authorized Management of the Bank and approved by the Board of Directors. Value adjustments, if any, are deducted from the asset items to which they relate. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

2.6. Securities portfolio

The Bank owns a structural portfolio which is held to establish a particular asset structure and as a secondary source of liquidity. Debt securities and other fixed-income securities included in the Bank's structural portfolio are recorded in the balance sheet initially at their acquisition cost, including the expenses incidental thereto. At year-end, they are valuated at the lower of their acquisition cost or their market value. The value adjustment, corresponding to the negative difference between the market value and the acquisition cost, is not maintained if the reasons for which it was recorded no longer exist. The Bank does not operate a securities portfolio for investment and trading purposes.

Note 2 – Summary of significant accounting policies (continued)

2.7. Accruals

Income and expenses received or incurred before the balance sheet date but attributable to a subsequent financial year are shown under the assets item “Prepayments and accrued Income” or the liabilities item “accruals and deferred income”. The liabilities item “accruals and deferred income” also includes accrued interests on amounts due to customers whereas the assets item “prepayments and accrued income” also include accrued interests on loans, advances, debt securities and other fixed-income securities.

2.8. Taxes

The Bank is subject to Corporate Income Tax, Municipal Business Tax and Net Wealth Tax in Luxembourg. Taxes are accounted for into the profit and loss account on an accruals basis and not in the year in which payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessments have been issued by the tax authorities.

Tax provisions are disclosed in the caption “Provisions for taxation” while tax advances are included in the caption “Other assets”.

2.9. Provisions

Provisions may be established. They are intended to cover losses which are certain or likely to be incurred based on past history and are clearly defined in nature, but are, at the balance sheet date, uncertain as to the amount or as to the date on which they will arise.

Note 3 – Use of financial instruments

3.1. Analysis of financial instruments

3.1.1. Information on primary financial instruments

The following table analyses the level of primary non-trading financial instruments of the Bank, in terms of carrying amounts, into relevant maturity groupings based on the remaining period at balance sheet date.

3.1.1.1. Analysis of financial instruments - primary non-trading instruments (at carrying amount in EUR) - as at 30 June 2017

Financial Assets (EUR)			**Primary non-trading instruments**			**30/06/2017**
Instrument Class	**on demand**	**less than 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Cash in hand, balances with central banks and post office banks	1.296.844	---	---	---	---	1.296.844
Loans and advances to credit institutions	136.967.432	281.778.272	145.507.200	40.298.634	---	604.551.538
Loans and advances to customers	---	20.000.000	72.756.110	72.039.277	2.000.000	166.795.387
Debt securities and other fixed-income securities	---	33.511.146	62.130.384	274.984.808	68.096.384	438.722.722
Total financial assets	**138.264.276**	**335.289.418**	**280.393.694**	**387.322.719**	**70.096.384**	**1.211.366.491**

Note 3 – Use of financial instruments (continued)

Financial Liabilities (EUR)			**Primary non-trading instruments**			**30/06/2017**
Instrument Class	**on demand**	**less than 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Amounts owed to credit institutions	33	3.721.721	---	---	---	3.721.754
Amounts owed to customers	35.310.036	51.706.690	11.269.833	---	---	98.286.559
Total financial liabilities	**35.310.069**	**55.428.411**	**11.269.833**	**---**	**---**	**102.008.313**

3.1.1.2. Analysis of financial instruments - primary non-trading instruments (at carrying amount in EUR) - as at 30 June 2016

Financial Assets (EUR)			**Primary non-trading instruments**			**30/06/2016**
Instrument Class	**on demand**	**less than 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Cash in hand, balances with central banks and post office banks	1.299.011	---	---	---	---	1.299.011
Loans and advances to credit institutions	158.799.744	229.587.479	106.500.000	206.825.738	---	701.712.961
Loans and advances to customers*	---	---	7.000.000	50.431.305	---	57.431.305
Debt securities and other fixed-income securities	---	5.407.584	93.656.670	270.027.483	15.974.400	385.066.137
Total financial assets	**160.098.755**	**234.995.063**	**207.156.670**	**527.284.526**	**15.974.400**	**1.145.509.414**

* Also refer to note 2.1. regarding reclassification on comparative figures in respect of this caption.

Financial Liabilities (EUR)			**Primary non-trading instruments**			**30/06/2016**
Instrument Class	**on demand**	**less than 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Amounts owed to credit institutions	---	3.496.109	---	---	---	3.496.109
Amounts owed to customers	12.530.047	37.187.240	38.475.377	---	---	88.192.664
Total financial liabilities	**12.530.047**	**40.683.349**	**38.475.377**	**---**	**---**	**91.688.773**

Note 3 – Use of financial instruments (continued)

3.2. Credit Risk

3.2.1 Description of credit risk

Credit risk is the risk of suffering losses as a result of customers and counterparties not being able to meet their obligations towards the Bank as they become due and payable. The credit risk definition adopted by the Bank includes country risk and counterparty risk.

The Bank has a prudent approach in building its Credit and Structural securities portfolio. Credits provided to customers are composed only of loans granted to companies belonging to the Danieli Group and of loans granted to a financial entity being in relationship with the Danieli Group and being ultimately owned by the Italian State. Other loans and advances consist of amounts deposited with other banking or insurance counterparties, The Bank's structural securities portfolio is composed of securities issued by Issuers having at least an Investment Grade Rating assessed by a nominated ECAI.

The Risk and Credit Committee and the Authorized Management are responsible for doing a due diligent evaluation of the counterparties before initial approval by the Board of Directors. This process includes taking into consideration the credit rating and CDS market data and evaluating the latest available audited financial statements of the counterparty, as well as looking at the best execution of any counterparty. Approved counterparties are reviewed on a recurring basis by the Board of Directors.

3.2.2. Measurement of credit risk exposure

Information on credit risk as it relates to financial instruments is disclosed on the basis of the carrying amount that best represents the maximum credit risk exposure at the balance sheet date.

The Bank's exposure to credit risk as at 30 June 2017 and 2016 relating to on balance sheet exposures can be analysed as follows (note that the Bank does not set up any lump-sum provision):

Financial Assets (EUR)		**30/06/2017**			**30/06/2016**	
Instrument Class	**Risk exposure**	**Guarantees received**	**Net risk exposure**	**Risk exposure**	**Guarantees received**	**Net risk exposure**
Cash in hand, balances with central banks and post office banks	1.296.844	---	1.296.844	1.299.011	---	1.299.011
Loans and advances to credit institutions	604.551.538	---	604.551.538	701.712.961	---	701.712.961
Loans and advances to customers	166.795.387	---	166.795.387	57.431.305	---	57.431.305
Debt securities and other fixed-income securities	438.722.722	---	438.722.722	385.066.137	---	385.066.137
Total financial assets	**1.211.366.491**	**---**	**1.211.366.491**	**1.145.509.414**	**---**	**1.145.509.414**

Note 3 – Use of financial instruments (continued)

3.2. Credit Risk (continued)

The following tables show credit risk concentration as it relates to financial instruments from on balance sheet exposures by geographic area and economic sector as at 30 June 2017 and 2016:

Loans and advances to credit institutions	**30/06/2017**		**30/06/2016**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
China	80.439.819	13,31%	125.011.887	17,81%
France	24.042.777	3,98%	2.322.283	0,33%
Italy	154.072.000	25,48%	130.072.000	18,54%
Luxembourg	310.468.254	51,36%	442.652.736	63,08%
United Kingdom	35.478.756	5,86%	1.602.700	0,23%
Other countries	49.932	0,01%	51.355	0,01%
Total	**604.551.538**	**100,00%**	**701.712.961**	**100,00%**

Loans and advances to customers	**30/06/2017**		**30/06/2016**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
France	2.500.000	1,50%	---	---
Italy	92.256.110	55,31%	7.000.000	12,19%
Luxembourg	71.039.277	42,59%	50.431.305	87,81%
Other countries	1.000.000	0,60%	---	---
Total	**166.795.387**	**100,00%**	**57.431.305**	**100,00%**

Loans and advances to customers	**30/06/2017**		**30/06/2016**	
Economic sector breakdown	**EUR**	**%**	**EUR**	**%**
Financial Services	35.000.000	20,98%	---	---
Insurance	71.039.277	42,59%	50.431.305	87,81%
Steel Industry	60.756.110	36,43%	7.000.000	12,19%
Total	**166.795.387**	**100,00%**	**57.431.305**	**100,00%**

Loans and advances to customers	**30/06/2017**		**30/06/2016**	
Related parties / Non related parties breakdown	**EUR**	**%**	**EUR**	**%**
Related parties	60.756.110	36,43%	7.000.000	12,19%
Non related parties	106.039.277	63,57%	50.431.205	87,81%
Total	**166.795.387**	**100,00%**	**57.431.205**	**100,00%**

Note 3 – Use of financial instruments (continued)

3.2. Credit Risk (continued)

As at 30 June 2017 and 2016, the Bank's off balance sheet exposures are only represented by the following financial derivatives concerning transactions linked to the USD/EUR exchange rate (see note 23).

Financial derivatives						**30/06/2017**
Operations linked to currency exchange rates	**Type of OTC transaction**	**Notional Residual Amount**	**Notional Residual Amount**	**Maturity**	**Positive market value**	**Exposure at default (EaD)**
Exposure Class		**USD**	**EUR**		**EUR**	**EUR**
Credit Institutions	Accrued Forward USD Purchase / EUR Sale	4.390.770	3.847.503	31/08/2017	41.598	75.378
Credit Institutions	Accrued Forward USD Purchase / EUR Sale	8.225.432	7.207.704	31/10/2017	19.449	75.525
Total	**Total**	**12.616.202**	**11.055.207**		**61.047**	**150.903**

Financial derivatives						**30/06/2016**
Operations linked to currency exchange rates	**Type of OTC transaction**	**Notional Residual Amount**	**Notional Residual Amount**	**Maturity**	**Positive market value**	**Exposure at default (EaD)**
Exposure Class		**USD**	**EUR**		**EUR**	**EUR**
Credit Institutions	Accrued Forward USD Sale / EUR Purchase	8.630.952	8.040.012	31/10/2016	143.744	221.486
Credit Institutions	Accrued Forward USD Sale / EUR Purchase	15.057.900	14.072.804	31/03/2017	155.488	291.121
Credit Institutions	Accrued Forward USD Sale / EUR Purchase	25.000.000	23.126.735	27/06/2017	106	225.290
Credit Institutions	Accrued Forward USD Sale / EUR Purchase	25.000.000	23.126.735	27/06/2017	11.091	236.276
Total	**Total**	**73.688.852**	**68.366.286**		**310.429**	**974.173**

Note 4 – Market risk

Market risk is the risk of suffering losses as a result of changes in prices, interest rates, currencies and volatility on the financial markets. Market risk also includes elements of liquidity risk, such as the risk of not being able to close a position when desired or requested at an acceptable price as a result of low or non-existent turnover on the relevant market.

The Bank owns a securities portfolio which is held to establish a particular asset structure and as an additional source of liquidity.

Regarding market risk other than foreign exchange risk, the Bank's objectives are to maintain a structural securities portfolio so that the Bank does not plan to engage in proprietary trading activities and will therefore normally not directly be exposed to market risk other than to foreign exchange risk by reason of assets held in USD through its securities portfolio or through deposits with other financial counterparties.

Note 4 – Market risk (continued)

Foreign exchange risk is the risk incurred by Bank as a result of the variation of exchange rates. The risks related to the Bank exposures in USD respect the limits determined by the Board of Directors in its Risk Tolerance Statement and in the approved Investment Policy. The Bank monitors its exposure in USD on a daily basis. The Board of Directors has decided to implement stop-loss limits as part of its Risk Management Framework.

Note 5 – Cash in hand, balances with central banks and post office banks

In accordance with the requirements of the European Central Bank, the Luxembourg Central Bank implemented effective 1 January 1999, a mandatory minimum reserves system which applies to all Luxembourg credit institutions. The Bank reports to the Luxembourg Central Bank its minimum reserve amount on a monthly basis. The calculation of the reserve base and the reserve requirements is based on liability items of the Bank's monthly statistical balance sheet submitted to the Luxembourg Central Bank.

The mandatory minimum reserve calculated by the Bank as at 30 June 2017 amounts to EUR 1,13 million (2016 – EUR 0,78 million). The Bank decided to maintain the deposit with the Luxembourg Central Bank at the level of a previous higher amount corresponding to EUR 1,30 million.

Note 6 – Related parties balances

As at 30 June 2017 and 2016 the outstanding balances with related parties may be summarised as follows:

Related parties balances	**30/06/2017**	**30/06/2016**
Assets	**EUR**	**EUR**
Loans and advances to customers	60.756.110	7.000.000
Accrued interest on loans and advances to customers	8.779	---
Total	**60.764.889**	**7.000.000**

Liabilities	**EUR**	**EUR**
Amounts owed to customers	98.286.559	88.192.664
Accrued interest on amounts owed to customers	214.953	43.512
Total	**98.501.512**	**88.236.176**

The tables below show the breakdown of amounts owed to customers (related parties) by geographic area as at 30 June 2017 and 2016:

Amounts owed to customers	**30/06/2017**		**30/06/2016**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
Austria	---	---	9.400.000	10,66%
France	753.703	0,77%	3.051.871	3,46%
Germany	1.000.813	1,02%	1.000.813	1,14%
Italy	58.201.191	59,22%	54.311.549	61,58%
Luxembourg	13.832.899	14,07%	10.000	0,01%
Spain	10.407	0,01%	500.407	0,57%
Sweden	14.489.279	14,74%	16.918.024	19,18%
United Kingdom	2.500.000	2,54%	3.000.000	3,40%
Other countries	7.498.267	7,63%	---	---
Total	**98.286.559**	**100,00%**	**88.192.664**	**100,00%**

As at 30 June 2017 and 2016 there are no amounts owed to customers other than those to related parties.

Note 7 – Debt securities and other fixed-income securities

As at 30 June 2017 and 2016, debt securities and other fixed-income securities are all part of the structural portfolio of the Bank. Debt securities and other fixed-income securities may be broken down as follows according to their geographic origin and economic sector:

Debt securities and other fixed-income securities	**30/06/2017**		**30/06/2016**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
Austria	5.938.500	1,35%	2.694.109	0,70%
Belgium	6.098.696	1,39%	1.098.696	0,28%
Canada	22.006.000	5,02%	22.006.000	5,71%
China (branch located in Luxembourg)	---	---	16.902.836	4,39%
Denmark	6.005.740	1,37%	6.005.740	1,56%
Finland	2.905.787	0,66%	2.972.263	0,77%
France	83.995.126	19,15%	86.364.065	22,43%
Germany	44.124.130	10,06%	22.572.230	5,86%
Ireland	1.493.475	0,34%	---	---
Italy	52.960.246	12,07%	68.380.126	17,76%
Japan	438.135	0,10%	2.252.297	0,58%
Luxembourg	28.520.351	6,50%	9.005.675	2,34%
Netherlands	40.236.683	9,17%	46.694.577	12,13%
New Zealand	5.482.305	1,25%	3.990.600	1,04%
Norway	2.996.850	0,68%	9.418.827	2,45%
South Korea	1.998.160	0,46%	6.504.357	1,69%
Spain	6.789.039	1,55%	2.493.375	0,65%
Sweden	---	---	6.439.040	1,67%
Switzerland	18.303.440	4,17%	---	---
United Kingdom	37.485.191	8,54%	19.923.050	5,17%
United States	70.944.868	16,17%	49.348.274	12,82%
Total	**438.722.722**	**100,00%**	**385.066.137**	**100,00%**

Note 7 – Debt securities and other fixed-income securities (continued)

Debt securities and other fixed-income securities	**30/06/2017**		**30/06/2016**	
Economic sector breakdown	**EUR**	**%**	**EUR**	**%**
Automotive	3.492.755	0,80%	3.692.645	0,96%
Credit Institutions	349.158.274	79,58%	327.155.325	84,96%
Financial Services	47.996.024	10,94%	29.721.707	7,72%
Food and Beverages	2.000.000	0,46%	2.000.000	0,52%
Medical – Pharmaceutical	17.849.976	4,07%	8.000.000	2,08%
Oils – Energy	7.268.286	1,66%	3.985.760	1,03%
Rental and leasing	---	---	4.500.000	1,17%
Telecommunications	6.471.375	1,47%	3.001.700	0,78%
Transportation	4.486.032	1,02%	3.009.000	0,78%
Total	**438.722.722**	**100,00%**	**385.066.137**	**100,00%**

As at 30 June 2017, the market value of debt securities and other fixed-income securities amounts to EUR 441.488.757 (2016 - EUR 386.562.525) except the accrued interest receivable, which is presented in caption "Prepayments and accrued income".

The movements in the structural portfolio are as follows:

Movements in the structural portfolio	**30/06/2017**	**30/06/2016**
Cost	**EUR**	**EUR**
Gross value at the beginning of the year	387.219.309	285.147.006
Reversal previous year foreign exchange impact	-18.002.559	-21.676.085
Additions	200.049.669	296.408.248
Decreases	-136.425.224	-190.662.419
Foreign exchange impact	6.883.375	18.002.559
Gross value at the end of the financial year	**439.724.570**	**387.219.309**
Value adjustments	**EUR**	**EUR**
Cumulative value adjustments at the end of the financial year	-1.001.848	-2.153.172
Total value adjustments	**-1.001.848**	**-2.153.172**
Net book value at the end of the financial year	438.722.722	**385.066.137**

The value adjustments for the year ended 30 June 2017 include the value adjustment reversal for securities sold. (note 21)

Note 8 – Other assets

As at 30 June 2017 and 2016, other assets comprise:

Other Assets	**30/06/2017**	**30/06/2016**
	EUR	**EUR**
Advances for Corporate Income Tax and Municipality Business Tax	4.369.911	71.355
Advances for Net Wealth Tax	21.425	21.425
Suppliers Credit Note	61	---
Premiums paid on financial derivatives	---	299.232
Receivable from the Social Security Office	9.750	5.600
Receivable from foreign tax authorities	---	52.603
VAT receivable	56.460	14.405
VAT reverse charge	9.460	4.946
Total	**4.467.067**	**469.566**

As at 30 June 2016, the premiums paid by the Bank were related to the purchase of options linked to the USD/EUR exchange rate (see note 23). After 30 June 2016, these premiums were duly recorded in the profit and loss account (presented under “Net profit on financial operations”).

During the year ended 30 June 2017 the Bank paid tax advances which were higher than in the previous periods, based on the assessment received from the Tax Authorities.

Note 9 – Prepayments and accrued income / Accruals and deferred income

As at 30 June 2017 and 2016, the caption “Prepayments and accrued income” includes the following items:

Prepayments and accrued income	**30/06/2017**	**30/06/2016**
	EUR	**EUR**
Accrued interests on loans and advances to credit institutions	859.075	643.703
Accrued interests on loans and advances to customers	8.779	---
Accrued interests on debt securities and other fixed-income securities	1.031.622	926.185
Prepaid Expenses	73.852	135.204
Total	**1.973.328**	**1.705.092**

The caption “Accruals and deferred income” as at 30 June 2017 and 2016 is represented entirely by accrued interest payable on amounts due to customers.

Note 10 – Other liabilities

As at 30 June 2017 and 2016, other liabilities comprise:

Other Liabilities	**30/06/2017**	**30/06/2016**
	EUR	**EUR**
Directors Fees payable	54.500	62.000
Payable to the Social Security Office	31.757	29.326
Staff - other payables	24.189	3.077
Suppliers*	491.502	531.667
Vat due on supplied services	47.384	33.328
Vat due on sales	19.816	19.816
Total	**669.148**	**679.214**

* As at 30 June 2017 and 2016, the caption “Suppliers” mainly includes legal, professional and consultancy fees as well as licences fees in relation to the accounting and IT infrastructure of the Bank. It also includes fees payable to members of the Board of Directors of the Bank in connection to services rendered as member of the authorized management and as responsible of several key functions for an amount of EUR 99.450 (30 June 2016: 117.000).

Also refer to note 2.1. regarding reclassification on comparative figures in respect of this caption.

Note 11 – Provisions

11.1. Provisions for taxation

Tax provisions are recorded under the caption “Provisions for taxation” in the balance sheet. The Bank is subject to Corporate Income Tax (CIT). Municipal Business Tax (MBT) and Net Wealth Tax (NWT) in Luxembourg. The Luxembourg tax authorities have issued assessments for the years up to 2015 for CIT. MBT and for the years up to 2016 for NWT.

11.2. Other provisions

Other provisions as at 30 June 2017 represent mainly estimations regarding vacation not taken by the employees (30 June 2016: nil).

Also refer to note 2.1. regarding reclassification on comparative figures in respect of this caption.

Note 12 – Subscribed capital

At its incorporation on 18 June 1997, the corporate capital amounted to EUR 50.000 and represented by 500 registered shares with nominal value of EUR 100.

As at 29 June 2001, the shareholders have decided to increase the share capital from EUR 50.000 to EUR 3.000.000 through the issuance of 29.500 new shares of a par value of EUR 100 each.

As at 23 December 2013, the extraordinary shareholders' meeting has decided to increase the share capital from EUR 3.000.000 to EUR 400.000.000, through the issuance of 1.970.000 ordinary shares of a par value of EUR 100 each, having the same rights and advantages as the existing ordinary shares and fully subscribed and paid-in and of 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights of a par value of EUR 100 each, fully subscribed and paid-in.

As at 30 June 2015, the subscripted capital of the Bank amounted to EUR 400.000.000 and was represented by 2.000.000 ordinary shares and by 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights, having a par value of EUR 100 each

As at 27 June 2016, the extraordinary shareholders' meeting has decided to convert the 2.000.000 mandatory redeemable preferred shares («MRPS») without voting rights of a par value of EUR 100 each into 2.000.000 ordinary shares of a par value of EUR 100 each

Following to the above conversion, the subscripted capital of the Bank as at 30 June 2016 amounted to EUR 400.000.000 and is represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

As at 30 June 2017, the subscripted capital of the Bank remains unchanged, at EUR 400.000.000.

Note 13 – Share premium account

As at 30 June 2015, the share premium account was represented by an amount of EUR 15.000.000 which was attached to the 2.000.000 ordinary shares issued by the Bank and by an amount of EUR 557.800.000 which was attached to the MRPS shares issued by the Bank.

The extraordinary shareholders' meeting held on 27 June 2016 has also decided to convert the share premium attached to the MRPS of an amount of EUR 557.800.000 into a share premium attached to the new ordinary shares issued following the above mentioned conversion of MRPS (see note 12).

As at 30 June 2016, the total share premium account amounted to EUR 572.800.000.

In the frame of an internal reorganisation process of the Bank's shareholder's structure, the Extraordinary Shareholder's meeting, held on 28 June 2017, has approved a contribution into the share premium account of the Bank of an amount of EUR 65 million. This contribution has been made partially in cash and partially in kind through the transfer to DBC of financial assets owned by its sole shareholder.

Subsequent to this operation, as at 30 June 2017, the total share premium account amounts to EUR 637.800.000.

Note 14 – Reserves

Legal reserve

Under Luxembourg law an amount equal to at least 5% of the annual net profit must be allocated to a legal reserve until this legal reserve equals 10% of the issued share capital. This reserve is not available for distribution.

As at 30 June 2017 the legal reserve amounts to EUR 4.500.000 (2016 – EUR 3.500.000). The Annual shareholder's meeting held on 26 October 2016 for the approval of the annual accounts of the Bank as at 30 June 2016 has decided to allocate from the Net Profit of the financial year an amount of EUR 1.000.000 to the legal reserve.

Special Reserve for Net Wealth Tax credit

Luxembourgish companies are subject to the Net Wealth Tax, which is calculated on the net asset value after adjustments, exceptions and exclusion provided by the net wealth tax law and which considers a rate of 0,5%. The law grants also the possibility to reduce the amount to pay in case some conditions are met: a ceiling, which is the Corporate Income Tax due, and the creation of a special reserve which has to be kept for 5 years. The allocations to this special reserve were as follows:

- by the shareholders' meeting held extraordinarily on 27 May 2016 - EUR 9.943.825 from the results brought forward of the Bank to a 5-year non-distributable special reserve for NWT 2016;
- by, the Annual shareholders' meeting held on 26 October 2016 - EUR 11.000.000 from the results brought forward of the Bank to a 5-year non-distributable special reserve for NWT 2017.

Note 15 – Shareholders' equity

The movements in shareholders' equity may be summarized as follows:

Shareholders' Equity (EUR)	Subscribed capital	Share premium account	Legal reserve	Special reserve for NWT credit	Profit (Loss) brought forward	Profit for the financial year	Total
Balance as at 1 July 2016	**400.000.000**	**572.800.000**	**3.500.000**	**9.943.825**	**40.440.236**	**15.871.268**	**1.042.555.329**
Contribution of shareholder in share premium account	-	65.000.000	-	-	-	-	**65.000.000**
Allocation of the profit of the previous year	-	-	1.000.000	-	14.871.268	-15.871.268	-
Allocation to a special reserve for NWT credit	-	-	-	11.000.000	-11.000.000	-	-
Profit for the financial year	-	-	-	-	-	3.118.646	**3.118.646**
Balance as at 30 June 2017	**400.000.000**	**637.800.000**	**4.500.000**	**20.943.825**	**44.311.503**	**3.118.646**	**1.110.673.974**

The Annual Shareholders' meeting held on 26 October 2016 approved the allocation of the 2016 profit.

Note 16 – Assets and liabilities denominated in foreign currencies

As at 30 June 2017 and 2016, the aggregate amounts of the Bank's assets and liabilities which are denominated in foreign currencies and translated in EUR at year-end exchange rates were:

Foreign Currencies	**30/06/2017**	**30/06/2016**
Assets	**EUR**	**EUR**
Assets in foreign currencies - USD	156.905.427	195.567.718
Assets in foreign currencies - GBP	194	---
Assets in foreign currencies - SEK	13.443.361	15.892.616
Total	**170.348.982**	**211.460.334**
Liabilities	**EUR**	**EUR**
Liabilities in foreign currencies - USD	35.632.741	39.718.150
Liabilities in foreign currencies - SEK	13.487.471	15.916.470
Total	**49.120.212**	**55.634.620**

Note 17 – Operating Income

17.1. Sources of income by geographical region

The Bank derives the major part of its income from transactions with credit institutions and customers (corporates and insurance companies) established in the European Union countries. (refer to note 3.2.2 and note 7).

17.2. Other operating income

The other operating income for the years ended 30 June 2017 and 2016 respectively include services fees invoiced by the Bank in relation to accounting and administrative work performed in favour of two Luxembourg related parties.

Note 18 – Other administrative expenses

The caption "Other administrative expenses" includes fees of the independent auditor for an amount of EUR **150.318** *(2016 – EUR 142.280*).

Other residual administrative expenses are related to ongoing expenses incurred by the Bank in relation to its business and activity.

The fees of the independent auditor of the Bank for the years ended 30 June 2017 and 2016 are as follows:

Fees of the independent auditor	**30/06/2017**	**30/06/2016**
	EUR	**EUR**
Audit	59.000	54.000
Other assurance services	30.902	13.500
Other professional services	60.416	74.780
Total	**150.318**	**142.280**

The other assurance services relate to specific reporting to the regulator or the auditor of the Parent Company of the Bank incurred during the period as well as a specific review linked to a contribution-in-kind completed by the Bank (refer to note 13).

The other professional services relate to specific trainings provided to the Board and the Management on current hot topics as well as ad-hoc reviews of some regulatory reporting to ensure compliance with prudential regulations in-force.

Note 19 – Contributions for the deposit guarantee and investors indemnification schemes

On 18 December 2015 a new law was approved regarding the resolution, recovery and liquidation measures of credit institutions on deposit guarantee schemes and indemnification of investors (hereafter the "Law"). This Law transposed to Luxembourg two European directives: the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes.

The law replaced the old deposit guarantee and investor compensation scheme ("Association pour la Garantie des Dépôts Luxembourg" - AGDL) by introducing a new contribution based system of deposit guarantee and investor compensation. This new system will cover eligible deposits of each depositor up to an amount of EUR 100.000 and investments up to an amount of EUR 20.000. The scheme is based on two different contribution: the Luxembourg banking resolution fund "Fonds de resolution Luxembourg" (FRL) and

The Luxembourg deposit guarantee fund "Fonds de garantie des dépôts Luxembourg" (FDGL).

The funded amount of the FRL shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount will be collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the FGDL is set at 0,8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018.

As at 30 June 2017 the Bank's contribution to the FRL amounted to EUR 107.658 *(2016 - EUR* 138.916*)* and the contribution to the FGDL amounted to EUR 2.999 *(2016 – EUR* 1.650*).* These amounts have been recognized in the caption "Other administrative expenses" (see note 18).

Note 20 – Staff and Management

20.1. Staff

The average number of employees and management during the financial years 2017 and 2016 was:

Staff and Management	**30/06/2017**	**30/06/2016**
Authorized Managers (with employment agreement)	1*	2
Employees (with employment agreement)	4	4
Authorized Managers (with appointment agreement)	1	1
Total	**6**	**7**

** Starting 18 April 2017 an additional member of the Authorized Management was hired by the Bank.*

20.2. Information relating to Management

- Members of the Board of Directors received directors' fees totalizing EUR 90.625 for the year ending 30 June 2017 (2016 – EUR 70.000).
- Loans and advances granted to members of the Board of Directors and to the Authorized Managers are nil.
- No guarantees were issued on behalf of members of the Board of Directors and Authorized Managers.

Note 21 – Net result on financial operations

As at 30 June 2017, the net result on financial operations amounts to EUR 311.602 *(2016 – EUR 11.484.822*)*. This was mainly generated by:

- the sale of securities held by the Bank in its structural portfolio;
- the fluctuation of EUR against the USD;
- the realised result of the Bank's Accrued Forward Derivative transactions.

* Also refer to note 2.1. regarding reclassification on comparative figures in respect of this caption.

Note 22 – Other taxes not shown under the preceding items

This caption is represented mainly by Net Wealth Tax recorded for the years ended 30 June 2017 and 2016 respectively and other tax charges.

Also refer to note 2.1. regarding reclassification on comparative figures in respect of this caption.

Note 23 – Financial derivatives

As at 30 June 2017 and 2016, the Bank's financial derivatives are related to the following transactions linked to currency exchange rates:

30/06/2017

Financial derivatives							
Operations linked to currency exchange rates	**Accrual Notional Amount**	**Notional Residual Amount**	**Notional Residual Amount**	**Maturity**	**Negative market value**	**Positive market value**	**Provision accounted in the PL**
		USD	**EUR**		**EUR**	**EUR**	**EUR**
Accrued Forward USD Purchase / EUR Sale	Fixed Amount	4.390.770	3.847.503	31/08/2017	---	41.598	---
Accrued Forward USD Purchase / EUR Sale	Variable Amount	8.225.432	7.207.704	31/10/2017	---	19.449	---
Total		**12.616.202**	**11.055.207**		**---**	**61.047**	**---**

Under the aforementioned OTC contracts, the Bank accumulates on each Fixing Date within a Fixing Period until the maturity date an USD accrual notional amount to purchase against an EUR accrual notional amount to sell, at a fixed USD/EUR forward exchange rate (strike rate) if the EUR/USD Spot Rate on each Fixing Date is below the EUR/USD barrier level as determined in relevant contracts. The accrual notional amounts and the related Fixing Dates and Fixing Periods are determined in advance in the contracts. Any zero notional accrual on a determined Fixing Date is not reported.

The Total Initial Notional Amount in respect to the above mentioned contracts amounted to USD 50 million.

The positive market value on the above mentioned financial derivatives at the year-end 2017 has not been recognized in the profit and loss account. No items give rise to negative market value as at 30 June 2017.

Accrued notional amounts during a Fixing Period are settled on a monthly basis at the beginning of the following month. As at 30 June 2017, the accrued notional amounts for the month of June 2017 are:

- a payable amount of EUR 3.721.721 presented under "Amounts owed to credit institutions " (2016: payable USD 3.881.380);
- a receivable amount of USD 4.274.568 presented under "Loans and advances to credit institutions" (2016: receivable EUR 3.620.807).

Note 23 – Financial derivatives (continued)

30/06/2016

Financial derivatives								
Operations linked to currency exchange rates	**Accrual Notional Amount**	**Notional Residual Amount**	**Notional Residual Amount**	**Maturity**	**Premium paid / (received)**	**Negative market value**	**Positive market value**	**Provision accounted in the PL**
		USD	**EUR**		**EUR**	**EUR**	**EUR**	**EUR**
Type of OTC contracts								
Accrued Forward USD Sale / EUR Purchase	Fixed Amount	8.630.952	8.040.012	31/10/2016	160.000	---	143.744	-16.256
Accrued Forward USD Sale / EUR Purchase	Fixed Amount	15.057.900	14.072.804	31/03/2017	165.000	---	155.488	-9.512
Accrued Forward USD Sale / EUR Purchase	Fixed Amount	25.000.000	23.126.735	27/06/2017	---	---	106	---
Accrued Forward USD Sale / EUR Purchase	Fixed Amount	25.000.000	23.126.735	27/06/2017	---	---	11.091	---
Total		**73.688.852**	**68.366.286**		**325.000**	**---**	**310.429**	**-25.768**

The positive market value on the above mentioned financial derivatives at the year-end 2016 was not recognized in the profit and loss account while a provision of EUR 25.768 was recognized in the profit and loss account and in the caption “other assets” corresponding to the negative difference between the year-end 2016 market value and the premiums paid on such contacts (see note 8).

Note 24 – Commitments

On 21 June 2017, the Bank entered into a contractual agreement with a financial institution to acquire a structured bond for an amount of USD 9.775.000, giving rise to the commitment to deliver cash in return.

The transaction was settled on 7 July 2017, as per the contractual agreement.

Note 25 – Significant subsequent events

There are no significant events subsequent to the year-end that might affect the results or disclosures presented in the annual accounts as at and for the year ended 30 June 2017.