ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared according to IAS/IFRS

(This report has been translated into the English language from the original which was issued in Italian)

Gruppo MutuiOnline S.p.A. (in breve Gruppo MOL S.p.A. o MOL Holding S.p.A.)
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Capitale Sociale Euro 1.000.000 Interamente Versato

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1. GOVERNING BODIES AND OFFICERS

BOARD OF DIRECTORS

Chairman of the Board	Marco Pescarmona (1) (3) (5) (7)
Chief Executive Officer	Alessandro Fracassi (2) (3) (5)
Directors	Anna Maria Artoni (4)
	Fausto Boni
	Chiara Burberi (4)
	Andrea Casalini (4)
	Matteo De Brabant (4)
	Daniele Ferrero (4) (6)
	Alessandro Garrone (4)
	Klaus Gummerer (4)
	Valeria Lattuada (4)
	Marco Zampetti

STATUTORY AUDITORS

Chairman of the Board	Fausto Provenzano
Active Statutory Auditors	Paolo Burlando
	Francesca Masotti
Substitute Statutory Auditors	Gianluca Lazzati
	Maria Concetta Russano

INDEPENDENT AUDITORS	EY S.p.A.

COMMITTEES

Control and Risk Committee

Chairman	Daniele Ferrero
	Chiara Burberi
	Marco Zampetti

Remuneration and Share Incentive Committee

Chairman	Andrea Casalini
	Anna Maria Artoni
	Matteo De Brabant

Committee for Transactions with Related Parties

Chairman	Andrea Casalini
	Valeria Lattuada
	Klaus Gummerer

(1) The Chairman is the Company's legal representative.
(2) The Chief Executive Officer legally represents the Company, disjointly from the Chairman, within the limits of the delegated powers.
(3) Member of the executive committee.
(4) Independent non-executive Director.
(5) Holds executive offices in some Group companies.
(6) Lead Independent Director.
(7) Executive Director in charge of overseeing the Internal Control System.

DIRECTOR'S REPORT ON OPERATIONS

FINANCIAL YEAR ENDED DECEMBER 31, 2016

2. DIRECTORS' REPORT ON OPERATIONS

2.1. Introduction

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial sector.

In the following sections, we illustrate the main aspects regarding the operations during the past financial year and the current economic and financial structure of the Group.

2.2. Organizational structure

As of December 31, 2016, the Issuer controls the following companies:

- MutuiOnline S.p.A., Money360.it S.p.A., CreditOnline Mediazione Creditizia S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Segugio Servizi S.r.l., 7Pixel S.r.l., ShoppyDoo S.L.U. (a company with registered office in Spain), Klikkapromo S.r.l. and Innovazione Finanziaria SIM S.p.A.: operating in the market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators to retail consumers; together they represent the Broking Division of the Group;

- Centro Istruttorie S.p.A., Centro Finanziamenti S.p.A., Quinservizi S.p.A., CESAM S.r.l., Mikono S.r.l., Effelle Ricerche S.r.l., Centro Processi Assicurativi S.r.l., EuroServizi per i Notai S.r.l., IN.SE.CO. S.r.l. and Finprom S.r.l.: companies operating in the Italian market for the provision of of complex business processes outsourcing services for financial institutions; together they represent the BPO (i.e. Business Process Outsourcing) Division of the Group;

- PP&E S.r.l.: offering real estate renting and support services to the other Italian subsidiaries of the Issuer.

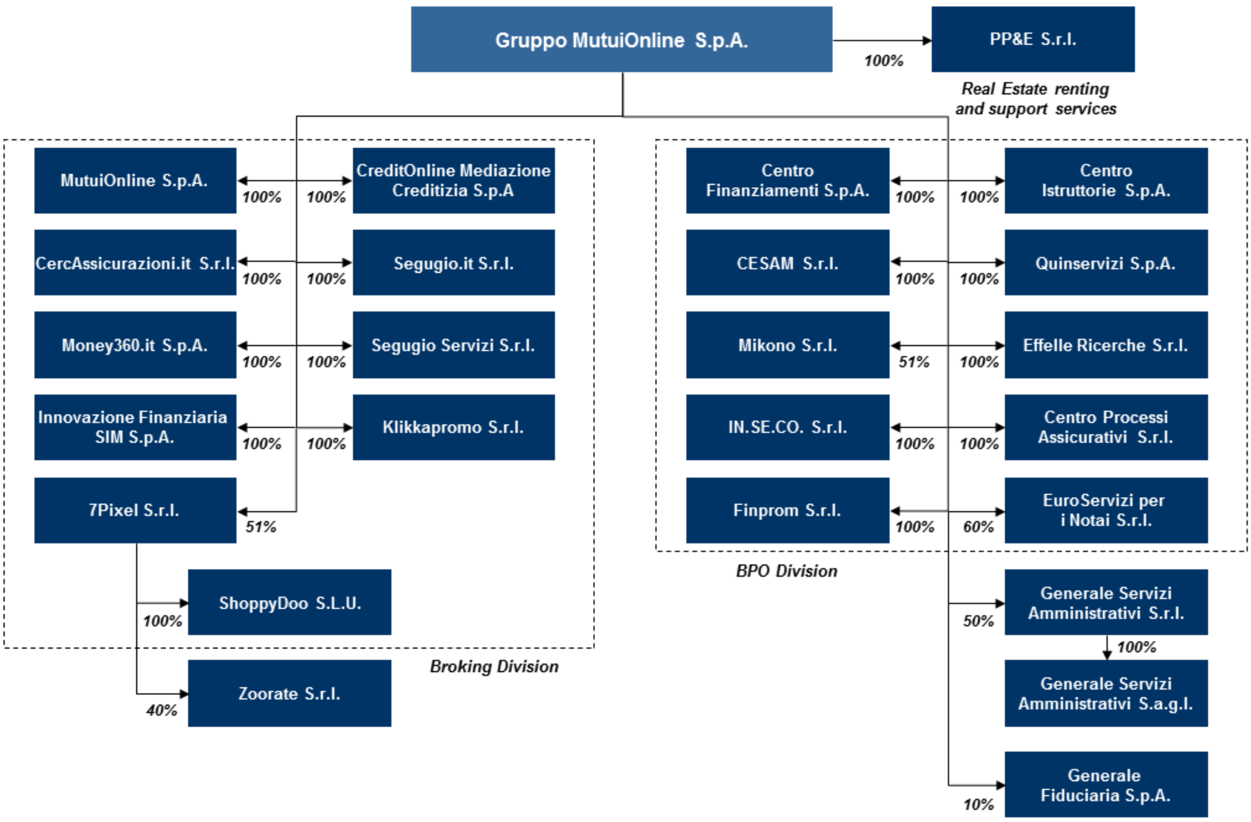
All the above mentioned companies are fully controlled by the Issuer, with the exception of EuroServizi per i Notai S.r.l. (in which the Issuer holds a 60% stake), 7Pixel S.r.l. (in which the Issuer holds a 51% stake), ShoppyDoo S.L.U. (in which 7Pixel S.r.l. a 100% stake) and Mikono S.r.l. (in which the Issuer holds a 51% stake).

We remind that the Issuer holds a 50% stake of the share capital of the joint venture Generale Servizi Amministrativi S.r.l., which provides integrated outsourcing services of administrative, accounting and secretarial activities preparatory to tax advice. The activity provided by the company is similar to Asset Management BPO, but, since this initiative was pursued with a vehicle jointly held with Generale Fiduciaria S.p.A., which subsequently transferred its stake to Otium et Negotium S.r.l., its results are consolidated with the equity method and not line by line.

Moreover, the Issuer on June 16, 2016 purchased a 10% stake of the company Generale Fiduciaria S.p.A., for a consideration equal to Euro 242 thousand, corresponding to the accounting value of the portion of the shareholders' equity of the company that was acquired.

Finally, on July 27, 2016, the Group, by means of subsidiary 7Pixel S.r.l., purchased a 26.40% stake of the share capital of the company Zoorate S.r.l., paying a total consideration equal to Euro 271 thousand. Zoorate S.r.l. is a company that develops and sells technological solutions for the on-line collection and management of customer reviews and opinions in the Italian market. On September 14, 2016, subsidiary 7Pixel S.r.l. subscribed a capital increase of Zoorate S.r.l. for a total amount equal to Euro 300 thousand, following which 7Pixel S.r.l. reached a 40% stake of the share capital of the company. Moreover, before these operations, the Group signed an investment agreement which provides, among other things, for the future acquisition, upon the approval of the 2020 annual report, of the residual 60% of Zoorate S.r.l., at a price calculated as a function of the evolution of the revenues and margins of the company. Pursuant to the preparation of this consolidated financial report, the directors assessed the existence or absence of control of the company in order to decide if Zoorate S.r.l. should be consolidated line-by-line. After analyzing agreements among the parties, it was established that Zoorate S.r.l. is not controlled by the Issuer, so that the participation is consolidated, as of December 31, 2016, with the equity method.

Therefore, the consolidation area as of December 31, 2016 is the following:



<u>*Broking Division*</u>

Our Broking Division operates in the Italian market for loan distribution as a credit intermediary, in the market for insurance distribution as a broker, and in the market for the promotion of e-commerce operators. The activities carried out by our Broking Division are organized mainly into the following business lines, on the basis of the type of underlying product:

(a) **Mortgage Broking** Business Line: broking mortgage loans mainly through remote channels (www.mutuionline.it website) and through a network of agents in the field (Money360 Network);

(b) **Consumer Loan Broking** Business Line: broking consumer loans (prevalently personal loans) through remote channels (www.prestitionline.it website);

(c) **Insurance Broking** Business Line: broking insurance products, mainly motor third party liability and other motor insurance products through remote channels (www.cercassicurazioni.it website);

(d) **E-Commerce Price Comparison** Business Line: comparison and promotion of e-commerce operators (www.trovaprezzi.it website).

The activity of the Broking Division is also carried out under the brand "**Segugio.it**" (www.segugio.it website), which operates as a multibrand aggregator for insurance and credit products, mainly pushed by the television and online advertising focused on insurance products. Each section of the website is however managed by the product companies of the Group and the related revenues are reported within the above mentioned Business Lines.

As a residual activity, even if growing, the Broking Division also operates as an aggregator for further products, in particular bank accounts with the www.confrontaconti.it website and utilities (ADSL, electricity, gas, pay tv) with the www.segugio.it website.

Besides, subsidiary Innovazione Finanziaria SIM S.p.A. - provider of placement services to the public without underwriting or warranties pursuant to article 1, comma 5, letter c-bis) of Legislative Decree no. 58 of February 24, 1998 - obtained, during the financial year ended December 31, 2016, the authorization to operate from the Supervisory Authorities and purchased the domain name www.fondionline.it, which will be used to develop an on-line mutual fund supermarket, which was launched at the end of the financial year.

BPO Division

Our BPO Division provides outsourcing services of core processes for banks, credit institutions, insurance companies and asset management companies, with a high level of specialization in some reference verticals.

Our BPO services are structured along four separate Business Lines, on the basis of the type of services offered and the type of underlying financial product:

(a) **Mortgage BPO** Business Line: provides remote loan sales and packaging and mortgage underwriting and closing services; in this Business Line we also include real estate valuation services and para-notarial services;

(b) **CQ ("*Cessione del Quinto*") Loan BPO** Business Line: provides loan application processing and portfolio managemenent services for loans guaranteed by witholdings on salaries or pensions;

(c) **Insurance BPO** Business Line: provides outsourcing services the management of mass not-motor insurance claims;

(d) **Asset Management BPO** Business Line: provides outsourcing services for the asset management industry.

2.3. Information about the profitability of the Group

In the following paragraph we describe the main factors affecting the results of the operations of the Group for the year ended December 31, 2016. The income statement and the cash flow data for the year ended December 31, 2016 are taken from the consolidated annual report prepared according to the international accounting standards approved by the European Union and are compared with the same data for the year ended December 31, 2015.

The following table shows the consolidated income statements of the Group for the years ended December 31, 2016 and 2015, together with the percentage weight of each item on the Group revenues.

	Years ended on				
(euro thousand)	**December 31, 2016**	**(a)**	**December 31, 2015**	**(a)**	**Change %**
Revenues	138,069	100.0%	120,719	100.0%	14.4%
of which					
Broking Division	*60,985*	*44.2%*	*57,151*	*47.3%*	*6.7%*
BPO Division	*77,084*	*55.8%*	*63,568*	*52.7%*	*21.3%*
Other income	2,339	1.7%	2,281	1.9%	2.5%
Capitalization of internal costs	939	0.7%	768	0.6%	22.3%
Services costs	(50,702)	-36.7%	(41,467)	-34.4%	22.3%
Personnel costs	(43,829)	-31.7%	(40,799)	-33.8%	7.4%
Other operating costs	(4,295)	-3.1%	(3,669)	-3.0%	17.1%
Depreciation and amortization	(7,277)	-5.3%	(5,785)	-4.8%	25.8%
Operating income	**35,244**	**25.5%**	**32,048**	**26.5%**	**10.0%**
Financial income	99	0.1%	195	0.2%	-49.2%
Financial expenses	(1,033)	-0.7%	(1,021)	-0.8%	1.2%
Income/(losses) from participations	19	0.0%	2,592	2.1%	N/A
Income from acquisition of control	-	0.0%	219	0.2%	N/A
Income/(losses) from financial assets/liabilities	(96)	-0.1%	(492)	-0.4%	-80.5%
Net income before income tax expense	**34,233**	**24.8%**	**33,541**	**27.8%**	**2.1%**
Income tax expense	(9,418)	-6.8%	(10,061)	-8.3%	-6.4%
Net income	**24,815**	**18.0%**	**23,480**	**19.5%**	**5.7%**

(a) *% of total revenues*

Revenues in the year ended December 31, 2016, are Euro 138,069 thousand, 14.4% higher than in the previous year. Please refer to paragraph 2.3.1 for the evolution of revenues by Division and Business Line.

In the year ended December 31, 2016, services costs increase by 22.3% compared to the financial year ended December 31, 2015. This item mainly contains marketing costs, incurred above all for the further development and the consolidation of the "Segugio" brand as well as for the other brands of Broking Division, which increase in the financial year ended December 31, 2016, compared to the previous year, costs for notarial and valuation services, which show significant growth, mainly due to the growth of these services within Mortgage BPO, and costs for technical, legal and administrative consultancy, whose increase is linked to the growth of the operating activities of the Group.

Personnel costs increase by 7.4% compared to the financial year ended December 31, 2015.

The following table provides information about the average headcount for the financial years ended December 31, 2016 and 2015:

	Years ended December 31, 2016	December 31, 2015
Managers	13	13
Supervisors	31	21
Employees	1,324	1,226
Average headcount	**1,368**	**1,260**
Headcount in Italy	992	878
Headcount in Romania	376	382

In this respect, with regards to the past audit from the territorial staff of the Ministry of Labor, which affected subsidiaries MutuiOnline S.p.A. and Centro Istruttorie S.p.A. in 2007, it is worth pointing out that there are no significant changes with respect to the information presented in the annual report for the year ended December 31, 2015 and, therefore, management did not accrue any provision in the financial statement since it considers to have valid reasons to defend itself and to expect a positive outcome.

Other operating costs increase, compared to the financial year ended December 31, 2015, mainly due to the growth of non-deductible VAT costs.

Depreciation and amortization increase in the year ended December 31, 2016 compared to the previous financial year, mainly due to the amortization costs related to the intangible assets acquired with the consolidation of 7Pixel S.r.l., including Euro 3,777 thousand concerning the higher values which emerged following the assessment of the fair value of the purchased intangible assets, represented above all by trademark and software.

Financial income for the year ended December 31, 2016, shows a negative balance, mainly due to the income deriving from the interest expenses accrued on the bank loans and by the expenses deriving from the financial liabilities linked to the purchase of the investments in EuroServizi per i Notai S.r.l., paid during the financial year ended December 31, 2016.

Finally, it is worth pointing out that the effective tax rate on taxable income shows a decrease compared to the effective tax rate of the previous financial year, passing from 30.0% to 27.5%.

2.3.1. Revenues

The table below provides a breakdown of our revenues by Division and Business Line, for the years ended December 31, 2016 and 2015.

(euro thousand)	Years ended on December 31, 2016	(a)	December 31, 2015	(a)	Change %
Mortgage Broking	19,787	14.3%	23,471	19.4%	-15.7%
Consumer Loan Broking Business	6,772	4.9%	6,793	5.6%	-0.3%
Insurance Broking	10,764	7.8%	9,625	8.0%	11.8%
E-Commerce Price Comparison	21,765	15.8%	15,959	13.2%	36.4%
Other revenues of Broking Division	1,897	1.4%	1,303	1.1%	45.6%
Total revenues of the Broking Division	**60,985**	**44.2%**	**57,151**	**47.3%**	**6.7%**
Mortgage BPO	46,021	33.3%	32,600	27.0%	41.2%
CQ Loan BPO	16,463	11.9%	17,755	14.7%	-7.3%
Insurance BPO	6,263	4.5%	7,065	5.9%	-11.4%
Asset Management BPO	8,337	6.0%	6,148	5.1%	35.6%
Total revenues of the BPO Division	**77,084**	**55.8%**	**63,568**	**52.7%**	**21.3%**
Total revenues	**138,069**	**100.0%**	**120,719**	**100.0%**	**14.4%**

(a) *Percentage of total revenues.*

Broking Division

In the financial year ended December 31, 2016, revenues of the Broking Division increase by 6.7%, passing from Euro 57,151 thousand in the financial year ended December 31, 2015 to Euro 60,985 thousand in 2016.

Mortgage Broking

Mortgage Broking revenues pass from Euro 23,471 thousand in 2015 to Euro 19,787 thousand in 2016 (-15.7%) due to a decrease of brokered mortgage flows compared to the previous financial year, following the strong decrease of remortgage demand compared to the previous financial year.

Consumer Loan Broking

Consumer Loan Broking revenues pass from Euro 6,793 thousand in the year ended December 31, 2015 to Euro 6,772 thousand in the year ended December 31, 2016, remaining substantially stable compared to the previous financial year.

Insurance Broking Business Line

Insurance Broking revenues grow from Euro 9,625 housand in the financial year ended December 31, 2015 to Euro 10,764 thousand in the financial year ended December 31, 2016 (+11.8%), during which the number of brokered contracts increase, driven by the growing popularity of the "Segugio" brand.

E-Commerce Price Comparison

E-Commerce Price Comparison revenues grow from Euro 15,959 thousand in the financial year ended December 31, 2015 to Euro 21,765 thousand in the financial year ended December 31, 2016 (+36,4%). Nevertheless it is worth pointing out that revenues in financial year ended December 31, 2015, refer to the period starting from March 13, 2015, when 7Pixel S.r.l. entered in the scope of consolidation, to the end of 2015.

BPO Division

Revenues of the BPO Division increase from Euro 63,568 thousand in the financial year 2015 to Euro 77,084 thousand in the financial year 2016 (+21.1%).

Mortgage BPO

Mortgage BPO revenues increase from Euro 32,600 thousand in the financial year ended December 31, 2015 to Euro 46,021 thousand in the financial year ended December 31, 2016 (+41.2%). Such result is the effect of a strong growth of processing volumes during the year and of notarial and appraisal services.

CQ Loan BPO

CQ Loan BPO revenues pass from Euro 17,755 thousand in the financial year ended December 31, 2015 to Euro 16,463 thousand in the financial year ended December 31, 2016 (-7.3%).

Insurance BPO

Insurance BPO revenues pass from Euro 7,065 thousand in the financial year ended December 31, 2015 to Euro 6,263 thousand in the financial year ended December 31, 2016 (-11.4%).

Asset Management BPO

Asset Management BPO records revenue growth of 36.1%, passing from Euro 6,148 thousand during the financial year ended December 31, 2015 to Euro 8,337 thousand during the financial year ended December 31, 2016.

2.3.2. Operating income (EBIT)

Operating income (EBIT) increases from Euro 32,048 thousand in the financial year ended December 31, 2015 to Euro 35,244 thousand in the financial year ended December 31, 2016 (+10.0%) as detailed in the following table.

	Years ended on				
(euro thousand)	**December 31, 2016**	**(a)**	**December 31, 2015**	**(a)**	**Change %**
Operating income	35,244	25.5%	32,048	26.5%	10.0%
of which					
Broking Division	*16,419*	*26.9%*	*18,124*	*31.7%*	*-9.4%*
BPO Division	*18,825*	*24.4%*	*13,924*	*21.9%*	*35.2%*

(a) *Percentage of total revenues, if appropriate by Division (operating margin).*

The operating income margin in the financial year ended December 31, 2016 is 25.5% of revenues, slightly lower if compared to the operating income margin in the financial year ended December 31, 2015. Such result is the combined effect of the increase of the profitability of BPO Division and of the decrease of the operating margin of the Broking Division.

The ROI (Return on Investments) for the year ended December 31, 2016, defined as the ratio between EBIT of the period and total assets at the end of the period, is equal to 22.0% (21.6% in the year ended December 31, 2015).

2.3.3. EBITDA

EBITDA is calculated as net income before income tax expense, net financial income/(expenses), and depreciation and amortization.

The following table presents a reconciliation between net income and EBITDA for the financial years ended December 31, 2016 and 2015:

	Years ended on			
(euro thousand)	December 31, 2016	December 31, 2015	Change	%
Net income	24,815	23,480	1,335	5.7%
Income tax expense	9,418	10,061	(643)	-6.4%
Income/(losses) from financial assets/liabilities	101	492	(391)	-79.5%
Income/(losses) from participations	(19)	(2,592)	2,573	-99.3%
Income/(losses) from acquisition of control	-	(219)	219	-100.0%
Financial expenses	1,028	1,021	7	0.7%
Financial income	(99)	(195)	96	-49.2%
Depreciation and amortization	7,277	5,785	1,492	25.8%
EBITDA	**42,521**	**37,833**	**4,688**	**12.4%**

EBITDA increases in the financial year ended December 31, 2016, passing from Euro 37,833 thousand in 2015 to Euro 42,521 thousand in 2016 (+12.4%).

2.3.4. Net income

Net income increases in the financial year ended December 31, 2016, passing from Euro 23,480 thousand in 2015 to Euro 24,815 thousand in 2016 (+5.7%). Such result is due to the lower incidence of taxes on the income in the financial year ended December 31, 2016, due to the one-off effect of the utilization of deferred tax liabilities following the decision, taken during the financial year, to give tax relevance to the higher values allocated to the "software" intangible asset emerging from the allocation of the purchase price for the 7Pixel S.r.l. acquisition, partially offset by the presence, in the financial year ended December 31, 2015, of extraordinary income deriving from the assessment with equity method of the participation in the joint venture GSA S.r.l..

For the financial year ended December 31, 2016, the ROE (Return on Equity), defined as the ratio between the net income of the period and the net capital at the end of the period, is equal to 33.3% (40.4% in the financial year ended December 31, 2015).

2.4. Information about the financial resources of the Group

The following table presents the net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2016 and 2015.

(euro thousand)	As of December 31, 2016	December 31, 2015	Change	%
A. Cash and cash equivalents	42,231	32,451	9,780	30.1%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	677	817	(140)	-17.1%
D. Liquidity (A) + (B) + (C)	**42,908**	**33,268**	**9,640**	**29.0%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(4)	(9)	5	-55.6%
G. Current portion of long-term borrowings	(4,866)	(5,379)	513	-9.5%
H. Other short-term borrowings	-	-	-	N/A
I. Current indebtedness (F) + (G) + (H)	**(4,870)**	**(5,388)**	**518**	**-9.6%**
J. Net current financial position (I) + (E) + (D)	**38,038**	**27,880**	**10,158**	**36.4%**
K. Non-current portion of long-term bank borrowings	(30,179)	(37,119)	6,940	-18.7%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current indebtedness (K) + (L) + (M)	**(30,179)**	**(37,119)**	**6,940**	**-18.7%**
O. Net financial position (J) + (N)	**7,859**	**(9,239)**	**17,098**	**-185.1%**

The net financial position as of December 31, 2016 shows a positive cash balance, while as of December 31, 2015 it shows a negative cash balance.

For a description of the evolution of cash flows in the financial year ended December 31, 2016, please refer to the following paragraph 2.4.2.

The Debt/Equity ratio, defined as the ratio between net financial debt and net equity, as of December 31, 2016 is equal to -11% (18% as of December 31, 2015).

2.4.1. Current and non-current indebtedness

Current and non-current indebtedness as of December 31, 2016 and 2015 is summarized in the following table.

(euro thousand)	As of December 31, 2016	December 31, 2015	Change	%
Other current bank borrowings				
Less than 1 year	(4)	(9)	5	-55.6%
Bank borrowings:				
Less than 1 year	(4,866)	(5,379)	513	-9.5%
1 - 5 years	(15,187)	(21,652)	6,465	-29.9%
More than 5 years	(14,992)	(15,467)	475	-3.1%
Total financial indebtedness	**(35,049)**	**(42,507)**	**7,458**	**-17.5%**

Non-current indebtedness as of December 31, 2016 is 86.1% of the total financial indebtedness.

Long and medium-term bank borrowings

Bank borrowings as of December 31, 2016 are summarized in the following table:

(euro thousand)	Less than 1 year	1 - 5 years	More than 5 years	TOTAL
	As of December 31, 2016			
Loan from Intesa Sanpaolo S.p.A.	(969)	(3,554)	-	(4,523)
Loans from Banca Popolare di Milano S.c.ar.l. and Cariparma S.p.A.	(3,897)	(11,633)	(14,992)	(30,522)
Bank borrowings	**(4,866)**	**(15,187)**	**(14,992)**	**(35,045)**

(euro thousand)	Less than 1 year	1 - 5 years	More than 5 years	TOTAL
	As of December 31, 2015			
Loan from Cariparma S.p.A.	(1,010)	(2,074)	-	(3,084)
Loan from Intesa Sanpaolo S.p.A.	(475)	(3,999)	(526)	(5,000)
Loans from Banca Popolare di Milano S.c.ar.l. and Cariparma S.p.A.	(3,894)	(15,580)	(14,940)	(34,414)
Bank borrowings	**(5,379)**	**(21,653)**	**(15,466)**	**(42,498)**

On July 4, 2016, within the ordinary financial management of the Group, the loan obtained from Cariparma S.p.A. in 2011, whose outstanding capital was equal to Euro 2,581 thousand as of June 30, 2016, was entirely reimbursed with the payment of an amount, including the accrued interest not yet paid, equal to Euro 2,583 thousand.

Short-term bank borrowings and credit lines

As of December 31, 2016, in addition to the credit line mentioned below, the Group has unused short-term credit lines for Euro 666 thousand.

2.4.2. Cash flow analysis

In this paragraph we present an analysis of the consolidated cash flows of the Group for the financial years ended December 31, 2016 and 2015.

The following table shows a summary of the consolidated statements of cash flows for the financial years ended December 31, 2016 and 2015.

(euro thousand)	Years ended December 31, 2016	Years ended December 31, 2015	Change	%
A. Cash Flow from operating activities before changes in net working capital	31,612	27,559	4,053	14.7%
B. Changes in net working capital	(3,849)	(1,062)	(2,787)	-262.4%
C. Net cash provided by operating activities (A) + (B)	**27,763**	**26,497**	**1,266**	**4.8%**
D. Net cash used in investing activities	**(2,630)**	**(47,596)**	**44,966**	**94.5%**
E. Net cash provided/(used) in financing activities	**(15,348)**	**29,823**	**(45,171)**	**-151.5%**
Net increase/(decrease) in cash and cash equivalents (C) + (D) + (E)	**9,785**	**8,724**	**1,061**	**12.2%**

In the financial year ended December 31, 2016 the Group generated liquidity for an amount equal to Euro 9,785 thousand, versus an amount of liquidity equal to Euro 8,724 thousand generated during the financial year ended December 31, 2015. This variation is attributable mainly to the cash flow generated by operating activities, substantially stable, and to a reduction of the cash absorbed by investing activities, only partially offset by the cash flow absorbed by financing activities.

Cash flow generated by operating activities

Operating activities show a stability of cash generation, passing from Euro 26,497 thousand in the financial year ended December 31, 2015 to Euro 27,763 thousand in the financial year ended December 31, 2016.

For the analysis of the liquidity generated by the working capital please refer to paragraph 2.4.3.

Cash flow absorbed by investing activities

Investing activities absorbed cash for Euro 2,630 thousand in the financial year ended December 31, 2016 and for Euro 47,596 thousand in the financial year ended December 31, 2015. We remind that cash absorption during the financial year ended December 31, 2015 is attributable mainly to the purchase of the participation in subsidiary 7Pixel S.r.l..

Cash flow generated by financing activities

Financing activities absorbed cash for Euro 15,348 thousand in financial year ended December 31, 2016 and generated cash for Euro 29,823 thousand in financial year ended December 31, 2015.

The cash flows absorbed during the financial year ended December 31, 2016 are mainly due to the reimbursement of outstanding bank loans for Euro 7,557 thousand, to the payment of dividends to shareholders of the Issuer for Euro 5,568 thousand and to minorities for Euro 1,005 thousand, and to the purchase of own shares for Euro 5,754 thousand, partially offset by the sale of own shares for Euro 5,255 thousand. Such share sale is related to the exercise of vested stock options held by some employees of the Group.

Cash flows generated during the financial year ended December 31, 2015 are mainly due to the loans obtained by the Group for the acquisition of 7Pixel S.r.l., for a total amount equal to Euro 35,000 thousand.

2.4.3. Composition and changes in net working capital

The following table presents the breakdown of the components of net working capital as of December 31, 2016 and 2015.

	As of			
(euro thousand)	**December 31, 2016**	**December 31, 2015**	**Change**	**%**
Trade receivables	40,334	39,156	1,178	3.0%
Contract work in progress	318	243	75	30.9%
Other current assets and tax receivables	5,645	3,424	2,221	64.9%
Trade and other payables	(16,407)	(12,904)	(3,503)	27.1%
Tax payables	(1,417)	(6,523)	5,106	-78.3%
Other current liabilities	(14,601)	(13,373)	(1,228)	9.2%
Net working capital	**13,872**	**10,023**	**3,849**	**38.4%**

Net working capital records an increase equal to Euro 3,849 thousand in the financial year ended December 31, 2016. This trend is mainly linked to the decrease of "Tax payables" and the increase of "Trade receivables", partially offset by the growth of "Trade and other payables" and of "Other current liabilities".

"Trade Receivables" go from Euro 39,156 thousand as of December 31, 2015 to Euro 40,334 thousand as of December 31, 2016, with an increase of 3.0%. This slight growth is linked to the growth of the operating activity of the Group, as the Days of Sales Outstanding (DSO) are equal to 105 days for the financial year ended December 2016, down if compared to the financial year ended December 31, 2015 (117 days for the year ended December 31, 2015).

"Trade and other payables" record an increase mainly due to the growth of operating activity, going from 12,904 thousand as of December 31, 2015 to Euro 16,407 thousand as of ended December 31, 2016.

The decrease of "Tax payables", going from 6,523 thousand as of December 31, 2015 to Euro 1,417 thousand as of December 31, 2016, is due to the substantial stability of the taxable income of the Group in the financial year ended December 31, 2016.

"Other current liabilities" go from Euro 13,373 thousand as of December 31, 2015 to Euro 15,561 thousand as of December 31, 2016, mainly because of the increase of the liabilities to employees for deferred salaries, whose growth is due to the increase of the headcount employed by the Group in the financial year and to incentive compensation.

2.5. Table of reconciliation of the consolidated net income and equity with the Issuer's data

(euro thousand)	Net income for the year ended December 31, 2016	Shareholders' equity as of December 31, 2016	Net income for the year ended December 31, 2015	Shareholders' equity as of December 31, 2015
Net income and shareholders' equity of the Issuer	**9,289**	**16,848**	**2,090**	**13,076**
Net income and shareholders' equity of the subsidiaries	28,510	124,655	24,125	104,096
Consolidation adjustements				
Elimination of the value of investment in subsidiaries	-	(71,109)	-	(66,956)
Elimination of the dividends from associated companies	(10,508)		(4,990)	-
Own shares purchased by subsidiaries	-	(6,734)	-	(6,734)
Cost of stock options for the personnel of the subsidiaries	(293)	-	(293)	-
Participation measured with equity method	(2,231)	361	2,592	2,592
Other consolidation adjustments	48	10,587	(44)	12,010
Consolidated net income and shareholders' equity	**24,815**	**74,608**	**23,480**	**58,084**

Among "Other consolidation adjustments" we also include, for Euro 10,579 thousand, the higher values deriving from the consolidation of the participations, mainly in 7Pixel S.r.l., Quinservizi S.p.A., Centro Processi Assicurativi S.r.l., INSECO S.r.l. and EuroServizi per i Notai S.r.l..

2.6. Research and development

Within the Group, several development teams regularly work with the objective of improving and enhancing the IT systems and the software platforms used to supply its services to consumers, lenders and insurance companies.

The capitalized costs related to software development in the financial year ended on December 31, 2016 amount to Euro 939 thousand (Euro 768 thousand in 2015).

The proprietary software platforms represent the core of the operations of the companies of the Group in both Divisions and must be continuously expanded and developed to improve their commercial effectiveness, incorporate legislative changes, manage new kinds of products, simplify processes, increase efficiency, improve consulting ability, increase operators' productivity, adapt to the increasingly sophisticated decision criteria of our client institutions, and ensure data protection and security.

2.7. Own shares

On April 22, 2016, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 27, 2015 and authorized the purchase of own shares within the limits of retained earnings and distributable reserves from the last approved statutory financial statements of the Issuer and for a period of 18 months, with the following purposes:

(a) for activities in support of market liquidity;

(b) for the possible use of shares as compensation in extraordinary transactions, including exchanges of participations with other subjects, as part of transactions in the Company's interest;

(c) to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

(d) for the execution of the contract signed between the Issuer and Equita SIM S.p.A., for its role as specialist on the stock market;

(e) for an efficient investment of the liquidity of the Group.

During the year ended December 31, 2016 the Issuer purchased 768,077 own shares equal to 1.944% of ordinary share capital. During the same period following the exercise of vested stock options held by some employees of the Group, the Issuer sold 1,013,195 own shares equal to 2.564% of ordinary share capital.

During the financial year ended December 31, 2016 the other companies of the Group have neither purchased nor sold any shares of the Issuer.

Therefore, as of December 31, 2016 the Issuer holds 201,683 own shares, equal to 0.510% of ordinary share capital, for a total cost equal to Euro 1,102 thousand. Subsidiary MutuiOnline S.p.A. holds a total 1,500,000 shares of the Issuer, equal to 3.796% of ordinary share capital, for a total cost equal to Euro 6,159 thousand, and subsidiary Centro Istruttorie S.p.A. holds a total of 151,522 shares of the Issuer, equal to 0.383% of ordinary share capital of the Issuer, for a total cost equal to Euro 575 thousand.

Summing up, as of December 31, 2016, the Issuer and its subsidiaries hold a total of 1,853,205 shares of the Issuer, equal to 4.690% of ordinary share capital, for a total cost equal to Euro 7,836 thousand, equal to Euro 4.32 per share.

During the first months of 2017, the Issuer purchased 29,391 own shares equal to 0.074% of ordinary share capital meanwhile, during the same period, no shares of the Issuer were purchased by the other companies of the Group.

As of the approval of this report, the Issuer and its subsidiaries hold a total of 1,882,566 shares of the Issuer, equal to 4.765% of ordinary share capital, for a total cost equal to Euro 8,102 thousand, equal to Euro 4.30 per share.

2.8. Report on corporate governance

For the report on corporate governance and on the adhesion to the codes of conduct, please refer to the report approved by the Board of Directors on March 14, 2017 and attached to this document.

2.9. Shareholdings of the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the participations in the ordinary share capital of the Issuer held by the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2016.

Name	Office	Shares held as of December 31, 2015	Shares purchased	Shares sold	Shares held as of December 31, 2016	Possession title	Way of possession
Marco Pescarmona	Chairman	47,865	320,000	287,865	80,000	P	D
Alessandro Fracassi	CEO	31,309	325,000	276,309	80,000	P	D
Anna Maria Artoni	Director	-	-	-	-		
Fausto Boni	Director	133,952	-	-	133,952	P	D
Chiara Burberi	Director	-	-	-	-		
Andrea Casalini	Director	5,000	-	-	5,000	P	D
Daniele Ferrero	Director	-	-	-	-		
Matteo De Brabant	Director	-	-	-	-		
Valeria Lattuada	Director	-	-	-	-		
Alessandro Garrone	Director	-	-	-	-		
Klaus Gummerer	Director	-	-	-	-		
Marco Zampetti	Director	15,000	-	-	15,000	P	D
Fausto Provenzano	Chairman of the board of the statutory auditors	3,500	-	-	3,500	P	D
Paolo Burlando	Statutory auditor	7,000	-	-	7,000	P	D
Francesca Masotti	Statutory auditor	4,200	-	-	4,200	P	D

Legend:
P: Property
D: Direct possession

Besides, it is worth pointing out that Marco Pescarmona holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.) and that Alma Venture S.A., as of December 31, 2016, holds 12,841,070 shares of the Issuer, equal to 32.5% of the ordinary share capital, none of which was purchased during the year ended December 31, 2016.

Finally, it is worth pointing out that there are no managers with strategic responsibilities.

2.10. Evolution of the Italian residential mortgage market

Year 2016 was characterized by a strong recovery of the market for purchase mortgages, accompanied by a contraction of the market for re-mortgages, whose decrease started in June and progressively accelerated. The drop of re-mortgaging activity was however slower than originally assumed, to the point that re-mortgages still represented about one-third of all market originations.

Data from Assofin, an industry association which represents the main lenders active in the sector, indicate a slight growth of gross new originations of residential mortgages, with a year on year increase of 2.0% in October, of 6.6% in November, of 7.1% in December 2016. Such performance is caused by a growth above 20% of purchase mortgages and a drop of more than 20% of "other mortgages" (mainly re-financings). Data from CRIF, a company which manages the main credit bureau in Italy, show an increase of credit report inquiries for mortgages of 21.1% in October, 13.2% in November, of 21.3% in December 2016, of 1.8% in January and of -1.6% (contraction) in February 2017.

For year 2017 we expect the current ongoing trends to continue, with a progressive widening of the recovery of the residential real estate market, which until now has mainly been concentrated on the main cities. We are still in a favourable situation of very low interest rates, high competition among banks, subdued property prices and reduced taxation, which is being reinforced by a slow improvement in the economic climate and in consumer confidence. Re-mortgage volumes on the other hand will realistically be down year on year as the stock of eligible mortgages has further diminished and long-term interest rates are likely to pick-up due to the improved global macro-economic situation.

2.11. Foreseeable evolution

2.11.1. Broking Division

In financial year 2016, the Broking Division has recorded satisfactory results, even if down compared to the previous year, for a combination of the following factors:

- the decreased contribution of Mortgage Broking, attributable to the drop of brokered mortgage volumes for the natural contraction of the remortgage market;
- the stability of Personal Loan Broking;
- the growth of Insurance Broking revenues;
- the significant increase of the contribution to revenues and margins of E-Commerce Price Comparison, in part however attributable to a longer consolidation period;
- the strong growth of revenues from the promotion of utility services (broadband, energy);
- the expenditures for the start-up and development of new businesses (mutual fund supermarket, mobile couponing).

The outlook for 2017 are moderately favorable for all the Lines of Business of the Broking Division, with the exception of E-Commerce Price Comparison, where we expect contracting results.

Mortgage Broking

During 2016, the Group has brokered mortgages for more than Euro 2.0 billion. Remortgages, whose natural decrease has been slower than anticipated, have represented more than half of the amount of brokered mortgages in the year.

The outlook for 2017 is of a progressive growth of purchase mortgage volumes linked to the recovery of the real estate market, counter-balanced by a continuation of the drop of remortgage volumes.

Consumer Loan Broking

The amount of brokered loans has been stable in 2016 compared to the previous year, despite a small growth of the reference market, mainly due to the increased competitiveness of other distribution channels (bank branches, car dealers).

For 2017 we can expect a slight growth of Personal Loan Broking, thanks to the strengthening of consumer demand, the addition of new partner lenders and operational improvement.

Insurance Broking

The 2016 results of Insurance Broking are increasing year on year. During the financial year, we have however witnessed a progressive slow-down of new business, mainly due to the reduced relative competitiveness of online versus traditional insurers, while the contribution of policy renewals to business performance has progressively increased.

During 2017 we could reasonably expect a moderate increase of market prices for motor TPL, starting from the second half of the year, because after several years of price drops the technical results of the sector do not seem to be sustainable. If these expectations were confirmed, they would imply a recovery of the growth of Insurance Broking, thanks to the subsequent foreseeable increased consumer propensity to compare offers and switch carriers by consumers.

E-commerce Price Comparison

The results of the business line are up significantly in financial year 2016, when compared to the previous year. This growth benefits from the difference in the consolidation period, equal to 12 months in 2016 and 9 months and 18 days in 2015, together with an increase of revenues linked to a better monetization of a substantially flat traffic.

Starting December 2016 and until now the business has however suffered from a non-negligible drop of organic traffic of the www.trovaprezzi.it website, mainly on desktop devices, possibly due to the increased visibility of the "Shopping" service in the results pages of the Google search engine. For this reason, for financial year 2017, we expect a drop of revenues and operating income for this business. For the sake of completeness, we remind that the "Google Shopping" service is specifically object of specific antitrust proceedings by the European Commission[1] , which are still undergoing.

Other activities

During 2016 we were able to grow significantly our utility comparison and promotion business (broadband, energy, etc.). In 2017 we expect a continuation of the growth, also thanks to the greater organizational focus on this business.

The other initiatives of the Group in the areas of mobile couponing ("Pazzi x le offerte" App) and of online investment services (www.fondionline.it) are instead still in a preliminary phase of development.

[1] For more details see: http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=1_39740

2.11.2. BPO Division

Year 2016 has been very positive for the BPO Division, with revenues reaching new historical highs and margins in line with long term targets. As we commented during the year, this performance has exceeded our own expectations, thanks to the exceptional contribution of Mortgage BPO.

Starting from year 2013, when the BPO Division took its current perimeter, revenues have grown at a compounded annual growth rate of above 36%, with margins that have proven resilient to increasing competitive pressure, mainly thanks to the continuous search for operational excellence in all the business lines.

We expect a positive 2017, with revenues in line with the previous year.

Mortgage BPO

Also in 2016, Mortgage BPO has been the true growth engine of the BPO Division. We have experienced growth in commercial and processing services, as well as in para-notarial services, linked to remortgages. In this latter field, the contraction of the market has been more than compensated by an increase of market share.

For year 2017, our results will depend from the combination of two opposing trends: on one side, the contraction of the remortgage market will lead to a reduction of the services linked to refinancing operations; on the other side, the recovery of the mortgage market and the contribution of new clients acquired during 2016 should positively affect business activity volumes for our traditional commercial and processing services. As of today, our assessment is that these two forces will almost compensate each other and the revenues of Mortgage BPO will be marginally down.

"Cessione del Quinto" (CQ) Loan BPO

2016 revenues have been slightly compared to the previous year. As we pointed out several times, the room for growth in terms of market share is limited, and management focus has been on the improvement of operational efficiency.

For financial year 2017 we expect continuity in terms of business activity volumes, even if, during the year, the dynamics of the CQ market, both in terms of total market volumes and in terms of market shares of the different lenders, could be influenced, on one side, by the recent Code of Self-Regulation promoted by Assofin, and on the other side, by the market entry of new players, also of foreign origin.

Insurance BPO

The revenues of the business line have contracted year on year, due in particular to the reduction of activity volumes in non-motor property claims with one of the main insurers, due to a redistribution of assigned regional areas.

For 2017, we expect a recovery of business volumes and a performance more in line with year 2015.

Asset Management BPO

The Asset Management BPO business line has recorded a significant growth compared to the previous year, also thanks to the contribution of some one-off projects with our main client.

During 2017 the revenues linked to those initiatives could be replaced by the additional revenues from the organic growth of the business, leading to results close to those of 2016.

2.12. Other information

2.12.1. Offices

The registered offices of the Issuer and of the Italian subsidiaries are located in Via Felice Casati, 1/A, Milan.

The registered and operating offices of Finprom S.r.l. are in Str. Cocorilor n. 24/A., Arad, Romania.

The administrative offices of the Group are located at via Desenzano 2, Milan, except for 7Pixel S.r.l., whose administrative office is at Via Lanzoni, 13, Giussago (PV).

The following table shows the operating offices of the Group as of December 31, 2016:

Address	City
Via Desenzano, 2	Milan
Via Igola snc	Cagliari
Zona Industriale Strada C	Villacidro
Via Romolo Ossani, 14	Faenza (RA)
Via Volta 5/4	Faenza (RA)
Via Lanzoni, 13	Giussago (PV)
Via Dazio Vecchio 7	Varese
Via De Marini 53	Genoa

2.12.2. Relations with related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Relations with related parties are mainly relations with the companies of the Group.

In particular, the main items refer to receivables of the Issuer with part of its subsidiaries derived from the adhesion to the tax consolidation regime for Euro 5,992 thousand, and receivables of the remaining subsidiaries with the Issuer derived from the adhesion to the tax consolidation regime for a total amount equal to Euro 1,190 thousand.

Concerning the main commercial relationships among companies of the Group, they are mainly represented by services, provided at arm's length. In particular, we highlight:

- revenues for advertising services provided by subsidiary Segugio.it S.r.l. for a total amount equal to Euro 6,073 thousand;

- revenues for rent and office residence services, related to the operating offices in Cagliari and the administrative and operating offices in via Desenzano 2, Milan, provided by subsidiary PP&E S.r.l. to other companies of the Group, for a total amount equal to Euro 2,344 thousand;

- revenues for outsourcing services provided by subsidiary Finprom S.r.l. to other companies of the Group, for a total amount equal to Euro 4,574 thousand.

As of December 31, 2016, in the face of the different commercial relationships among the companies of the Group, there are trade receivables/payables among the different companies of the Group for a total amount of Euro 6,889 thousand.

During the financial year ended December 31, 2016, subsidiary EuroServizi per i Notai S.r.l. resolved and paid dividends to the Issuer equal to Euro 1,508 thousand while subsidiary CreditOnline Mediazione Creditizia S.p.A. resolved the distribution of dividends to the Issuer for a total amount of Euro 6,500 thousand and Cercassicurazioni.it S.r.l. resolved the distribution of dividends to the Issuer for a total amount of Euro 2,500 thousand. Those dividends were not paid during the financial year. The receivables of the Issuer from subsidiaries for accrued dividends as of December 31, 2015, equal to Euro 3,000 thousand, were paid during the financial year ended December 31, 2016. Therefore, as of December 31, 2016, there are receivables of the Issuer from subsidiaries for a total amount of Euro 9,000 thousand.

Moreover, it is worth pointing out that in the financial year ended December 31, 2016, revenues include Euro 123 thousand charged to the joint venture Generale Servizi Amministrativi S.r.l. for direction, coordination and professional services provided by the Issuer and consulting services provided by Centro Istruttorie S.p.A.. As of December 31, 2016, there are trade receivables versus the joint venture Generale Servizi Amministrativi S.r.l. for Euro 26 thousand. We have not identified any other relations with related parties.

2.12.3. Risk management

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to 1-month Euribor increased by 2.09% for the amortizing period (five years).

The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half 2015, is equal to 6-month Euribor increased by 2.00% and is subject to changes for the duration of the contract based on the rate between Net Financial Indebtedness and EBITDA. It is worth pointing out that, based on the values of the parameters in the consolidated financial statement for the financial year ended and as of December 31, 2016, the spread to be applied to the loan starting from July 1, 2017 is expected to be 1.75%.

A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 341 thousand in 2017. It is worth pointing out that such variation of the interest rate would be more to a large extent compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold these assets to maturity.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 40,334 thousand, of which the overdue portion as of December 31, 2016 is equal to Euro 7,289 thousand, of which Euro 1,138 thousand is overdue for over 90 days.

Most of the gross overdue receivables were paid by the clients during the first months of 2017. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2016, amount to Euro 1,885 thousand, of which Euro 726 thousand refers to receivables already overdue for over 90 days as of December 31, 2016.

Trade receivables are mainly versus banks and other financial institutions, insurance companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 969 thousand.

Furthermore, it is worth mentioning that, following the diversification of the operations of the Group, we no longer notice significant concentration of revenues on any client: in 2016 the revenues from the main client of the Group represent 9.8% of total consolidated revenues.

Liquidity risk

Liquidity risk represents the risk that a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2016 is Euro 42,231 thousand, and, in the light of the value of Net Working Capital as of December 31, 2016, the management believes that there is no liquidity risk for the Group.

Operating risk and business continuity

The technological component is an essential element for the operating activities of the Group; therefore, there is the risk that the possible malfunctioning of the technological infrastructure may cause an interruption of client services or loss of data. However, the companies of the Group have developed a series of plans, procedures and tools to guarantee business continuity and data security.

Considering the economic and financial situation for the financial year ended December 31, 2016, in particular the available reserves, and taking into account the trend of the Net Working Capital and of the economic and financial situation, the separated and consolidated financial reports have been prepared with a perspective of business continuity.

2.12.4. Information concerning environment and human resources

With regards to the management of human resources and of environmental matters for the financial year ended December 31, 2016, we are not aware of any events that could entail any responsibility of the Group.

2.13. Net income allocation and dividend distribution proposal

The net income of the Issuer for the financial year ended December 31, 2016 is Euro 9,289,082. This income is influenced by the distribution of part of the distributable reserves of the subsidiaries.

The board of directors resolved to propose to the shareholders' meeting the following allocation of the net income of the year:

- Euro 8,655,091.82 for the distribution of dividends to shareholders in the amount of Euro 0.23 per outstanding share, with *ex-dividend* date May 8, 2017, record date May 9, 2017 and payable date May 10, 2017;

- for the remaining part, equal to Euro 633,990.18, to retained earnings.

Taking into consideration the available reserves and the financial condition of the Issuer, the board of directors also resolved to propose to the shareholders' meeting a distribution of an extraordinary dividend of Euro 2,634,158.38 corresponding to Euro 0.07 per outstanding share, with *ex-dividend* date May 8, 2017, record date May 9, 2017 and payable date May 10, 2017. Such dividend will be fully paid out from retained earnings, equal to Euro 3,535,052 as of December 31, 2016.

The total amount of the dividend, ordinary and extraordinary, will hence be Euro 11,289,250.20, corresponding to Euro 0.30 per outstanding share, payable, gross of any applicable withholding tax, from May 10, 2017, with *ex-dividend* date of Coupon n. 10 on May 8, 2017 and record date May 9, 2017.

Milan, March 14, 2017

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

CONSOLIDATED ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared according to IAS/IFRS

3. CONSOLIDATED ANNUAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

3.1. Financial statements

3.1.1. Consolidated statement of financial position

(euro thousand)	Note	As of December 31, 2016	December 31, 2015
ASSETS			
Intangible assets	7	53,874	57,932
Property, plant and equipment	9	13,412	11,485
Participation measured with equity method	10	1,224	2,642
Deferred tax assets	11	1,402	-
Other non-current assets	12	804	61
Total non-current assets		**70,716**	**72,120**
Cash and cash equivalents	13	42,231	32,451
Financial assets held to maturity		677	817
Trade receivables	14	40,334	39,156
(of which) with related parties	*38*	*26*	*97*
Contract work in progress	15	318	243
Tax receivables	16	2,678	183
Other current assets	17	2,967	3,241
Total current assets		**89,205**	**76,091**
TOTAL ASSETS		**159,921**	**148,211**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	26	953	947
Other reserves	26	44,190	29,435
Net income	26	21,591	22,047
Total group shareholders' equity	**26**	**66,734**	**52,429**
Minority interests		7,874	5,655
Total shareholders' equity		**74,608**	**58,084**
Long-term borrowings	18	30,179	37,119
Provisions for risks and charges	19	385	375
Defined benefit program liabilities	20	9,812	8,148
Deferred tax liabilities		-	126
Other non current liabilities	21	7,642	6,171
Total non-current liabilities		**48,018**	**51,939**
Short-term borrowings	22	4,870	5,388
Trade and other payables	23	16,407	12,904
(of which) with related parties	*38*	*35*	-
Tax payables	24	1,417	6,523
Other current liabilities	25	14,601	13,373
Total current liabilities		**37,295**	**38,188**
TOTAL LIABILITIES		**85,313**	**90,127**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**159,921**	**148,211**

3.1.2. Consolidated income statement

(euro thousand)	Note	Years ended December 31, 2016	December 31, 2015
Revenues	28	138,069	120,719
(of which) with related parties	*38*	*123*	*137*
Other income	29	2,339	2,281
(of which) with related parties	*38*	*1*	*7*
Capitalization of internal costs		939	768
Services costs	30	(50,702)	(41,467)
(of which) with related parties		*(110)*	-
Personnel costs	31	(43,829)	(40,799)
Other operating costs	32	(4,295)	(3,669)
Depreciation and amortization	33	(7,277)	(5,785)
Operating income		**35,244**	**32,048**
Financial income	34	99	195
Financial expenses	34	(1,033)	(1,021)
Income/(losses) from participation	34	19	2,592
Income from acquisition of control		-	219
Income/(losses) from financial assets/liabilities	34	(96)	(492)
Net income before income tax expense		**34,233**	**33,541**
Income tax expense	35	(9,418)	(10,061)
Net income		**24,815**	**23,480**
Attributable to:			
Shareholders of the Issuer		**21,591**	**22,047**
Minority interest		**3,224**	**1,433**
Earnings per share basic *(Euro)*	40	0.58	0.59
Earnings per share diluited *(Euro)*	40	0.54	0.55

3.1.3. Consolidated comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2016	December 31, 2015
Net income		**24,815**	**23,480**
Currency translation differences		(18)	(29)
Actuarial gain/(losses) on defined benefit program liability	20	(354)	1,182
Tax effect on actuarial gain/(losses)	20	68	(325)
Total other comprehensive income		**(304)**	**828**
Total comprehensive income for the period		**24,511**	**24,308**
Attributable to:			
Shareholders of the Issuer		**21,287**	**22,875**
Minority interest		**3,224**	**1,433**

3.1.4. Consolidated statement of cash flows

(euro thousand)	Note	Years ended December 31, 2016	Years ended December 31, 2015
Net income		**24,815**	**23,480**
Amortization and depreciation	7, 9	7,277	5,785
Stock option expenses	27	550	550
Capitalization of internal costs	7	(939)	(768)
Interest cashed		36	62
Income from acquisition of control		-	(219)
Losses from financial assets/liabilities		96	-
Changes of the value of the participation evaluated with the equity method	34	(19)	(2,592)
Income tax paid	24	(15,727)	(3,134)
Changes in contract work in progress		(75)	20
Changes in trade receivables/payables		2,325	(9,671)
Changes in other assets/liabilities		7,750	12,322
Changes in defined benefit program liability		1,664	583
Changes in provisions for risks and charges		10	79
Net cash provided by operating activities		**27,763**	**25,486**
Investments:			
- Increase of intangible assets	7	(919)	(678)
- Increase of property, plant and equipment	9	(3,297)	(1,835)
- Acquisition of subsidiaries		-	(44,676)
- Acquisition of minorities in subsidiaries		-	(1,326)
- Increase of participations evaluated with the equity method	10	(813)	(38)
Disposals:			
- Decrease of property, plant and equipment	9	9	5
- Decrease of financial assets held to maturity		140	952
- Dividends from joint venture	10	2,250	-
Net cash used in investing activities		**(2,630)**	**(47,596)**
Increase of financial liabilities		-	34,398
Interest paid		(720)	(747)
Decrease of financial liabilities		(7,557)	(984)
Sale/(purchase) of own shares	26	(498)	1,585
Dividends paid to minorities		(1,005)	-
Dividends paid	26	(5,568)	(4,429)
Net cash used in financing activities		**(15,348)**	**29,823**
Net increase/(decrease) in cash and cash equivalents		**9,785**	**8,724**
Net cash and cash equivalent at the beginning of the period		32,442	23,718
Net cash and cash equivalents at the end of the period		**42,227**	**32,442**
Cash and cash equivalents at the beginning of the year	13	32,451	23,730
Current account overdraft at the beginning of the year	13	(9)	(12)
Net cash and cash equivalents at the beginning of the year		**32,442**	**23,718**
Cash and cash equivalents at the end of the year	13	42,231	32,451
Current account overdraft at the end of the year	13	(4)	(9)
Net cash and cash equivalents at the end of the year		**42,227**	**32,442**

3.1.5. Consolidated statement of changes in shareholders’ equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings inluding net income of the year	Total gruop shareholders' equity	Minority interest	Total
Shareholders' equity as of December 31, 2014	**935**	**200**	**520**	**33,037**	**34,692**	**1,383**	**36,075**
Distribution of an ordinary dividend	-	-	-	(4,429)	**(4,429)**	-	**(4,429)**
Purchase of own shares	(10)	-	-	(2,882)	**(2,892)**	-	**(2,892)**
Exercise of stock options	22	-	4,453	-	**4,475**	-	**4,475**
Stock option plan	-	-	550	-	**550**	-	**550**
Other movements	-	-	(2,842)	-	**(2,842)**	2,839	**(3)**
Net income of the year	-	-	828	22,047	**22,875**	1,433	**24,308**
Shareholders' equity as of December 31, 2015	**947**	**200**	**3,509**	**47,773**	**52,429**	**5,655**	**58,084**
Distribution of an ordinary dividend	-	-	-	(5,568)	**(5,568)**	-	**(5,568)**
Purchase of own shares	(19)	-	-	(5,735)	**(5,754)**	-	**(5,754)**
Exercise of stock options	26	-	5,230	-	**5,256**	-	**5,256**
Stock option plan	-	-	550	-	**550**	-	**550**
Other movements	-	-	(1,466)	-	**(1,466)**	(1,005)	**(2,471)**
Net income of the year	-	-	(304)	21,591	**21,287**	3,224	**24,511**
Shareholders' equity as of December 31, 2016	**954**	**200**	**7,519**	**58,061**	**66,734**	**7,874**	**74,608**
Note	26	26	26, 27				

3.2. Explanatory notes to the consolidated financial statements

1. General information

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial sector.

This consolidated annual report, including the consolidated statement of financial position, consolidated comprehensive income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity as of and for the year ended December 31, 2016 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2016 and published in the EU regulations as of this date.

In particular, the IFRS have been consistently applied to all the periods presented.

The Group has elected the "non-current/current" presentation for the statement of financial position, the presentation of costs by nature for the income statement, the comprehensive income statements and the indirect method for the preparation of the statement of cash flows.

The statement of changes in shareholders' equity was prepared according with IAS 1.

These consolidated financial statements have been prepared in Euro, the currency of the primary economic environment in which the Group operates.

All the amounts included in the tables of the following notes are in thousands of Euros, except where otherwise stated.

These consolidated financial statements have been prepared according to the going concern assumption.

The Board of Directors approved the publication of the present document on March 14, 2017. This document will be presented to the general meeting on April 27, 2017.

2. Basis of preparation of the consolidated financial statements

The following consolidation procedures have been applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2016.

The consolidated financial statements of the Group include the financial statements of Gruppo MutuiOnline S.p.A. and its subsidiaries, over which the Company exercises direct or indirect control and the value measured with the equity method of joint ventures and of associated companies.

Subsidiaries are consolidated from the date when control is acquired until the date when it ceases. Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable, if substantial, at the reporting date is also taken into consideration for the purposes of determining control.

Furthermore, it is worth pointing out that once control of an entity is obtained, transactions, in which further minority interests are acquired or ceased, without modifying the control exercised on the subsidiary, are considered transactions with the shareholders and therefore should be recorded as equity transactions, without recording any effect in the comprehensive income statement. Subsidiaries are consolidated on a line-by-line basis. The criteria adopted for consolidation on a line-by-line basis are:

- the assets and liabilities, income and expenses of the entirely consolidated entities are taken line by line, attributing to minority interest the portion of the shareholders' equity and net income for the year due to it; this portion is disclosed separately in the consolidated statement of financial position and consolidated comprehensive income statement;
- the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Assets, liabilities and possible liabilities acquired are booked at the fair value at the date of the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement, after an audit of the correct measurement of the fair value of the assets and the liabilities acquired and of the cost of acquisition. Business combinations between entities under "common control" are accounted for with the pooling of interest method, thus recognizing assets and liabilities of the acquired entity without fair value adjustments, but adjusted for eventual differences of accounting standards used and IFRS;
- inter-company transactions and balances, as well as the relevant tax effects, are eliminated. Significant unrealized inter-company gains and losses are eliminated; as an exception, unrealized losses are not eliminated when they provide evidence for impairment of the asset transferred;
- gains and losses from the disposal of investments in subsidiaries are recognized in the income statement for an amount equal to the difference between the sale price and the net assets of the investment.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associated companies are companies, which are neither subsidiaries nor joint-ventures, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and associated companies are evaluated with the equity method.

3. Scope of consolidation

The consolidation area includes all the entities on which the Issuer exercises control, directly or indirectly, and the companies on which the Issuer exercises a significant influence.

The controlled and associated entities as of December 31, 2016 are:

Name	Registered office	Share capital (Euro)	Consolidation method	% of ownership
7Pixel S.r.l.	Milan (Italy)	10,500	Line-by-line	51%
Centro Finanziamenti S.p.A.	Milan (Italy)	2,000,000	Line-by-line	100%
Centro Istruttorie S.p.A.	Milan (Italy)	500,000	Line-by-line	100%
Centro Processi Assicurativi S.r.l.	Milan (Italy)	50,000	Line-by-line	100%
Centro Servizi Asset Mangement S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
CercAssicurazioni.it S.r.l.	Milan (Italy)	100,000	Line-by-line	100%
CreditOnline Mediazione Creditizia S.p.A.	Milan (Italy)	200,000	Line-by-line	100%
Effelle Ricerche S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
EuroServizi per i Notai S.r.l.	Milan (Italy)	10,000	Line-by-line	60%
Finprom S.r.l.	Arad (Romania)	9,618	Line-by-line	100%
Innovazione Finanziaria SIM S.p.A.	Milan (Italy)	2,000,000	Line-by-line	100%
IN.SE.CO. International Service Consulting S.r.l.	Milan (Italy)	10,400	Line-by-line	100%
Klikkapromo S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
Mikono S.r.l.	Milan (Italy)	10,000	Line-by-line	51%
Money360.it S.p.A.	Milan (Italy)	120,000	Line-by-line	100%
MutuiOnline S.p.A.	Milan (Italy)	1,000,000	Line-by-line	100%
PP&E S.r.l.	Milan (Italy)	100,000	Line-by-line	100%
Quinservizi S.p.A.	Milan (Italy)	150,000	Line-by-line	100%
Segugio Servizi S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
Segugio.it S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
ShoppyDoo S.L.U.*	Madrid (Spain)	3,500	Line-by-line	100%
Generale Servizi Amministrativi S.r.l.	Milan (Italy)	50,000	Equity method	50%
Zoorate S.r.l.*	Milan (Italy)	415,654	Equity method	40%
Generale Fiduciaria S.p.A.	Milan (Italy)	200,000	Equity method	10%

** Indirectly controlled through 7Pixel S.r.l. The percentage in the table correspond to the stake held by 7Pixel S.r.l..*

Over the financial year ended December 31, 2016 the consolidation area changed following the acquisition of the participation in Zoorate S.r.l., purchased by the subsidiary 7Pixel S.r.l., and the acquisition of the participation in Generale Fiduciaria S.p.A..

For the calculation of the equivalent value in Euro of the financial amounts in foreign currency of the Rumanian subsidiary Finprom S.r.l. we applied the following exchange rates:

RON/Euro	2016	2015
Balance sheet items	4.539	4.524
Income statement items	4.497	4.447

4. Accounting policies

The consolidated financial statements are prepared at cost, with the exception of items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

The principal accounting policies are set out below.

A) Intangible assets

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

The item includes the goodwill referred to business combinations.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Research and development costs

Research and development costs are recognized as an expense as incurred. Costs incurred on development projects are recognized as intangible assets when:

- development activity is clearly identified and its costs can be measured reliably;
- technological feasibility is demonstrated;

- the intention of completing the project and selling the intangible goods generated are demonstrated;

- a prospective market exists or, in case of internal use, the benefits of the intangible asset for the production of intangible goods generated by the project is demonstrated;

- the necessary technological and financial resources for the completion of the project are available.

Amortization is calculated on a straight-line basis over 3 years, which represents the estimated useful life of the asset.

(b) Licenses and other rights

Licenses and other rights are amortized on a straight-line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Land	not depreciated
Buildings	30 years
Generic equipment	5 years
Specific equipment	2.5-7 years
Leasehold improvements	shorter of contract duration and useful life
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments measured with the equity method

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured for an amount equal to the corresponding fraction of equity in the last financial statements of the same entities, after the transfer of dividends and the application of adjustments in accordance with the disclosures for the preparation of the financial statements.

Gains and losses arising from changes of the adjusted equity of associated companies are recorded in the income statement for the period in which they arise.

D) Assets held under finance leases

Property, plant and equipment acquired through finance lease contracts where the benefits and risks of the assets are substantially transferred to the Group are accounted for at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding lease liability is included in financial liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life, in accordance with the periods of depreciation previously described, and the lease term. If the transfer of the property of the asset leased at the end of the contract is not certain, the depreciation period is represented by the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are recognized as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

E) Business combinations

Business combinations are valued with the acquisition method.

The cost of the acquisition is determined by the sum of the considerations transferred in a business combination, measured at the fair value at the acquisition date, the acquired liabilities and the equity instruments issued. The assets, the acquired liabilities and the potential liabilities in a business combination are initially measured at their fair value.

The minority interests in the acquired entity are measured at their fair value and at the *pro-quota* value of the net assets recognized for the acquired company.

The surplus between the considerations transferred, the amount of the minority interests and the fair value of the non-controlling participations held before the acquisition date, compared to the fair value of the controlling stake of the net assets acquired, is recorded as goodwill.

If the value of the net assets acquired at the acquisition date exceeds the sum of the considerations transferred, of the minority interests and of the fair value of any previously held participation in the acquired company, this surplus is recorded as income of the closed transaction in the income statement.

According to provisions of IFRS 3, in step acquisitions (acquisitions achieved in stages) a business combination is achieved only after control has been obtained, and at this moment all the acquired entity's identifiable net assets should be measured at the fair value; minority interests should be measured based on their fair value or based on the proportionate share of the fair value of identifiable net assets of the acquired entity (a method already permitted under the previous version of IFRS 3).

In a step acquisition of an associate, the previously held investment, until then accounted according to IAS 39 ("Financial instruments: recognition and measurement"), or according to IAS 28 ("Investments in Associates") or according to IFRS 11 ("Joint arrangements), shall be treated as if it had been sold and repurchased as of the date on which control is acquired. This participation should be measured at its "sale" date fair value and the resulting profit or loss of this measurement should be recorded in the income statement. In addition, any value previously recorded in the shareholder's equity, which should be charged in the income statement after the sale of the relevant assets, should be reclassified in the income statement. The goodwill or income (in case of badwill) deriving from the deal concluded with the subsequent acquisition should be determined as the sum of the compensation paid to acquire the control, the value of minority interests (measured according to one of the methods permitted by the standard), and the fair value of the previously held minority shareholdings, net of the fair value of the identifiable net assets of the acquired entity.

In addition, according to IFRS 3 the costs related to the acquisition of business combinations are recognized as expenses in the period in which these costs are incurred. Finally, under IFRS 3 contingent consideration is recognized as a part of the transfer price of the acquired net assets and is measured at the acquisition date fair value. The fair value of these liabilities is restated as of the date of each financial report. Similarly, if the combination agreement includes the right to return some consideration components if specified conditions are met, that right is classified as an asset by the acquirer. Any subsequent changes in the fair value of the net assets acquired should be recognized as adjustments to the original accounting treatment only if they are determined by additional or better information about the fair value and occur within 12 months from the acquisition date; all other changes must be recorded in profit or loss.

F) <u>Impairment</u>

The Group verifies, at least annually, whether there are indicators of a potential loss in value of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.

In addition, intangible assets with an indefinite useful life or that are not available for use and goodwill are subject to an impairment test each year, or more frequently if there is an indication that the asset may have been subject to a loss in value.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs and the value in use.

In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.

The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.

Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information.

The discount rate applied takes into account the implicit risk of the business segment.

When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows (CGU or Cash Generating Unit).

A loss of value is reported if the recoverable value of an asset is lower than its carrying value.

This loss is booked to the income statement unless the asset was previously written up through a shareholders' equity reserve.

In this case, the reduction in value is first allocated to the revaluation reserve.

If, in a future period, a loss on assets, other than goodwill, does not materialize or is reduced, the carrying value of the asset or CGU is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.

The recovery of a loss of value is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

The value in use of an asset that does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related cash generating unit exceeds its recoverable value. Whenever circumstances causing impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

Goodwill is not amortized, but is subject annually, or more frequently if specific events or changes in circumstances indicate that the asset might be impaired, to tests in order to identify possible impairments. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The impairment of goodwill recorded as of the date of the financial report is shown in the income statement under depreciation of intangible assets.

G) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short-term investments (readily convertible to cash within three months). Overdrafts are included in short-term borrowings and are measured at fair value.

H) Financial assets held to maturity

These financial assets are low-risk bonds, not representing equity instruments, purchased by the Group and not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

I) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

J) *Own shares*

Own shares are booked as a reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

K) *Contract work in progress*

Contract work in progress refers to loan case processing services which are not completed as of the balance sheet date, only with reference to cases for which the revenues are not accrued

The provision of processing services comprises several separate stages.

Contract work in progress is measured according to the direct production cost method, which prescribes that individual loan cases are valued according to the costs incurred for achieving the current stage of work in progress. A devaluation, which represents an estimate of the probable decay based on historical experience of unsuccessful cases, is applied for the recognition of work in progress at the balance sheet date.

As these costs consist almost exclusively in personnel costs, the positive and negative changes of contract work in progress will appear in the consolidated income statement under "Personnel Costs".

L) *Trade payables and financial liabilities*

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initial effective interest rate.

M) *Provisions for risks and charges*

Provisions are recognized when; (i) the existence of a current obligation, legal or implicit, arising from a past event, is probable; (ii) it is probable that the fulfillment of the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated. Provisions are recognized based on the best estimate of the expenditure required to settle the present obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the timing of the obligation is significant and the dates of the payments can be reliably estimated, the provision is discounted back. Provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

N) *Defined benefit program liability*

Employee termination benefits ("*Trattamento Fine Rapporto*", or "TFR"), which are compulsory for Italian companies in accordance with the civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements.

The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that become effective in 2007 had no material impact on the evaluation method adopted by the Group because the percentage of employees adhering to the funds at the relevant date was low and besides the greater part of employees of the companies of the Group is employed in companies that did not exceeded the limits, provided by the new law and calculated on the average number of employees in 2006, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

O) Share based payments

The Group has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date, the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

P) Revenue recognition

Revenues and other income are recognized net of discounts, allowances and bonuses and of the provision for possible repayments of commissions upon early repayment or insolvency of brokered loans.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Group.

The methods of revenue recognition for the main activities of the Group are as follows:

(a) Credit and insurance broking services

Revenues from credit and insurance broking services are recognized upon the actual disbursement of loans by lenders or the actual underwriting of contracts by insurance companies, that being the moment when the Group earns its commission on broking services.

(b) Processing services

Revenues from business process outsourcing are recognized based on the accrual of our remuneration.

Q) Government grants

Government grants are recognized when it is reasonably certain that the Group will respect the related conditions and they will be received.

R) Cost recognition

Costs are recognized as the assets and services are consumed during the relevant period or when they are sustained, or when it is not possible to determine future economic benefits.

S) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

T) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income taxes are determined based on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseeable period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Substitute tax relates to the revaluation of assets according to Italian tax legislation and is recognized in income tax expense in the income statement. Other taxes, not related to income, are recognized in other operating costs in the income statement.

The joint venture GSA S.r.l., the Issuer and the shareholder with whom we exercise joint control, have adhered to the tax transparency regime, on the basis of which the taxable income generated by the joint venture is attributed to the shareholders in the relevant tax period, regardless of whether the shareholders effectively received such income, that is even if dividends are not distributed. The taxable income is transferred to the shareholders of the joint venture as of the end of tax period, proportionally to the stakes held at the beginning of the tax period. The transferred tax liability is recorded among "Current tax liabilities", meanwhile the receivable from the joint venture is recorded among "Other current assets".

U) Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, excluding own shares, assuming the exercise of all potentially dilutive rights, whilst the Group's net income is adjusted to account for the effect of the conversion, net of taxes. The diluted earnings per share are not calculated in the event of losses, given that any such calculation would result in an improvement in the Group's results.

V) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Deferred taxes

Deferred tax assets/liabilities are recognized on the basis of expectations of future earnings. The estimate of future earnings for purposes of the recognition of deferred taxes depends on factors that could vary over time and significantly affect the amount of deferred tax assets/liabilities.

(b) Stock options

The valuation of stock option plans is based on valuation techniques that take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

(c) Impairment test for the evaluation of goodwill and participations

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

(d) Fair value of net assets acquired in a business combination

Pursuant to IFRS 3, the Group records the identifiable acquired assets and liabilities at fair value as of the date of acquisition of control. The residual amount is recorded as goodwill arising from the acquisition. These values have been determined by estimating the identifiable assets and liabilities, based on reasonable and realistic assumptions using the information available at the date when control was acquired, which had an effect on the value of the recognized assets, liabilities and goodwill, as well as on the revenues and expenses for the period.

W) New principles effective starting from the financial year ended December 31, 2015, that did not generate any effect on the Group

It is also worth mentioning that the following accounting principles, amendments and interpretations effective from January 1, 2016 are not relevant to or have not generated any effect on the Group:

- IFRS 14 "Regulatory deferral accounts";
- amendments to IFRS 11, "Joint arrangements: acquisition of an interest in a joint operation";
- amendments to IAS 16 "Property, plant and equipment" and to IAS 38 "Intangible assets" – "Clarification on acceptable amortization methods";
- amendments to IAS 16, "Property, plant and equipment", and to IAS 41, "Agriculture: fruit bearing plants";
- amendments to IAS 27, "Separate financial statements: equity method";
- annual improvements 2012-2014;
- IFRS 7, "Financial instruments: disclosure";
- amendments to IAS 19, "Defined benefit plan employees";
- amendments to IAS 1 "Presentation of financial statements" on required disclosure;
- amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities applying consolidation exception.

X) Accounting principles recently approved by European Commission and not yet effective

Finally, it is worth mentioning that for the following accounting principles, amendments and interpretations, not yet effective or not early adopted by the Group, we are evaluating the impact on the consolidated financial statements of the Group:

- IFRS 15 "Revenue from contracts with customers", not issued, effective from January 1, 2018;
- IFRS 9 "Financial instruments", not issued, effective from January 1, 2018
- IFRS 16 "Leasing", not issued, effective from January 1, 2019.

With regard to IFRS 9, based on the preliminary analyses performed, at the moment no significant impacts are expected for the Group.

With regard to IFRS 15 and IFRS 16, the Group will start an assessment on them, in order to define, during the next months, the impact on the consolidated financial statement of the Issuer and give a first indication about impacts and magnitude of the same in the occasion of the 2017 half year report.

5. Financial risk analysis

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to to 1-month Euribor increased by 2.09% for the amortizing period (five years).

The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half 2015, is equal to 6-month Euribor increased by 2.00% and is subject to changes for the duration of the contract based on the rate between Net Financial Indebtedness and EBITDA. It is worth pointing out that, based on the values of the parameters in the consolidated financial statement for the financial year ended and as of December 31, 2016, the spread to be applied to the loan starting from July 1, 2017 is expected to be 1.75%.

A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 341 thousand in 2017. It is worth pointing out that such variation of the interest rate would be to a large extent compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold to maturity these bonds.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 40,334 thousand, of which the overdue portion as of December 31, 2016 is equal to Euro 7,289 thousand, of which Euro 1,138 thousand is overdue for over 90 days.

The majority of the gross overdue receivables were paid by the clients during the first months of 2017. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2016, amount to Euro 1,885 thousand, of which Euro 726 thousand refers to receivable already overdue for over 90 days as of December 31, 2016.

Trade receivable are mainly versus banks and other financial institutions, insurance companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 852 thousand.

Furthermore, it is worth mentioning that, following the diversification of the operations of the Group, we no longer notice concentration of revenues on any client: in 2016 the revenues from the main client of the Group represent 9.8% of total consolidated revenues.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2015 is Euro 42,231 thousand, and, in the light of the value of Net Working Capital as of December 31, 2016, the management believes that there is no liquidity risk for the Group.

6. Segment reporting

The primary segment reporting is by business segments; the Executive Committee identifies the business segments of the Group in Broking and BPO Division:

- **Broking Division**: the division operates in the Italian market for credit and insurance distribution, operating as a credit intermediary and insurance broker, as well as in e-commerce product comparison. The credit products that we broker are mainly mortgages and personal loans, provided to retail clients primarily through remote channels and secondarily through the territorial network. The lenders using the credit intermediation services of the Broking Division are primary universal and specialized banks and include some of the main financial institutions operating in the Italian market. The brokered insurance products are mainly auto and motorcycle insurance policies, distributed through remote channels. Moreover, the business of the Division also includes comparison and/or promotion of further products, including e-commerce products, bank accounts and utilities (ADSL, electricity and gas).

- **BPO Division (Business Process Outsourcing Division)**: operates in the Italian market for outsourcing services to financial institutions, which consist principally of performing complex commercial, underwriting and portfolio servicing activities related to mortgages and CQ Loans, in the market for management and claim settlement outsourcing services and, finally, in the market for the provision of back office outsourcing services supporting financial advisors and asset management companies. The financial institutions using the services of the BPO Division include primary national and international financial institutions.

Detailed information relative to each Division is provided below. For this purpose, it is worth highlighting that the allocation of the costs incurred by the Issuer and by PP&E S.r.l. for the benefit of each Division is based on the relevant headcount in Italy at the end of the period.

Revenues by Division

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Broking Division revenues	60,985	57,151
BPO Division revenues	77,084	63,568
Total revenues	**138,069**	**120,719**

Operating income by Division

(euro thousand)	Years ended December 31, 2016	December 31, 2015
Broking Division operating income	16,419	18,124
BPO Division operating income	18,825	13,924
Total operating income	**35,244**	**32,048**
Financial income	99	195
Financial expenses	(1,028)	(1,021)
Income/(losses) from participations	19	2,592
Income/(losses) from acquisition of control	-	219
Income/(losses) from financial assets/liabilities	(101)	(492)
Net income before income tax expense	**34,233**	**33,541**

As follows we provide the breakdown of revenues by client for each Division:

(euro thousand)	Years ended December 31, 2016	(a)	December 31, 2015	(a)
Client A	5,307	8.7%	5,245	10.8%
Client B	3,475	5.7%	5,291	9.6%
Client C	3,030	5.0%	3,378	9.5%
Client D	2,565	4.2%	3,125	8.5%
Other Clients	46,608	76.4%	40,112	61.7%
Total Broking Division revenues	**60,985**	**100.0%**	**57,151**	**100.0%**
Client E	10,994	14.3%	6,844	14.6%
Client D	8,631	11.2%	6,432	12.7%
Client F	7,812	10.1%	5,989	11.3%
Client G	6,316	8.2%	2,245	10.4%
Other Clients	43,331	56.2%	42,058	50.9%
Total BPO Division revenues	**77,084**	**100.0%**	**63,568**	**100.0%**

(a) Percentage of total Division revenues

Assets by Division

The allocation of property, plant and equipment shared by both Divisions is based on space occupied.

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Broking Division assets	89,509	74,034
BPO Division assets	25,481	36,609
Not allocated	2,700	5,117
Cash and cash equivalents	42,231	32,451
Total assets	**159,921**	**148,211**

Liabilities by Division

(euro thousand)	**As of December 31, 2016**	**As of December 31, 2015**
Broking Division liabilities	49,231	37,627
BPO Division liabilities	7,401	18,329
Not allocated	28,681	34,171
Total liabilities	**85,313**	**90,127**

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

7. Intangible assets

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2016 and 2015:

(euro thousand)	Development costs	Licenses and other rights	Goodwill	Other intangible assets	Intangible assets in progress	Total
Net value as of January 1, 2015	**805**	**197**	**9,686**	**-**	**-**	**10,688**
Increases	786	659	-	1	-	1,446
Other movements	5,361	11,341	33,374	262	38	50,376
Amortization expense	(2,177)	(2,382)	-	(19)	-	(4,578)
Net value as of December 31, 2015	**4,775**	**9,815**	**43,060**	**244**	**38**	**57,932**
Increases	1,038	812	-	8	-	1,858
Other movements	238	38	-	(238)	(38)	-
Amortization expense	(2,902)	(3,002)	-	(12)	-	(5,916)
Net value as of December 31, 2016	**3,149**	**7,663**	**43,060**	**2**	**-**	**53,874**

Development costs mainly refer to the personnel costs capitalized for the creation and development of the technological infrastructure relative to the web sites and to the creation of the software solutions, such as the software platforms used by Group companies to perform their activities.

The item "Licenses and other rights" includes mainly licenses for the utilization of third party software and trademarks of the Group. The increases of financial year ended December 31, 2016, equal to Euro 812 thousand, refer to software licenses purchased during the financial year.

There are no research and development costs directly recognized in the income statement.

The item "Goodwill" includes the goodwill determined from the allocation of the purchase prices of the investments acquired.

8. Recoverability of intangible assets

The following table presents the detailed goodwill reported as of December 31, 2016 and subject to impairment test:

(euro thousand)	As of December 31, 2016
7Pixel S.r.l.	33,374
Quinservizi S.p.A.	4,343
Centro Processi Assicurativi S.r.l.	2,801
INSECO S.r.l.	2,240
CESAM S.r.l.	172
EuroServizi per i Notai S.r.l.	130
Total goodwill	**43,060**

Each goodwill recorded in the financial statement as of December 31, 2016 and indicated above belongs to a specific CGU.

As regards the determination of the recoverable amount of the CGUs, based on the value-in-use method, the cash flows generated by the CGUs themselves has been estimated. Forecasts of operating cash flows derive from the relevant 2017 budgets and the 2018-2019 strategic plans approved by the Board of Directors of the Issuer held on March 14, 2017.

The main assumptions regarding the value-in-use of the CGUs are the operating cash flows during the three-year forecasted period, the discount rate and the growth rate used to determine the terminal value, equal to 1.3%.

The composition of future cash flows has been determined based on reasonable, prudent and consistent criteria regarding the attribution of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts refer to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated with the discounted cash flow formula for perpetuities.

The in-use value of the CGUs has been determined by discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the CGUs' reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation.

The discount rate used for the CGUs of BPO Division subject to impairment at the evaluation date is equal to 7.28% and it is the same for each CGU evaluated as they all provide outsourcing services for credit, insurance and/or financial processes and the reference markets are substantially similar, while the discount rate used for the 7Pixel S.r.l. CGU at the evaluation date is equal to 8.88%.

As of December 31, 2016, the in-use values of the CGUs evaluated, determined as described above, are higher if compared to the carrying amounts of the assets allocated to them, goodwill included.

Keeping into consideration the actual situation of volatility of the markets and of uncertainty upon future economic perspectives, we developed a sensitivity analysis on the recoverable value of goodwill.

In particular, we developed a sensitivity analysis on the recoverable amount of the CGUs, assuming an increase of the discount rate, a decrease on the perpetual growth rate and of the growth rate.

In order to test the model for the assessment of fair value at the changes of the variables, we simulated the changes in two key variables:

- Discount rate: increased and decreased by 0.5% compared to the basic discount rate;

- Growth rate of revenues: for the years following the forecast on Budget 2017, therefore for the period 2018-2019, the growth/drop rate of revenues was increased/decreased by 2% and simultaneously the implicit growth rate "g" was increased/decreased within a 0.5% range.

The sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the CGUs for which we that did not notice any impairment shows the following margins of tolerance:

- Discount rate: the value in-use of the CGUs remains higher compared to the book value of CGUs also simulating an increase of discount rate until a WACC equal to 9.86% for the 7Pixel S.r.l. CGU and to 9.78% for the CGUs of BPO Division.

- Revenues and growth rate "g": the in-use value of the CGUs remains higher compared to the book value of CGUs also forecasting a drop of revenues by 2% and decreasing the implicit growth rate by 0.25%.

Based on the analysis done, the Directors of the Issuer considered recoverable the book value of the goodwill recorded in the consolidated financial statements as of December 31, 2016.

9. Property, plant and equipment

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2016 and 2015:

(euro thousand)	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets under construction and advances	Total
Cost as of January 1, 2015	**3,867**	**4,966**	**2,930**	**-**	**11,763**
Additions	45	858	242	690	1,835
Others	4,136	1,456	1,404	340	7,336
Cost as of December 31, 2015	**8,048**	**7,280**	**4,576**	**1,030**	**20,934**
Accumulated depreciation as of January 1, 2015	**843**	**3,791**	**2,117**	**-**	**6,751**
Depreciation expense	189	619	399	-	1,207
Others	231	537	723	-	1,491
Accumulated depreciation as of December 31, 2015	**1,263**	**4,947**	**3,239**	**-**	**9,449**
Net book value as of December 31, 2015	**6,785**	**2,333**	**1,337**	**1,030**	**11,485**
Cost as of January 1, 2016	**8,048**	**7,280**	**4,576**	**1,030**	**20,934**
Additions	64	337	395	2,501	3,297
Others	-	(2)	(339)	-	(341)
Cost as of December 31, 2016	**8,112**	**7,615**	**4,632**	**3,531**	**23,890**
Accumulated depreciation as of January 1, 2016	**1,263**	**4,947**	**3,239**	**-**	**9,449**
Depreciation expense	228	719	414	-	1,361
Others	-	(1)	(331)	-	(332)
Accumulated depreciation as of December 31, 2016	**1,491**	**5,665**	**3,322**	**-**	**10,478**
Net book value as of December 31, 2016	**6,621**	**1,950**	**1,310**	**3,531**	**13,412**

As of December 31, 2016 the net value of property, plant and equipment is equal to Euro 13,412 thousand (Euro 11,485 thousand as of December 31, 2015). During the financial year ended December 31, 2016 we record increases for a total amount of Euro 3,297 thousand, of which 337 thousand refer to plant and machinery, mainly related to production hardware, Euro 395 thousand for other tangible assets, mainly related to office equipment and furniture, and Euro 2,501 thousand for tangible assets under construction and advances.

In this respect, it is worth pointing out that during the financial year ended December 31, 2016, within the project started during the financial year ended December 31, 2015 by subsidiary 7Pixel S.r.l. to enlarge its operating offices with the construction of a new building, we incurred expenses for a total amount of Euro 2,501 thousand, recorded among "Tangible assets under construction and advances".

As of December 31, 2016, the net book value of the building located in Cagliari, is Euro 2,409 thousand. The value of the land acquired amounts to Euro 213 thousand. Furthermore, the item "Land and buildings" includes investments to renovate and modernize the office space in Arad, Romania.

The item "Plant and machinery" includes investments in generic electronic office equipment, in the different operating offices of the Group, and for production hardware.

"Other tangible assets" include investments in furniture and fittings, specific equipment and vehicles.

10. Participations measured with equity method

The item includes the participation in the joint venture Generale Servizi Amministrativi S.r.l., the participation in the associated company Generale Fiduciaria S.p.A., of which the Issuer, on June 16, 2016, purchased 10% of the ordinary share capital for a consideration equal to Euro 242 thousand, and the participation in the associated company Zoorate S.r.l., of which subsidiary 7Pixel S.r.l. first purchased, on July 27, 2016, 26,40% of the ordinary share capital and subsequently subscribed a capital increase, thereby reaching a 40% shareholding, for a total cost of Euro 571 thousand.

The following table shows the changes in this item for the six months ended December 31, 2016:

As of December 31, 2015	**2,642**
Dividend resolved in the six months ended June 30, 2016	(2,250)
Result of the period attributable to the Group	36
Value of participation in GSA S.r.l.	428
Purchase of the stake in Generale Fiduciaria S.p.A.	242
Result of the period attributable to the Group	-
Value of participation in Generale Fiduciaria S.p.A.	242
Purchase of the stake in Zoorate S.r.l.	571
Result of the period attributable to the Group	(17)
Value of participation in Zoorate S.r.l.	554
As of December 31, 2016	**1,224**

During the six months ended December 31, 2016, the income deriving from the valuation with the equity method of the investment in Generale Servizi Amministrativi S.r.l. was equal to Euro 36 thousand; this value is recognized in the income statement as "Income from investments", which includes the net effect between the financial income deriving from the recognition of the dividends received by Generale Servizi Amministrativi S.r.l., equal to Euro 2,250 thousand, and the impairment of the investment for the same amount.

11. Deferred tax assets

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2016 and 2015:

Year ended December 31, 2015

(euro thousand)	As of January 1, 2015	Accrual	Other movements	Utilization	As of December 31, 2015	Expiring within 1 year	Expiring after 1 year
Deferred tax assets							
Costs with different tax deductibility	151	391	154	(205)	491	429	62
Differences between the tax bases of assets and their carrying amounts	3,339	6	-	(331)	3,014	24	2,990
Defined benefit program liability	515	(18)	72	(91)	478	130	348
Tax loss carry forwards	(1)	1	-	-	-	-	-
Total deferred tax assets	**4,004**	**380**	**226**	**(627)**	**3,983**	**583**	**3,400**
Deferred tax liabilities							
Differences between the tax bases of assets and their carrying amounts	(379)	-	(4,538)	849	(4,068)	(20)	(4,048)
Dividends deliberated not yet paid	(96)	(41)	-	96	(41)	(41)	-
Total deferred tax liabilities	**(475)**	**(41)**	**(4,538)**	**945**	**(4,109)**	**(61)**	**(4,048)**
Total	**3,529**	**339**	**(4,312)**	**318**	**(126)**	**522**	**(648)**

Year ended December 31, 2016

(euro thousand)	As of January 1, 2016	Accrual	Utilization	As of December 31, 2016	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	491	425	(415)	501	411	90
Differences between the tax bases of assets and their carrying amounts	3,014	257	(672)	2,599	552	2,047
Defined benefit program liability	478	114	(2)	590	-	590
Total deferred tax assets	**3,983**	**796**	**(1,089)**	**3,690**	**963**	**2,727**
Deferred tax liabilities						
Differences between the tax bases of assets and their carrying amounts	(4,068)	52	1,836	(2,180)	(20)	(2,160)
Dividends deliberated not yet paid	(41)	(108)	41	(108)	(108)	-
Total deferred tax liabilities	**(4,109)**	**(56)**	**1,877**	**(2,288)**	**(128)**	**(2,160)**
Total	**(126)**	**740**	**788**	**1,402**	**835**	**567**

Among deferred tax assets referring to differences between the tax bases of assets and their carrying amounts, there is also the tax credit, equal to Euro 1,084 thousand, deriving from the tax release of higher tax values of the intangible assets emerged after the revaluation of the assets of the Group performed, in their own separated financial reports, by certain subsidiaries during the financial year ended December 31, 2013. Among deferred tax assets referring to differences between the tax bases of assets and their carrying amounts, there is also the tax credit, equal to Euro 1,208 thousand, deriving from the tax release, performed in the financial year ended December 31, 2012, of the consolidation differences emerged after the purchase of the participations in Key Service S.r.l. by Quinservizi S.p.A., and in Quinservizi S.p.A. itself by Centro Perizie S.r.l. (now Effelle Ricerche S.r.l.).

Finally, it is worth pointing out that among deferred tax liabilities referring to differences between the tax bases of assets and their carrying amounts, for an amount, as of December 31, 2016, equal to Euro 1.868 thousand, there is also the amount related to the tax effect of the higher value recognized to the trademark "trovaprezzi.it" at the acquisition of the participation in 7Pixel S.r.l..

12. Other non-current assets

In the item as of December 31, 2016 a security deposit in favor of a supplier of the BPO Division to guarantee the payment of professional services in the mortgage area for an amount equal to 726 thousand.

CURRENT ASSETS

13. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	December 31, 2015	Change	%
A. Cash and cash equivalents	42,231	32,451	9,780	30.1%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	677	817	(140)	-17.1%
D. Liquidity (A) + (B) + (C)	**42,908**	**33,268**	**9,640**	**29.0%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(4)	(9)	5	-55.6%
G. Current portion of long-term borrowings	(4,866)	(5,379)	513	-9.5%
H. Other short-term borrowings	-	-	-	N/A
I. Current indebtedness (F) + (G) + (H)	**(4,870)**	**(5,388)**	**518**	**-9.6%**
J. Net current financial position (I) + (E) + (D)	**38,038**	**27,880**	**10,158**	**36.4%**
K. Non-current portion of long-term bank borrowings	(30,179)	(37,119)	6,940	-18.7%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current indebtedness (K) + (L) + (M)	**(30,179)**	**(37,119)**	**6,940**	**-18.7%**
O. Net financial position (J) + (N)	**7,859**	**(9,239)**	**17,098**	**-185.1%**

14. Trade receivables

The following table presents the situation of the item as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Trade receivables	41,303	40,008
(allowance for doubtful receivables)	(969)	(852)
Total trade receivables	**40,334**	**39,156**

Trade receivables refer to ordinary sales to client companies operating in the banking and financial sector.

The following tables present the variation of the allowance for doubtful receivables in the financial years ended December 31, 2016 and 2015:

Year ended December 31, 2015

(euro thousand)	As of December 31, 2014	Change in the scope of consolidation	Accrual	Utilization	As of December 31, 2015
Allowance for doubtful receivables	545	303	262	(258)	852
Total	**545**	**303**	**262**	**(258)**	**852**

Year ended December 31, 2016

(euro thousand)	As of December 31, 2015	Accrual	Utilization	As of December 31, 2016
Provision for bad debts	852	199	(82)	969
Total	**852**	**199**	**(82)**	**969**

15. Contract work in progress

Contract work in progress amounts to Euro 318 thousand and Euro 243 thousand as of December 31, 2016 and 2015.

The positive and negative variations of contract work in progress in the period are classified as a decrease or increase of "Personnel costs".

16. Tax receivables

This item is referring to the credit for current taxes. The increase of the item as of December 31, 2016, compared to the amount as of December 31, 2015, is due to the payments of advances by the companies of the Group during 2016 higher than the amount of the tax due on the taxable income.

17. Other current assets

The following table presents the situation of the item as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Accruals and prepayments	678	411
Advances to suppliers	944	241
Others	192	164
Receivables from joint venture for tax transparency	-	1,011
VAT receivables	1,153	1,414
Total other current assets	**2,967**	**3,241**

The item accruals and prepayments mainly includes the payments for leases and maintenance services already paid but pertaining to subsequent financial years as well as revenues already accrued on services not yet completed.

The item advances to suppliers as of December 31, 2016 shows an increase compared to December 31, 2015, due, in particular, to the advance payment for the purchase of a building, finalized in the first months of 2017.

The decrease of the item receivables from joint venture for tax transparency (which passes from Euro 1,011 thousand as of December 31, 2015, to Euro 0 as of December 31, 2016) is the consequence of the drop of taxable income during financial year ended December 31, 2016 of the joint venture GSA S.r.l..

NON-CURRENT LIABILITIES

18. Long-term borrowings

The following table presents the situation of the item as of December 31, 2016 and 2015, where we find only bank borrowings:

(euro thousand)	**As of December 31, 2016**	**As of December 31, 2015**
Term between 1 and 5 years	15,187	21,652
Term over 5 years	14,992	15,467
Total long-term borrowings	**30,179**	**37,119**

Non-current bank borrowings refer for an amount of Euro 3.554 thousand to the loan from Intesa Sanpaolo S.p.A. obtained in 2014 and for an amount of Euro 26.625 thousand to the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. obtained in 2015.

The repayment schedule is as follows:

(euro thousand)	**As of December 31, 2016**	**As of December 31, 2015**
- between one and two years	4,886	5,887
- between two and three years	4,905	5,930
- between three and four years	4,925	4,906
- between four and five years	471	4,929
- more than five	14,992	15,467
Total	**30,179**	**37,119**

The interest rate on the loan obtained from Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, for the pre-amortizing period (first two years of the loan) and by 2.09% for the amortizing period (five years) and approximates the effective interest rate paid.

The interest rate on the bank loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half of 2015, is equal to 6-month Euribor increased by 2.00% and is subject to changes during the duration of the contract based on the ratio between Net Financial Indebtedness, as described afterwards, and EBITDA.

Such interest rates are representative of the actual paid interest rate. The book value of the financial liabilities represents their fair value as of the date of the financial statement.

With regard to the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., it is worth pointing out that the interest rate is restated at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA resulting from the consolidated economic and financial situation of the Group. For Net Financial Indebtedness we consider the financial indebtedness net of totally subordinated shareholders' loans, cash and cash equivalent and negotiated financial activities. Based on the values of these parameters reported in the present consolidated financial report, the applicable spread the loan starting from July 1, 2017 is expected to be 1.75%.

Besides, also with regard to the loans with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended and half years ended during the term of the contract, clarifying that the economic data are to be considered on an yearly basis: i) ratio between Net Financial Indebtedness and EBITDA not over 2.5 until December 31, 2016 and not over 2.0 at the following terms; ii) ratio between Free Cash Flow and Debt Service not less 1.1, where for Debt Service we mean the part of Financial Indebtedness, included net financial costs, paid during the relevant period.

With regards to the loan from Intesa Sanpaolo S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity greater than Euro 10,000 thousand; ii) consolidated net financial position less than the largest of: consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. As defined in the table of Net financial Position in paragraph 13.

The Group has complied with these covenants starting from the signing of the contracts and all the financial covenants are respected as of December 31, 2016.

19. Provisions for risks and charges

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2016 and 2015:

Year ended December 31, 2015

(euro thousand)	As of December 31, 2014	Change in the scope of consolidation	Accrual	Releases	As of December 31, 2015
Provision for early repayment of mortgages	57	-	251	(37)	271
Provision for sales agent indemnities	-	18	5	-	23
Provision for promotions	-	21	-	-	21
Other provisions for risks	-	-	60	-	60
Total	**57**		**316**	**(37)**	**375**

Year ended December 31, 2016

(euro thousand)	As of December 31, 2015	Accrual	Utilization	As of December 31, 2016
Provision for early repayment of mortgages	271	100	(271)	100
Provision for sales agent indemnities	23	-	-	23
Provision for prize coupons	21	60	-	81
Other provisions for risks	60	180	(59)	181
Total	**375**	**340**	**(330)**	**385**

The provision for early repayment of mortgages includes the estimation of possible repayment of commissions received for mortgages intermediated in the year ended at the financial statements date, if particular clauses of the agreements with the banks provide for the reduction of the fees in case of loan prepayment or borrower default.

The Other provision for risks include the estimate of possible liabilities deriving form claims with former external collaborators of the Group, for an amount equal to Euro 180 thousand.

20. Defined benefit program liabilities

The following table presents the situation of the item as of December 31, 2016 and 2015:

(euro thousand)	**As of December 31, 2016**	**As of December 31, 2015**
Employee termination benefits	9,627	7,974
Directors' termination benefits	185	174
Total defined benefit program liabilities	**9,812**	**8,148**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below for the years ended December 31, 2016 and 2015:

	As of December 31, 2016	**As of December 31, 2015**
ECONOMIC ASSUMPTIONS		
Inflation rate	1.50%	1.75%
Discount rate	1.31%	2.03%
Salary growth rate	2.50%	2.75%
TFR growth rate	2.63%	2.81%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 2.50% p.a. has been applied for the permanent employees and a rate of 15% p.a. has been applied for the fixed-term employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

It is worth pointing out that actuarial income/(losses), deriving from the liability as of December 31, 2016, have been recorded in equity, with the recognition in the comprehensive income statement.

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2016 and 2015:

Value as of December 31, 2014	**6,402**
Current personnel cost	2,146
Interest cost	113
Change in the scope of consolidation	893
Benefits paid	(398)
Losses of the year	(1,182)
Value as of December 31, 2015	**7,974**
Current personnel cost	1,841
Interest cost	169
Change in the scope of consolidation	-
Benefits paid	(711)
Losses of the year	354
Value as of December 31, 2016	**9,627**

Expenses related to the defined benefit program liability that are recognized in the income statement are as follows:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Current personnel cost	(1,841)	(2,146)
Implicit interest cost	(169)	(113)
Total expenses related to the defined benefit program	**(2,010)**	**(2,259)**

As regards the discount rate the reference rate used for the valorization of this parameter, we used the Iboxx Eur Corporate AA 10+ index as of the valuation date. This term is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

The directors' termination benefits for the companies of the Group are recognized pursuant to the resolutions of the relevant shareholders' meetings.

21. Other non-current liabilities

The item is equal to Euro 7,642 thousand as of December 31, 2016, and represents liabilities for the estimated consideration for the exercise of the put/call option on the residual 49% stake of subsidiary Mikono S.r.l., exercisable during financial year 2021, equal to Euro 881 thousand, for the estimated consideration for the earn out to be paid upon the approval of the financial report as of and for the year ended December 31, 2017 concerning the purchase of the minority stake of subsidiary IN.SE.CO. S.r.l., equal to Euro 5,240 thousand, for the estimated consideration for the earn out concerning the purchase of the participation in subsidiary Klikkapromo S.r.l., to be paid during financial year 2019, equal to Euro 50 thousand, and for the estimated consideration for the future acquisition, upon the approval of the 2020 annual report, of the residual 60.0% of Zoorate S.r.l., equal to Euro 1,471 thousand.

The increase compared to the previous financial year is the consequence of the recognition of the estimated consideration due for the future acquisition of the residual 60% of Zoorate S.r.l., following the agreement signed with the counterparties during the financial year ended December 31, 2016.

CURRENT LIABILITIES

22. Short-term borrowings

Short-term borrowings amounting to Euro 4,870 thousand as of December 31, 2016, include the bank liabilities equal to Euro 4 thousand and the current portions of borrowings and the interest payable on the outstanding loans.

The item includes the current portion of the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. obtained in 2015, equal to Euro 3,894 thousand, and of the loan from Intesa S.p.A., equal to Euro 972 thousand.

23. Trade and other payables

Trade and other payables include the payables to suppliers for the purchase of goods and services.

24. Tax payables

Tax payables include payables for corporate income tax and regional income tax. As of December 31, 2016, the item includes mainly the liability for accrued IRES and IRAP. It is worth pointing out that the Group paid a total amount of Euro 15,727 thousand for the final balance of the income taxes related to financial year 2015 and for the advances on the income taxes related to financial year 2016.

25. Other current liabilities

The following table presents the situation of the item as of December 31, 2016 and 2015:

(euro thousand)	**As of December 31, 2016**	**As of December 31, 2015**
Liabilities to personnel	7,754	6,496
Social security liabilities	2,755	2,582
Social security liabilities on behalf of employees	1,920	1,523
Accruals	619	129
VAT liabilities	463	596
Other liabilities	1,090	2,047
Total other liabilities	**14,601**	**13,373**

Liabilities to personnel are mainly liabilities for the salary accrued in December, paid at the beginning of 2017, for accrued holidays and for deferred expenses as of December 31, 2016 that are still to be paid and bonus liabilities for the financial year 2016 not yet paid as of December 31, 2016.

Among accruals there are revenues for services already invoiced but not yet rendered within BPO Division for Euro 509 thousand.

The item “Other liabilities” includes liabilities to clients of Insurance BPO for advances received for claim settlement.

26. Shareholders’ equity

The following table presents the situation of the item as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Share capital	954	947
Legal reserve	200	200
Other reserves	7,519	3,509
Retaind earnings	58,061	47,773
Total Group shareholders' equity	**66,734**	**52,429**
Other reserves of minority interest	2,314	3,319
Retained income of minority interest	5,560	2,336
Total shareholders' equity	**74,608**	**58,084**

For the changes in shareholders' equity, refer to the relevant table.

On April 22, 2016 the shareholders' meeting resolved the distribution of a dividend of Euro 0.15 per share. Such dividend has been paid out with ex-dividend date May 2, 2016, record date May 3, 2016 and payable date May 4, 2016.

Following such resolution, the Issuer paid dividends for a total amount equal to Euro 5,586 thousand.

As of December 31, 2016 the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2016 there were no changes in the number of issued shares.

During the year ended December 31, 2008 the Company approved a buy-back program, for up to the 10% of share capital, specifying limits and purposes. During the years ended December 31, 2008 and 2009 also subsidiaries MutuiOnline S.p.A. and Centro Istruttorie S.p.A. began a program for the purchase of shares the Issuer.

As of December 31, 2016 the companies of the Group hold a total of 1,853,205 shares of the Issuer, of which 201,683 purchased directly by the Issuer, 1,500,000 purchased by subsidiary MutuiOnline S.p.A. and 151,522 purchased by subsidiary Centro Istruttorie S.p.A., equal to 4.690% of ordinary share capital, for a total cost of Euro 7,836 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 47 thousand as of December 31, 2016, and from available reserves for an amount equal to the remaining part of the purchase cost.

The following table presents the impact of the purchase and sale of own shares by the companies of the Group on the consolidated share capital and net equity of the shareholders of the Issuer as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Share capital underwritten and paid	1,000	1,000
Own shares' nominal value	(47)	(53)
Total share capital	**953**	**947**

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Other reserves gross of own shares	73,570	60,634
Surplus on own shares	(7,789)	(9,152)
Total other reserves	**65,781**	**51,482**

27. Stock option plans

The following table summarizes the variation of the stock options during the year:

Stock options as of January 1, 2016	2,936,195
Stock options offered in 2016	-
Stock option canceled due to resignations in 2016	(15,500)
Stock option expired in 2016	-
Stock option exercised in 2016	(1,013,195)
Stock options as of December 31, 2016	1,907,500
(of which) vested as of December 31, 2016	*1,907,500*

The outstanding stock options as of December 31, 2016 are as follows:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	1,907,500	4.976	0.86
			Total options	**1,907,500**		

The weighted average price of the shares for the year ended December 31, 2016 is equal to Euro 7.582.

Personnel costs for the year ended December 31, 2016 include Euro 550 thousand related to the Group's stock option plan. In the income statement for the year ended December 31, 2015 there are costs equal to Euro 550 thousand related to the stock option plan.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

28. Revenues

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	December 31, 2015
Broking Division revenues	60,985	57,151
BPO Division revenues	77,084	63,568
Total revenues	**138,069**	**120,719**

For comments on the evolution of revenues, please refer to the management report.

29. Other income

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Reimbursement of costs	1,953	1,783
Others	386	437
Grants	-	61
Total other income	**2,339**	**2,281**

30. Services costs

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Marketing and commercial expenses	(19,155)	(16,262)
Notarial and appraisal services	(15,225)	(11,313)
Technical, legal and administrative consultancy	(5,514)	(5,182)
Commission payout	(2,247)	(1,980)
Rental and lease expenses	(2,187)	(1,748)
Postage	(1,875)	(1,546)
Other general expenses	(1,664)	(1,328)
Telephone	(1,560)	(978)
Utilities and cleaning costs	(662)	(586)
Travel expenses	(613)	(544)
Total services costs	**(50,702)**	**(41,467)**

"Marketing and commercial expenses" refer to activities aimed at increasing the awareness and reputation of the Group and of its brands and to acquire new prospective clients.

"Notary and appraisal services" mainly refer to services purchased by the BPO Division and the increase recorded during the financial year ended December 31, 2016 is mainly due to the growth of the volumes of processed mortgages, above all of remortgages ("*surroghe*") which caused an increase of para-notarial services.

"Technical, legal and administrative consultancy" costs refer to expenses incurred for professional advice for legal and fiscal matters, for audit activities and for administrative support as well as for IT and technology consulting.

"Commission payout" is related in particular to the broking fees to the agents of the Money360 network that in the financial year ended December 31, 2016 recorded a significant growth of brokered volumes.

The "Rental and lease expenses" include mainly the fees paid by the companies of the Group for the rental of offices owned by third parties. The following table presents a summary of the lease obligations on the basis of existing contracts:

(euro thousand)	**As of December 31, 2016**
Less than 1 year	(998)
1 - 5 years	(2,177)
Total lease obligations	**(3,175)**

"Postage and delivery charges" refer mainly to expenses incurred for the shipping of documentation on behalf of the clients of the BPO Division.

31. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Wages and salaries	(29,987)	(27,412)
Social security contributions	(8,020)	(7,622)
Professional collaborators and project workers costs	(194)	(162)
Directors' compensation	(2,465)	(1,988)
Defined benefit program liabilities	(2,145)	(2,406)
Other costs	(543)	(639)
Stock options	(550)	(550)
Changes in contract work in progress	75	(20)
Total personnel costs	**(43,829)**	**(40,799)**

The average headcount is as follows:

	Years ended	
	December 31, 2016	**December 31, 2015**
Managers	13	13
Supervisors	31	21
Employees	1,324	1,226
Average headcount	**1,368**	**1,260**
Headcount in Italy	992	878
Headcount in Romania	376	382

32. Other operating costs

Other operating costs include mainly Euro 2,644 thousand and Euro 2,133 thousand relative to non-deductible VAT costs for the financial years ended December 31, 2016 and 2015, respectively.

The item includes expenses for the purchase of consumables and minor equipment for Euro 651 thousand (Euro 821 thousand in financial year ended December 31, 2015).

33. Depreciation and amortization

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Amortization of intangible assets	(5,916)	(4,578)
Depreciation of property, plant and equipment	(1,361)	(1,207)
Total depreciation and amortization	**(7,277)**	**(5,785)**

The increase of depreciation and amortization in the financial year ended December 31, 2016 compared to the previous financial year is mainly due to the amortization costs related to the intangible assets acquired with the consolidation of 7Pixel S.r.l., including Euro 3,777 thousand concerning the higher values which emerged following the assessment of the fair value of the purchased intangible assets, represented above all by trademark and software.

34. Net financial income

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Financial income	99	195
Income from participation	19	2,592
Income from acquisition of control	-	219
Interest expense – borrowings	(915)	(880)
Implicit interest cost on defined benefit program liability	(113)	(141)
Income/(losses) from financial liabilities	(101)	(492)
Net financial income/(loss)	**(1,011)**	**1,493**

Financial income includes mainly the interest income accrued in the period from the use of Group's available liquidity.

Income from participation refers to the evaluation with the equity method of the participations in the joint venture GSA S.r.l., and in the associated companies Generale Fiduciaria S.p.A. and Zoorate S.r.l..

Income from participation in financial year ended December 31, 2015 includes income for Euro 2,592 thousand related to the evaluation with the equity method of the participation in the joint venture GSA S.r.l..

Financial expenses for the financial year ended December 31, 2016, includes Euro 720 thousand for the interest expenses on bank loans.

The item "Losses from financial liabilities" includes Euro 96 thousand deriving from the evaluation of the liability related to the acquisition of the 20% stake in EuroServizi per i Notai S.r.l., paid during financial year ended December 31, 2016.

35. Income tax expense

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	December 31, 2015
Current income tax	(10,871)	(11,063)
Deferred taxes	1,453	1,002
Income tax expense	**(9,418)**	**(10,061)**

The reconciliation between the theoretical tax rate and the effective tax rate for the years ended December 31, 2016 and 2015 is provided in the following table:

	Years ended December 31, 2016	December 31, 2015
Corporate income tax (IRES)		
Theoretical tax rate	27.5%	27.5%
Differences due to costs non-deductible for IRES	2.8%	1.0%
Differences due to revenues not taxable for IRES	0.0%	-1.3%
Stock option expenses	0.2%	0.2%
Differences of the tax rate on foreign company income	-0.5%	-0.5%
Impact of the tax benefits	-3.3%	-2.0%
Substitute tax	0.0%	0.0%
Others	-4.7%	0.1%
Effective IRES tax rate	**22.0%**	**25.0%**
Regional income tax (IRAP)		
Theoretical tax rate	3.9%	3.9%
Differences due to costs non-deductible for IRAP	6.0%	4.2%
Tax benefits	-3.6%	-3.3%
Others	-0.8%	0.2%
Effective IRAP tax rate	**5.5%**	**5.0%**

36. Potential liabilities

In this respect, it is worth pointing out that during the financial year ended December 31, 2007, two companies of the Group, MutuiOnline S.p.A. and Centro Istruttorie S.p.A., were subjected to an audit from the territorial staff of the Ministry of Labor. These controls concerned, among other things, the legal classification of the professional and project-based collaboration contracts used by these companies. As of the date of preparation of the financial statements, the reports of the results of these audits and the claim forms for presumed contribution arrears and related penalties have been notified, the payment of which has been suspended, following the opposition of the company. The management examined these documents with the support of legal advisers and, at the moment, in the light of the notified forms, despite the granting of the suspension, we are unable to predict the financial outcome of the commenced litigation. In the consolidated financial statements, no provision was made in such respect because, at present, the emergence of an obligation is considered possible but not probable.

We do not recognize any further potential liability.

37. Classes of financial assets and liabilities

In the balance sheet as of December 31, 2016 financial assets and liabilities are classified as follows:

- Cash and cash equivalents for Euro 42,231 thousand (2015: Euro 32,451 thousand);

- Loans and receivables for Euro 41,278 thousand (2015: Euro 39,397 thousand);

All the financial liabilities recorded in the balance sheet as of December 31, 2016 and 2015 are stated at amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach. The expenses deriving from the measurement of these liabilities recorded in the income statement for the financial year ended December 31, 2016, are equal to Euro 96 thousand.

38. Related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Moreover, it is worth pointing out that in the financial year ended December 31, 2016, among revenues there are 123 thousand to the joint venture Generale Servizi Amministrativi S.r.l. for direction, coordination and professional services provided by the Issuer and consulting services provided by Centro Istruttorie S.p.A., in addition to other income for reimbursement of various expenses for Euro 1 thousand, while there are costs for services for Euro 110 thousand to the joint venture Generale Servizi Amministrativi S.r.l. for consulting services. As of December 31, 2016, there are trade receivables versus the joint venture Generale Servizi Amministrativi S.r.l. for Euro 26 thousand and trade payables versus the joint venture Generale Servizi Amministrativi S.r.l. for 35 thousand.

Compensations paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the compensation paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2016:

Name	Office	Holding period of the office From	To	Term of the office	Compensation for the office	Non-monetary benefits	Bonus and other incentives	Other
Marco Pescarmona	Chairman	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	250	3	199	224
Alessandro Fracassi	CEO	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	250	3	202	221
Anna Maria Artoni	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	13	-	-	-
Fausto Boni	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	8	-	-	-
Chiara Burberi	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	13	-	-	-
Andrea Casalini	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	20	-	-	-
Matteo De Brabant	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	13	-	-	-
Daniele Ferrero	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	18	-	-	-
Alessandro Garrone	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	8	-	-	-
Klaus Gummerer	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	9	-	-	-
Valeria Lattuada	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	9	-	-	-
Marco Zampetti	Director	1/1/2015	12/31/2015	Appr. of 2016 fin. stat.	13	-	-	-
Fausto Provenzano	Chairman of the board of st. aud.	1/1/2015	12/31/2015	Appr. of 2014 fin. stat.	21	-	-	24
Paolo Burlando	Statutory auditor	1/1/2015	12/31/2015	Appr. of 2014 fin. stat.	14	-	-	11
Francesca Masotti	Statutory auditor	1/1/2015	12/31/2015	Appr. of 2014 fin. stat.	14	-	-	16

The column "other" includes the compensations for office in subsidiaries, wages received as employees, and the provisions for benefits upon termination.

Fees paid to the independent auditors

The following table provides the fees paid to the independent auditors by the Issuer and its subsidiaries during the year ended December 31, 2016, separating the fees paid for audit services from the fees paid for other attestation services:

	Year ended December 31, 2016	
(euro thousand)	**Gruppo MutuiOnline S.p.A.**	**Subsidiaries**
Audit	40	128
Total fees paid to the independent auditor	**40**	**128**

39. Subsequent events

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholder's meeting on April 22, 2016, after December 31, 2016, the Group purchased further own shares. As of the approval of the present consolidated annual report, the Group holds a total of 1,882,566 own shares, equal to 4.765% of the ordinary share capital of the Issuer, for a total cost equal to Euro 8,102 thousand.

40. Earnings per share

Earnings per share for the year ended December 31, 2015, equal to Euro 0.59, are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 22,047 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2015 (37,116,724 shares).

Earnings per share for the year ended December 31, 2016, equal to Euro 0.58, are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 21,591 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2016 (37,269,167 shares).

For the financial year ended December 31, 2016 diluted earnings per share are equal to Euro 0.54 as the average number of equity instruments (stock options) that meet the requirements provided by IAS 33 to generate dilutive effects on the earnings per share is equal to 2,635,936.

Milan, March 14, 2017

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2016

Prepared according to IAS/IFRS

4. ANNUAL REPORT AS OF AND FOR YEAR ENDED DECEMBER 31, 2016

4.1. Financial statements

4.1.1. Statement of financial position

(euro thousand)	Note	As of December 31, 2016	December 31, 2015
ASSETS			
Intangible assets	3	272	59
Plant and equipment	4	225	163
Investments in associated companies	5	69,888	66,356
Participation in associated companies and joint ventures	6	292	50
Other non-current assets (with related parties)	7, 27	3,346	3,346
Total non-current assets		**74,023**	**69,974**
Cash and cash equivalents	8	39,776	31,518
(of which) with related parties	*27*	*2,896*	*3,701*
Trade receivables		464	424
(of which) with related parties	*27*	*457*	*366*
Tax receivables	24	338	-
Other current assets	9	15,559	9,359
(of which) with related parties	*27*	*14,989*	*8,789*
Total current assets		**56,137**	**41,301**
TOTAL ASSETS		**130,160**	**111,275**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	10	995	989
Legal reserve	10	200	200
Other reserves	10	2,829	2,785
Retaind earnings	10	3,535	7,012
Net income	10	9,289	2,090
Total shareholders' equity		**16,848**	**13,076**
Long-term borrowings	11	18,409	21,420
Defined benefit program liabilities	12	378	294
Deferred tax liabilities	13	99	46
Other non current liabilities	14	5,290	5,290
Total non-current liabilities		**24,176**	**27,050**
Short-term borrowings	15	86,722	65,951
(of which) with related parties	*27*	*85,786*	*64,501*
Trade and other payables	16	458	434
(of which) with related parties	*27*	*49*	*51*
Tax payables		2	2,612
Other current liabilities	17	1,954	2,152
(of which) with related parties		*1,419*	*1,046*
Total current liabilities		**89,136**	**71,149**
TOTAL LIABILITIES		**113,312**	**98,199**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**130,160**	**111,275**

4.1.2. Income statement

(euro thousand)	Note	Years ended December 31, 2016	December 31, 2015
Revenues	19	13,573	5,623
(of which) with related parties	*27*	*13,438*	*5,350*
Other income		108	51
(of which) with related parties	*27*	*52*	*-*
Services costs	20	(1,992)	(1,632)
(of which) with related parties	*27*	*(348)*	*(518)*
Personnel costs	21	(1,804)	(1,491)
Other operating costs		(129)	(189)
Depreciation and amortization		(236)	(166)
Operating income		**9,520**	**2,196**
Financial income	22	5	42
(of which) with related parties	*27*	*1*	*11*
Losses from participations	5, 22	(621)	-
Financial expenses	22	(398)	(456)
(of which) with related parties	*27*	*(12)*	*(37)*
Losses from financial liabilities	22	(96)	(492)
Net income before income tax expense		**8,410**	**1,290**
Income tax expense	23	879	800
Net income		**9,289**	**2,090**

4.1.3. Comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2016	December 31, 2015
Net income		**9,289**	**2,090**
Actuarial gain/(losses) on defined benefit program liability	12	2	35
Tax effect on actuarial gain/(losses)		(1)	(11)
Total comprehensive income for the period		**9,290**	**2,114**

4.1.4. Statement of cash flows

(euro thousand)	Note	Years ended December 31, 2016	December 31, 2015
Net income		**9,289**	**2,090**
Amortization and depreciation	3, 4	236	166
Stock option expenses	18	257	257
Interest cashed		4	4
Income tax paid		(5,855)	(533)
Changes in trade receivables/payables		(16)	(304)
(of which) with related parties		*89*	*135*
Changes in other assets/liabilities		(2,403)	2,693
(of which) with related parties		*6,573*	*407*
Payments on defined benefit program		84	20
Net cash provided by operating activities		**1,596**	**4,393**
Investments:			
- Increase of intangible assets	3	(379)	(46)
- Increase of plant and machinery	4	(132)	(45)
- Purchase of participation	5	(242)	(26,551)
- Capital contribution		(3,860)	(2,000)
Net cash used in investing activities		**(4,613)**	**(28,642)**
Increase of financial liabilities	11	-	14,759
Decrease of financial liabilities	11, 15	(3,559)	(984)
Interest paid		(385)	(423)
Purchase/Sale of own shares	10	(498)	1,585
Dividends paid	10	(5,568)	(4,429)
Net cash used in financing activities		**(10,010)**	**10,508**
Net increase/(decrease) in cash and cash equivalents		**(13,027)**	**(13,741)**
Net cash and cash equivalent at the beginning of the period		(32,983)	(19,242)
Net cash and cash equivalents at the end of the period		**(46,010)**	**(32,983)**
Net increase/(decrease) in cash and cash equivalents		**(13,027)**	**(13,741)**
Cash and cash equivalents at the beginning of the year	8	31,518	30,505
(of which) with related parties	*27*	*3,701*	*7,658*
Current account overdraft at the beginning of the year (with related parties)	27	(64,501)	(49,747)
Net cash and cash equivalents at the beginning of the year		**(32,983)**	**(19,242)**
Net cash and cash equivalents at the end of the year	8	39,776	31,518
(of which) with related parties	*27*	*2,896*	*3,701*
Current account overdraft at the end of the year (with related parties)	27	(85,786)	(64,501)
Cash and cash equivalents at the end of the year		**(46,010)**	**(32,983)**

4.1.5. Statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings	Net income of the year	Total
Value as of December 31, 2014	**977**	**200**	**662**	**6,348**	**5,069**	**13,256**
Allocation of net income 2014						
Distribution of ordinary dividend	-	-	-	-	(4,429)	**(4,429)**
Retained earnings	-	-	-	640	(640)	**-**
Stock option plan	-	-	550	-	-	**550**
Purchase of own shares	(10)	-	(2,881)	-	-	**(2,891)**
Exercise of stock options	22	-	4,454	-	-	**4,476**
Net income of the year	-	-	-	24	2,090	**2,114**
Value as of December 31, 2015	**989**	**200**	**2,785**	**7,012**	**2,090**	**13,076**
Allocation of net income 2015						
Distribution of ordinary dividend	-	-	-	(3,712)	(1,856)	**(5,568)**
Retained earnings	-	-	-	234	(234)	**-**
Stock option plan	-	-	550	-	-	**550**
Purchase of own shares	(20)	-	(5,736)	-	-	**(5,756)**
Exercise of stock options	26	-	5,230	-	-	**5,256**
Net income of the year	-	-	-	1	9,289	**9,290**
Value as of December 31, 2016	**995**	**200**	**2,829**	**3,535**	**9,289**	**16,848**
Note	10	10	10, 18	10		

4.2. Explanatory notes to the financial statements (separated financial report)

1. Basis of preparation of the financial statements

This annual report, including the statement of financial position, comprehensive income statement, statement of cash flows and statement of changes in shareholders' equity as of and for the year ended December 31, 2016 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

The financial statements are prepared at cost, with the exception of the items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction as of the date of measurement.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

In particular, the IFRS have been consistently applied to all the periods presented.

All the amounts included in the tables of the following notes are in thousands of Euro.

Following the effectiveness of EU Regulation N 1606/1002 and the related national provisions of enactment, starting from year 2007, Gruppo MutuiOnline S.p.A. adopts the International Financial Standard issued by the International Accounting Standard Board ("IASB") and the related interpretations, adopted by the European Commission ("IFRS"). IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC").

The financial statement schemes adopted are in accordance to the ones provided by IAS 1 ("Presentation of financial statements") and in particular:

- for the statement of financial position, we adopted the "current/non-current" presentation;

- for the comprehensive income statement, we adopted the presentation of costs by nature;
- the statement of changes in shareholders' equity was prepared according with IAS 1;
- the statement of cash flows was prepared using the indirect method.

In addition, in accordance with revised IAS 1 ("Presentation of financial statements"), in the income statement after the net income for the period we also present the comprehensive income components.

The most significant provisions adopted for the preparation of the consolidated financial statements are the following:

A) <u>Intangible assets</u>

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Licenses and other rights

Licenses and other rights are amortized on a straight line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) <u>Property, plant and equipment</u>

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Leasehold improvements	shorter of contract duration and useful life
Generic equipment	5 years
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments in subsidiaries

An entity is defined subsidiary when the Issuer owns, directly or indirectly, the control.

Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable at the reporting date is also taken into consideration for the purposes of determining control.

Investments in subsidiaries are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

Investments in joint ventures and associated companies

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

D) Impairment of assets

At each balance sheet date the Issuer assesses property, plant and equipment and intangible assets in order to identify possible indicators of impairment, deriving from both internal and external sources of the Company. If such indicators are identified, an estimate of the recoverable value is made and any impairment of the relevant book value is recognized in the income statement. The recoverable amount of an asset is the higher amount between its fair value, less sales costs, and its value in use, equal to actualized value of the expected cash flows of such asset. In calculating the value in use, the expected cash flows are discounted using a discount rate reflecting the current market value of the investments and the specific risks associated with the asset.

The value in use of an asset that does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related cash generating unit exceeds its recoverable value. Whenever circumstances causing impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

E) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short term investments (readily convertible to cash within 3 months), that are easily convertible to cash and not subject to risk of change in value. Overdrafts are included in short-term borrowings and are measured at the fair value.

F) Financial assets held to maturity

These financial assets are low-risk bonds, not representing equity instruments, purchased by the Group and not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

G) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

H) Own shares

Own shares are booked as reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

I) Trade payables and financial liabilities

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initially determined effective interest rate.

J) <u>*Defined benefit program liability*</u>

Employee termination benefits ("*Trattamento Fine Rapporto*", or "TFR"), which are compulsory for Italian companies in accordance with civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements. The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that became effective in 2007 had no significant impact on the evaluation method adopted by the Company because the percentage of employees adhering to the funds at the relevant date was low and besides the Company does not exceed the limits, provided by the new law and calculated on the average number of employees in the year in force, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

K) <u>*Share based payments*</u>

The Company has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

With respect to the valuation of the stock options assigned to directors and employees of subsidiaries, for which there is no mechanism to charge back the cost incurred to such subsidiaries, the book value of the participations has been increased by an amount equal to the cost incurred for the options, counter-balanced by the appropriate shareholders' equity reserve.

L) <u>*Revenue and cost recognition*</u>

Revenues and costs are recognized on an accrual basis. Services revenues are recognized when the services are performed.

Revenues and other income are recognized net of discounts, allowances and bonuses and the taxes directly related to the services.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Company.

Costs are recognized as the assets and services are consumed during the relevant period or when they are sustained, when it is not possible to determine future economic benefits.

M) Dividends

Dividends received are recognized when the Company obtains the right to receive the payment. This right arises on the date of the resolution of the shareholders' meeting of the subsidiary that distributes the dividends.

In the income statement, dividends received are classified among the revenues.

N) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial income and expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

O) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseen period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Starting from the financial year ended December 31, 2006 the Company and its subsidiaries exercised, upon the occurrence of the conditions of law, the option for the tax consolidation regime as provided by Italian law, which allows to calculate the corporate income tax ("IRES") on a taxable income corresponding to the algebraic sum of the taxable incomes or losses of the Companies of the Group. The economic relationships, besides the mutual responsibilities and duties, among the holding and its subsidiaries that exercised the option, are regulated by contracts drawn up at the exercise of the option. Tax liabilities are counterbalanced by other current assets of the parent company versus its subsidiaries corresponding to the taxable income transferred within the tax consolidation regime.

It is worth pointing out that in the financial year ended December 31, 201, subsidiary MutuiOnline S.p.A. did not renew the option for the tax consolidation regime. Moreover, as of December 31, 2016, subsidiary 7Pixel S.r.l. did not adhere to the tax consolidation regime.

The joint venture GSA S.r.l., the Issuer and the shareholder with whom we exercise joint control, have adhered to the tax transparency regime, on the basis of which the taxable income generated by the joint venture is attributed to the shareholders in the relevant tax period, regardless of whether the shareholders effectively received such income, that is even if dividends are not distributed. The taxable income is transferred to the shareholders of the joint venture as of the end of tax period, proportionally to the stakes held at the beginning of the tax period. The transferred tax liability is recorded among "Current tax liabilities", meanwhile the receivable from the joint venture is recorded among "Other current assets".

Other taxes, not related to income, are recognized as operating costs in the income statement.

P) Earnings per share

Since the Company prepares both the consolidated and separate annual reports, the required information is presented only in the consolidated annual report.

Q) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

For the Company, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are those regarding the accounting representation of the stock options. The valuation of stock option plans is based on valuation techniques which take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

R) New principles effective starting from the financial year ended December 31, 2016 that did not generate any effect on the Issuer

It is worth mentioning that the following accounting principles, amendments and interpretations effective from January 1, 2016 are not relevant to or have not generated any effect on the Issuer:

- IFRS 14 "Regulatory deferral accounts";
- amendments to IFRS 11, "Joint arrangements: acquisition of an interest in a joint operation";
- amendments to IAS 16 "Property, plant and equipment" and to IAS 38 "Intangible assets" – "Clarification on acceptable amortization methods";
- amendments to IAS 16, "Property, plant and equipment", and to IAS 41, "Agriculture: fruit bearing plants";
- amendments to IAS 27, "Separate financial statements: equity method";
- annual improvements 2012-2014;
- IFRS 7, "Financial instruments: disclosure";

- amendments to IAS 19, "Defined benefit plan employees";

- amendments to IAS 1 "Presentation of financial statements" on required disclosure;

- amendments to IFRS 10, IFRS 12 and IAS 28 on investment entities applying consolidation exception.

S) Accounting principles recently approved by European Commission and not yet effective

Finally, it is worth mentioning that for the following accounting principles, amendments and interpretations, not yet effective or not early adopted by the Issuer, we are evaluating the impact on the financial statements of the Issuer:

- IFRS 15 "Revenue from contracts with customers", not issued, effective from January 1, 2018;

- IFRS 9 "Financial instruments", not issued, effective from January 1, 2018

- IFRS 16 "Leasing", not issued, effective from January 1, 2019.

With regard to IFRS 9, based on the preliminary analyses performed, at the moment no significant impacts are expected for the Group.

With regard to IFRS 15 and IFRS 16, the Group will start an assessment on them, in order to define, during the next months, the impact on the consolidated financial statement of the Issuer and give a first indication about impacts and magnitude of the same in the occasion of the 2017 half year report.

2. Risk analysis

Gruppo MutuiOnline S.p.A. is a holding company and for this reason it is indirectly subject to the peculiar risks of its subsidiaries. In this respect, please refer to the notes to the consolidated financial statements and to the directors' report on operations of each subsidiary.

Instead the Company is autonomously subject to exchange and interest rate risk and liquidity risk.

Exchange and interest rate risk

As of today, financial risk management is performed at Group level.

The Company presents a financial indebtedness equal to Euro 105,131 thousand, of which, however Euro 85,786 thousand are represented by short-term financial debts with subsidiaries within the Group's cash pooling services. In addition, current assets include cash and cash equivalents equal to Euro 39,377 thousand, of which Euro 2,896 thousand from subsidiaries within the Group's cash pooling services.

Therefore, within the framework of Group interest rate risk management, the use of derivative instruments to hedge interest rate risk is not contemplated since, currently, the Company has a variable interest rate borrowing (based on Euribor) towards non-related parties of a lower amount than bank deposits (all of which are based on Euribor), so that the economic and financial effect of rate changes is considered negligible.

As regards the relationships with banks it is worth pointing out that the interest rate on the bank loan with Intesa Sanpaolo S.p.A., signed in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to 1-month Euribor increased by

2.09% for the amortizing period (five years). The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the financial year ended December 31, 2015, is equal to 6-month Euribor increased by 2.00% and is subject to changes during the duration of the contract based on the ratio between consolidated Net Financial Indebtedness and EBITDA. It is worth pointing out that based on the values of these parameters reported in the consolidated financial report of the Group, the applicable spread on the loan starting from July 1, 2017 is expected to be 1.75%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 191 thousand in 2017. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Issuer pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold these assets to maturity.

As regards to the coverage of exchange rate risk, it is worth pointing out that as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The Company holds cash and cash equivalent as of December 31, 2016 equal to Euro 39,776 thousand, of which Euro 2,896 thousand with subsidiaries, against current liabilities equal to Euro 86,722 thousand, of which, however Euro 85,796 thousand consist in current financial debts and other current liabilities with subsidiaries. Furthermore, the current assets include receivables and other current assets from subsidiaries equal to Euro 15,420 thousand, which have considerable liquidity. This provides the Company with easily available financial resources to support short-term operations.

Moreover, the risk arising from the potential default of our bank counterparties is mitigated by the policy of diversifying the available deposits with different banking institutions.

NOTES TO THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

3. Intangible assets

The following table presents the details of the item as of December 31, 2016 and 2015:

(euro thousand)	**Licenses and other rights**	**Total**
Net value as of December 31, 2014	**126**	**126**
Increases	46	46
Amortization expense	113	113
Net value as of December 31, 2015	**59**	**59**
Increases	379	379
Amortization expense	166	166
Net value as of December 31, 2016	**272**	**272**

The increases of licenses and other rights are mainly due to the purchases of software in financial year ended December 31, 2016 for Euro 256 thousand.

4. Plant and equipment

The following table presents the details of plant and equipment as of December 31, 2016 and 2015:

(euro thousand)	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2015	**192**	**209**	**401**
Additions	45	-	45
Cost as of December 31, 2015	**237**	**209**	**446**
Accumulated depreciation as of January 1, 2015	**70**	**160**	**230**
Depreciation expense	36	17	53
Accumulated depreciation as of December 31, 2015	**106**	**177**	**283**
Net book value as of December 31, 2015	**131**	**32**	**163**
Cost as of January 1, 2016	**237**	**209**	**446**
Additions	68	64	132
Cost as of December 31, 2016	**305**	**273**	**578**
Accumulated depreciation as of January 1, 2016	**106**	**177**	**283**
Depreciation expense	49	21	70
Accumulated depreciation as of December 31, 2016	**155**	**198**	**353**
Net book value as of December 31, 2016	**150**	**75**	**225**

Increases in the financial year ended December 31, 2016 refer to purchases of production hardware for Euro 68 thousand and of office equipment for Euro 64 thousand.

5. Investments in subsidiaries

The Company holds 100% of the ordinary share capital of MutuiOnline S.p.A., Centro Istruttorie S.p.A., CreditOnline Mediazione Creditizia S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Centro Finanziamenti S.p.A., PP&E S.r.l, Effelle Ricerche S.r.l., Money360.it S.p.A., Centro Servizi Asset Management S.r.l. (for short CESAM S.r.l.), Quinservizi S.p.A., International Security Services S.r.l. (for short INSECO S.r.l.), Segugio Servizi S.r.l., Innovazione Finanziaria SIM S.p.A. (for short Innofin SIM S.p.A.), Klikkapromo S.r.l., Centro Processi Assicurativi S.r.l. and Finprom S.r.l., 60% of the ordinary share capital of EuroServizi per i Notai S.r.l. and 51% of the ordinary share capital of 7Pixel S.r.l. and Mikono S.r.l..

During financial year ended December 31, 2016 the Issuer subscribed an increase of the share capital of subsidiary Centro Finanziamenti S.p.A. for an amount equal to Euro 1,400 thousand and also paid capital contributions to Segugio.it S.r.l., for Euro 2,000 thousand, to Klikkapromo S.r.l., for Euro 300 thousand, and Segugio Servizi S.r.l., for Euro 160 thousand.

The following table provides the detail of investments in subsidiaries as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Investments in subsidiaries	69,888	66,356
Total investments in subsidiaries	**69,888**	**66,356**

The following table describes the changes of the item during the financial year:

Participations	% holding as of December 31, 2015	As of december 31, 2015	Increases	Decreases	As of december 31, 2016	% holding as of December 31, 2016
7 Pixel S.r.l	51%	20,156	-	-	20,156	51%
Centro Finanziamenti S.p.A.	100%	1,011	1,436	-	2,447	100%
Centro Istruttorie S.p.A.	100%	3,210	70	-	3,280	100%
Centro Processi Assicurativi S.r.l.	100%	2,817	32	-	2,849	100%
Centro Servizi Asset Management S.r.l.	100%	65	5	-	70	100%
Cercassicurazioni.it S.r.l.	100%	3,727	47	-	3,774	100%
CreditOnline S.p.A.	100%	816	10	-	826	100%
Effelle Ricerche S.r.l.	100%	20	2	-	22	100%
Euroservizi per i Notai S.r.l.	60%	367	1	-	368	60%
FINPROM S.r.l.	100%	123	4	-	127	100%
IN.SE.CO. S.r.l.	100%	9,191	-	-	9,191	100%
Innovazione Finanziaria SIM S.p.A.	100%	2,000	-	-	2,000	100%
Klikkapromo S.p.A.	100%	200	300	(473)	27	100%
Mikono S.r.l.	51%	125	-	-	125	51%
Money360.it S.p.A.	100%	8	7	-	15	100%
MutuiOnline S.p.A.	100%	3,597	54	-	3,651	100%
PP&E S.r.l.	100%	305	1	-	306	100%
Quinservizi S.p.A.	100%	7,090	18	-	7,108	100%
Segugio Servizi S.r.l.	100%	10	160	(148)	22	100%
Segugio.it S.r.l.	100%	11,518	2,006	-	13,524	100%
Total Participations		**66,356**	**4,153**	**(621)**	**69,888**	

In addition to the above mentioned increase of share capital and capital contributions, changes to the item include also the cost of the stock options assigned to employees and other personnel of the subsidiaries, for an amount equal to Euro 293 thousand in the year ended December 31, 2016, for which the costs are not rebilled to the subsidiaries.

Moreover, during the assessment of the value of the participations at the end of financial year we believe that subsidiaries Klikkapromo S.r.l. and Segugio Servizi S.r.l., which show a book value higher than equity, show indicators of impairment that management considered permanent and, therefore, the two participations were written down for a total amount of Euro 621 thousand. The impairment is recorded in the income statement among losses from participations.

The following tables provide a brief summary of the main data of the subsidiaries.

Corporate name: 7PIXEL S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	11
2016 Statutory profit	1,126
Shareholders' equity	25,246
Pro quota equity	12,875
Book value	20,156

Referring to 7Pixel S.r.l., the book value of the participation is higher than the value of its shareholders' equity *pro quota*.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2017 budget and from the 2018-2019 strategic plan of the company, approved by the Board of Directors of the Issuer on March 14, 2017.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.88%.

As of December 31, 2016, the value-in-use of the participation in 7Pixel S.r.l., determined as described above, is higher than the book value of the participation itself.

Corporate name: CERCASSICURAZIONI.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2016 Statutory profit	1,988
Shareholders' equity	5,487
Book value	3,774

Corporate name: CENTRO FINANZIAMENTI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2016 Statutory profit	1,723
Shareholders' equity	4,299
Book value	2,447

Corporate name: CENTRO ISTRUTTORIE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	500
2016 Statutory profit	5,526
Shareholders' equity	17,011
Book value	3,280

Corporate name: CENTRO PROCESSI ASSICURATIVI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	50
2016 Statutory profit	227
Shareholders' equity	462
Book value	2,849

Referring to Centro Processi Assicurativi S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2017 budget and from the 2018-2019 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 14, 2016.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.28%.

As of December 31, 2016, the value-in-use of the participation in Centro Processi Assicurativi S.r.l., determined as described above, is higher than the book value of the participation itself.

Corporate name: CESAM S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory profit	1,465
Shareholders' equity	3,617
Book value	70

Corporate name: CREDITONLINE MEDIAZIONE CREDITIZIA S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	200
2016 Statutory profit	1,830
Shareholders' equity	7,838
Book value	826

Corporate name: EFFELLE RICERCHE S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory profit	692
Shareholders' equity	2,254
Book value	22

Corporate name: EUROSERVIZI PER I NOTAI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory profit	2,813
Shareholders' equity	2,072
Pro quota equity	1,243
Book value	368

Corporate name: FINPROM S.R.L.	
Registered office: Romania, Arad, Str. Cocorilor n. 24/A	
Share capital	10
2016 Statutory profit	1,331
Shareholders' equity	2,669
Book value	127

Corporate name: INNOFIN SIM S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2016 Statutory loss	494
Shareholders' equity	1,431
Book value	2,000

Referring to Innofin SIM S.p.A. the book value of the participation is higher than the equity value of the participation. To be precise, this difference in the book value of the participation does not represent an indicator of impairment, since the subsidiary is in a startup phase and we expect growing revenues and positive cash flows during the next financial years, as shown in budget 2017 of the subsidiary. On this regard on February 4, 2016 subsidiary Innofin SIM S.p.A. obtained the authorization to operate form the Supervisory Authorities. The company will operate as professional provider of placement services to the public without underwriting or warranties pursuant to article 1, comma 5, letter c-bis) Legislative Decree no. 58 of February 24, 1998. As a consequence, the company is authorized to carry out the promotion and placement of investment products.

Corporate name: INSECO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory profit	1,197
Shareholders' equity	5,401
Book value	9,191

Referring to IN.SE.CO. S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2017 budget and from the 2018-2019 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 14, 2017.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.28%.

As of December 31, 2016, the value-in-use of the participation in IN.SE.CO. S.r.l., determined as described above, is higher than the book value of the participation itself.

Corporate name: KLIKKAPROMO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory loss	690
Shareholders' equity	29
Book value	27

Corporate name: MIKONO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory profit	34
Shareholders' equity	69
Pro quota equity	35
Book value	125

Referring to Mikono S.r.l. the book value of the participation is higher than the *pro quota* equity value of the participation. We point out that this difference in the book value of the participation does not represent an indicator of impairment, since the subsidiary is in a startup phase and we expect growing revenues and positive cash flows during the next financial years, as shown in budget 2017 and in the 2018-2019 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 14, 2017.

Corporate name: MONEY360.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	120
2016 Statutory profit	227
Shareholders' equity	760
Book value	15

Corporate name: MUTUIONLINE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	1,000
2016 Statutory profit	6,291
Shareholders' equity	38,354
Book value	3,651

Corporate name: PP&E S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2016 Statutory profit	320
Shareholders' equity	608
Book value	306

Corporate name: QUINSERVIZI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	150
2016 Statutory profit	554
Shareholders' equity	2,854
Book value	7,108

Referring to Quinservizi S.p.A., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2017 budget and from the 2018-2021 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 14, 2017.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.28%.

As of December 31, 2016, the value-in-use of the participation in Quinservizi S.p.A., determined as described above, is higher than the book value of the participation itself.

Corporate name: SEGUGIO.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory loss	1,829
Shareholders' equity	817
Book value	13,524

Referring to Segugio.it S.r.l., the book value of the participation is higher than the value of its shareholders' equity. We underline that the subsidiary is investing heavily in communication for the development of the "Segugio.it" brand, launched in September 2012.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2017 budget and from the 2018-2021 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 14, 2017.

The main assumptions regarding the value-in-use of the CGU are the operating cash flows during the five-year forecasted period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the CGU has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the CGU's reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.00%.

As of December 31, 2016, the value-in-use of the participation in Segugio.it S.r.l., determined as described above, is higher than the book value of the participation itself.

Corporate name: SEGUGIO SERVIZI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2016 Statutory loss	189
Shareholders' equity	12
Book value	22

Keeping into consideration the actual situation of volatility of the markets and of uncertainty upon future economic perspectives, we developed a sensitivity analysis on the recoverable value of the participations subject to impairment.

Particularly, we developed a sensitivity analysis on the recoverable value of the participations, assuming an increase of the discount rate, a decrease on the perpetual growth rate and of the revenues growth rate.

In order to test the model for the assessment of fair value at the changes of the variables, we simulated the changes in two key variables:

- Discount rate: increased and decreased by 0.5% compared to the basic discount rate;
- Growth rate of revenues: for the years following the forecast on Budget 2017 the growth/drop rate of revenues was increased/decreased by 2% and simultaneously the implicit growth rate "g" was increased/decreased within a 0.5% range.

The sensitivity analysis for the participations for which we that did not notice any impairment shows the following margins of tolerance:

- Discount rate: the in-use value of the participations remains higher compared to the book value of participations also simulating an increase of discount rate until a WACC equal to 8.62% for the participation in Segugio.it S.r.l. meanwhile for the other participations subject to impairment test value in use remains higher than book value also in presence of an increase of WACC over 5%;

- Revenues and growth rate "g": the in-use value of the participations remains higher compared to their book value also forecasting a drop of revenues by 2% and decreasing the implicit growth rate by 0.5% except for Segugio.it S.r.l., for which, however, we used a prudential approach in defining WACC which was increased to take into account potential risks due to uncertainty about the growth of business. Management believes that hypothesis at the basis of business plan of Segugio.it S.r.l. are conservative and the foreseen results reasonably reachable. The evolution of the business of this company will be anyways steadily monitored in the next months.

6. Participation in associated companies and joint ventures

This item refers to the participation in Generale Servizi Amministrativi S.r.l., in short GSA S.r.l., a company of which the Issuer holds a stake equal to 50% of the share capital, for an amount equal to Euro 50 thousand and to the participation in the associated company Generale Fiduciaria S.p.A., of which the Issuer purchased a 10% stake of share capital, for a consideration equal to Euro 242 thousand, corresponding to book value of the stake of the equity of the company acquired.

7. Other non-current assets

This item refers to the non-interest bearing loan granted to subsidiary 7Pixel S.r.l.. It is worth pointing out that the actualization of the financial asset using the current market interest rates has no significant impact on the evaluation of the asset itself.

CURRENT ASSETS

8. Cash and cash equivalent

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication No. DEM/6064293 dated July 28, 2006, as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	December 31, 2015	Change	%
A. Cash and cash equivalents	39,776	31,518	8,258	26.2%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	-	-	-	N/A
D. Liquidity (A) + (B) + (C)	**39,776**	**31,518**	**8,258**	**26.2%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	-	-	-	N/A
G. Current portion of long-term borrowings	(936)	(1,450)	514	-35.4%
H. Other short-term borrowings	(85,786)	(64,501)	(21,285)	33.0%
I. Current indebteness (F) + (G) + (H)	**(86,722)**	**(65,951)**	**(20,771)**	**31.5%**
J. Net current financial position (I) + (E) + (D)	**(46,946)**	**(34,433)**	**(12,513)**	**36.3%**
K. Non-current portion of long-term bank borrowings	(18,409)	(21,420)	3,011	-14.1%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current Indebteness (K) + (L) + (M)	**(18,409)**	**(21,420)**	**3,011**	**-14.1%**
O. Net financial position (J) + (N)	**(65,355)**	**(55,853)**	**(9,502)**	**17.0%**

Gruppo MutuiOnline S.p.A. manages a cash pooling service. All the Italian subsidiaries as of December 31, 2016 have joined this system. The cash pooling service aims to provide a more efficient management of available liquidity and investments at a group level. Therefore, the short-term financial liabilities of the Issuer as of December 31, 2016 include “Other current borrowings” equal to Euro 85,786 thousand, consisting exclusively in liabilities towards subsidiaries within the cash pooling service.

For more detail on the cash balance of cash and cash equivalents and of current financial debts from companies of the Group please refer to note 27.

9. Other current assets

The following table presents the detail of the item as of December 31, 2016 and 2015:

(euro thousand)	As of December 31, 2016	December 31, 2015
Receivables from subsidiaries for dividends	9,000	3,000
Receivables from subsidiaries for national tax consolidation r	5,989	4,778
Receivables from joint venture for tax transparency	-	1,011
VAT receivables	313	302
Accruals and prepayments	250	126
Advances to suppliers	7	142
Total other current assets	**15,559**	**9,359**

Receivables from subsidiaries are as follows:

(euro thousand)	As of December 31, 2016	December 31, 2015
Receivables for national tax consolidation regime:		
From Centro Istruttorie S.p.A.	2,078	1,677
From. EuroServizi per i Notai S.r.l.	1,190	903
From Centro Servizi Asset Management S.r.l.	611	315
From Centro Finanziamenti S.p.A.	489	-
From IN.SE.CO. S.r.l.	421	571
From CreditOnline Mediazione Creditizia S.p.A.	289	442
From Effelle Ricerche S.r.l.	274	246
From CercAssicurazioni.it S.r.l.	238	206
From Quinservizi S.p.A.	222	340
From PP&E S.r.l.	106	16
From Centro Processi Assicurativi S.r.l.	71	51
From Segugio Servizi S.r.l.	-	11
Total receivables for tax consolidation regime	**5,989**	**4,778**
Receivables for dividends:		
From MutuiOnline S.p.A.	-	3,000
From CreditOnline Mediazione Creditizia S.p.A.	6,500	-
From Quinservizi S.p.A.	2,500	-
Total receivables for dividends	**9,000**	**3,000**
Total receivables from subsidiaries	**14,989**	**7,778**

Receivables for national tax consolidation regime include receivables deriving from the transfer of liabilities for IRES of the subsidiaries within the national tax consolidation regime of the Group.

Receivables for dividends refer to receivables for dividends resolved by the subsidiaries CreditOnline Mediazione Creditizia S.p.A. and CercAssicurazioni S.r.l. in 2016 and not yet cashed as of the end of financial year.

In this regard, it is worth pointing out that during the year the Issuer cashed dividends from MutuiOnline S.p.A., which are included among the receivables as of December 31, 2015, for an amount equal to Euro 3,000 thousand.

SHAREHOLDERS' EQUITY

10. Share capital and reserves

For the statement of changes in shareholders' equity please refer to the relevant table.

On April 22, 2016 the shareholders' meeting resolved the distribution of a dividend of 0.15 per share. Such dividends have been paid out with ex-dividend date May 2, 2016, record date May 3, 2016 and payable date May 4, 2016. Following such resolution, the Issuer paid dividends for a total amount equal to Euro 5,586 thousand.

As of December 31, 2016, the Company's share capital is composed of 39,511,870 shares without nominal value. During the year ended December 31, 2016, there were no changes in the number of outstanding shares.

During the year ended December 31, 2007, the Company initiated a buy-back program, for up to the 2% of share capital, serving the stock option plan for directors, employees and other personnel. During the following financial years, the shareholders' meeting has approved and renewed the buy-back program, specifying limits and purposes, for up to the 10% of share capital, or any higher quantity permitted by the applicable pro tempore law.

During the year ended December 31, 2016 the Issuer purchased 768,077 own shares equal to 1.944% of ordinary share capital. During the same period following the exercise of the stock options vested held by some employees of the Group, the Issuer sold 1,013,195 own shares equal to 2.564% of ordinary share capital.

As of December 31, 2016, the Company holds 201,683 own shares, equal to 0.510% of ordinary share capital, at a total cost of Euro 1,102 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 5 thousand as of December 31, 2016, and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

(euro thousand)	As of December 31, 2016	December 31, 2015
Book value of own shares	**1,102**	**2,471**
(of which) offsetting share capital	5	11
(of which) offsetting other reserves	1,097	2,460

It is worth mentioning that the number of shares of the Issuer purchased by all the companies of the Group in total does not exceed 10% of the ordinary share capital of the Issuer.

The following table presents the origin and the availability of the items included in shareholders' equity:

				Summary of the utilizations during the past three years		
(euro thousand)	As of December 31, 2016	Possible utilization	Available amount	for purchase of own shares	for share capital increase	distribution and income allocation
Share capital	995			(35)		
Earnings reserves:						
Legal reserve	200	B	-			
Stock option reserve	2,829	A,B	2,829	(9,637)		
Retained earnings	3,535	A,B,C	3,535	-	-	(14,452)
Net income	9,289	A,B,C	9,289			
Total shareholders' equity	**16,848**		**15,653**			
Not available for distribution			2,829			
Remaining distributable amount			12,824			

Legend:
A: for share capital increases
B: for the offsetting of losses
C: for distribution to shareholders

NON-CURRENT LIABILITIES

11. Long-term borrowings

The following table presents the details of the item, including only bank borrowings:

(euro thousand)	As of December 31, 2016	December 31, 2015
1 - 5 years	3,417	5,939
More than 5 years	14,992	15,481
Total long-term borrowings	**18,409**	**21,420**

Non-current bank borrowings refer to the loan contract signed on June 9, 2014 with Intesa Sanpaolo S.p.A. and to the loan contract signed on March 13, 2015 with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A..

The book value of the financial liabilities represents their fair value.

Loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A.

On March 13, 2015, the Issuer signed, as part of the acquisition, by the Group, of the controlling participation in 7Pixel S.r.l., a bank loan contract with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., for a total amount of Euro 15,000 thousand, with a seven years bullet structure.

The repayment schedule of the loan contract from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. provides for the reimbursement of the whole capital, equal to Euro 15,000 thousand, in a sole solution at the term of the loan, on March 31, 2022. The costs sustained for obtaining loan, for a total amount equal to Euro 241 thousand, were distributed along the entire duration of the loan. The loan is booked with the amortising cost method.

The spread applied on the interest rate is restated at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA resulting from the consolidated economic and financial situation of the Group. For Net Financial Indebtedness we consider the financial indebtedness net of totally subordinated shareholders' loans, cash and cash equivalent and negotiated financial activities. Based on the values of these parameters reported in the present consolidated financial report, the applicable spread the loan starting from July 1, 2017 is expected to be 1.75%.

Besides, also with regard to the loans with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended and half years ended during the term of the contract, clarifying that the economic data are to be considered on an yearly basis: i) ratio between Net Financial Indebtedness and EBITDA not over 2.5 until December 31, 2016 and not over 2.0 at the following terms; ii) ratio between Free Cash Flow and Debt Service not less 1.1, where for Debt Service we mean the part of Financial Indebtedness, included net financial costs, paid during the relevant period.

The Issuer has complied these financial covenants as of December 31, 2016.

Loan from Intesa Sanpaolo S.p.A.

The loan granted by Intesa Sanpaolo S.p.A. is repayable in 84 monthly installments of principal and interest, with the exception of the first 24 installments which are interest only. The repayment schedule is as follows:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
- between one and two years	992	965
- between two and three years	1,010	988
- between three and four years	1,030	1,011
- between four and five years	522	1,035
- more than five	-	527
Total	**3,554**	**4,526**

With regards to the loan with Intesa S.p.A. the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity higher than Euro 10,000 thousand; ii) consolidated net financial position lower than the most value of consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. The Company has always complied with such parameters since the signing of the contract and also as of December 31, 2016.

12. Defined benefit program liabilities

The following table presents the situation of the item:

(euro thousand)	As of December 31, 2016	As of December 31, 2015
Employees' termination benefits	264	217
Directors' termination benefits	114	77
Total defined benefit program liabilities	**378**	**294**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below:

	As of December 31, 2016	As of December 31, 2015
ECONOMIC ASSUMPTIONS		
Inflation rate	1.50%	1.75%
Discount rate	1.31%	2.03%
Salary growth rate	2.50%	2.75%
TFR growth rate	2.63%	2.81%

DEMOGRAPHIC ASSUMPTIONS

Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 2.50% p.a. has been applied for the permanent employees and a rate of 15% p.a. has been applied for the fixed-term employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

It is worth pointing out that actuarial losses, deriving from the liability as of December 31, 2016, are recorded in equity, with the recognition in the comprehensive income statement. The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2016 and 2015:

Value as of December 31, 2014	**207**
Current service cost	56
Interest cost	3
Benefits paid	(14)
Losses of the year	(35)
Value as of December 31, 2015	**217**
Current service cost	41
Interest cost	5
Tranfered benefit	19
Benefits paid	(14)
Losses of the year	(4)
Value as of December 31, 2016	**264**

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2016 and 2015:

	Years ended	
(euro thousand)	**December 31, 2016**	**December 31, 2015**
Current personnel cost	(41)	(56)
Implicit interest cost	(5)	(3)
Total expenses related to the defined benefit	**(46)**	**(59)**

As regards the discount rate the reference rate used for the valorization of this parameter was the Iboxx Eur Corporate AA 10+ index as of the valuation date. This term is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

With reference to directors' termination benefits, they were provided only for the executive directors and they are calculated, referring to their annual compensations, according with the provisions of article 2120 of the civil code.

13. Deferred tax liabilities and deferred tax assets

The following table presents the variations of the item:

(euro thousand)	As of January 1, 2016	Accrual	Utilization	As of December 31, 2016	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Differences between the tax bases of assets and their carrying amounts	4	1	(1)	4	4	-
Defined benefit program liability	(9)	14	-	5	-	5
Total deferred tax assets	**(5)**	**15**	**(1)**	**9**	**4**	**5**
Deferred tax liabilities						
Defined benefit program liability	-	-	-	-	-	-
Dividends deliberated not yet paid	(41)	(108)	41	(108)	(108)	-
Total deferred tax liabilities	**(41)**	**(108)**	**41**	**(108)**	**(108)**	**-**
Total	**(46)**	**(93)**	**40**	**(99)**	**(104)**	**5**

As of December 31 2016 the amount of deferred tax liabilities, net of deferred tax assets, is equal to Euro 99 thousand and is related to revenues taxable during the following financial years.

As of December 31 2015 the amount of deferred tax liabilities, net of deferred tax assets, is equal to Euro 46 thousand and is related to revenues taxable during the following financial years.

14. Other liabilities

The item represents the financial liabilities for the estimated consideration, equal to 5,240 thousand, for the earn out, to be paid during the year 2018, related to the purchase of the 49% stake of subsidiary IN.SE.CO. S.r.l. which took place in the financial year ended December 31, 2015, and for the foreseen consideration for the earn out, to be paid out during the financial year 2019, equal to Euro 50 thousand, related to the purchase of the participation in subsidiary Klikkapromo S.r.l., which took place in the financial year ended December 31, 2015.

CURRENT LIABILITIES

15. Short-term borrowings

Short-term borrowings include, besides the financial payables with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 27, the current portion of liability for outstanding bank loans for an amount equal to Euro 936 thousand.

Finally, it is worth highlighting that the increase of the item as of December 31, 2016, compared to the previous year is due to the increase of financial debts with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 27.

16. Trade and other payables

The amount of the item is equal to Euro 458 thousand (Euro 434 thousand as of December 31, 2015) and consists of payables to suppliers, including payables to subsidiaries for Euro 49 thousand.

17. Other current liabilities

The following table presents the situation of the item:

(euro thousand)	As of December 31, 2016	December 31, 2015
Liabilities to subsidiaries	1,419	1,046
Liabilities to personnel	286	253
Social security liabilities on behalf of employees	74	68
Social security liabilities	104	100
Other current liabilities	60	655
Accruals and prepayments	11	30
Total other liabilities	**1,954**	**2,152**

Liabilities to subsidiaries refer to the liabilities as of December 2016 accrued versus subsidiaries within the national tax consolidation regime.

The other current liabilities decrease if compared to December 31, 2015 following the payment of the liability, paid during financial year ended December 31, 2016, concerning the earn out for the acquisition of the 20% of the subsidiary EuroServizi per i Notai S.r.l., occurred in 2013.

18. Stock option plan

The following table presents the outstanding stock options for the benefit of the executive directors and certain employees of the Issuer as of December 31, 2016:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	893,000	4.976	0.86
			Total options	**893,000**		

The weighted average market price of the shares for the year ended December 31, 2016 is equal to Euro 7.582.

Personnel costs in the year ended December 31, 2016 include Euro 257 thousand (in 2015 Euro 257 thousand) related to the Group's stock option plan for the benefit of the executive directors and certain employees of the Issuer.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

19. Revenues

The revenues of the year are mainly accrued from subsidiaries and the joint venture GSA S.r.l.. They include the dividends resolved by the subsidiaries and the joint venture during the year and the fees for coordination and professional services by the Company in favor of its subsidiaries and the joint venture, for an amount equal to Euro 680 thousand.

The following table presents the dividends resolved by the subsidiaries during the years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	 December 31, 2015
Dividend from CercAssicurazioni S.r.l.	2,500	-
Dividend from CreditOnline Mediazione Creditizia S.p.A.	6,500	-
Dividend from EuroServizi per i Notai S.r.l.	1,508	-
Dividend from Finprom S.r.l.	-	1,990
Dividend from MutuiOnline S.p.A.	-	3,000
Dividend from GSA S.r.l.	2,250	-
Total dividends deliberated by subsidiaries	**12,758**	**4,990**

20. Services costs

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	 December 31, 2015
Technical, legal and administrative consultancy	(643)	(807)
Rental and lease expenses	(645)	(341)
Communication expenses	(309)	(146)
Other general expenses	(395)	(338)
Total services costs	**(1,992)**	**(1,632)**

Increase of rental and lease expenses costs are due to the growth of expenses for the lease of software in the financial year ended December 31, 2016.

21. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	 December 31, 2015
Wages and salaries	(661)	(692)
Directors' compensation	(624)	(244)
Social security contributions	(165)	(213)
Defined benefit program liabilities	(82)	(70)
Stock option expenses	(257)	(257)
Other costs	(15)	(15)
Total personnel costs	**(1,804)**	**(1,491)**

The average headcount as of December 31, 2016 and 2015 is as follows:

categories	2016 Average number	2015 Average number
Managers	1	1
Supervisors	1	1
Employees	16	14
Total	**18**	**16**

The Company applies the collective labor agreement of the commerce sector.

22. Financial income and expenses

The following table presents the details of the item for the financial years ended December 31, 2016 and 2015:

(euro thousand)	Years ended December 31, 2016	 December 31, 2015
Financial income	5	42
Losses from participations	(621)	-
Interest expense	(398)	(456)
Losses from financial liabilities	(96)	(492)
Net financial loss	**(1,110)**	**(906)**

Losses from participations refer to the impairment of the participations in Klikkapromo S.r.l. and Segugio Servizi S.r.l., already described in Note 5.

Interest expenses include interest accrued in financial year on the ongoing bank loans for an amount equal to 380 thousand.

Losses from financial liabilities are related to the expenses deriving from the evaluation of the financial liability for the earn out, paid in 2016, for the acquisition of the 20% stake in EuroServizi per i Notai S.r.l..

23. Income tax expense

With respect to corporate income tax, in the financial year ended December 31, 2016, the Company recorded a taxable loss, due to the not taxability of 95% of the dividends received during the year, which, because of the adhesion to the tax consolidation regime, generates a tax benefit equal to Euro 933 thousand, whose financial counterbalance offsets current taxes.

Because of the deferred taxation of some revenues and tax deductibility of some costs compared to their accrual, during the year ended December 31, 2016 the provision for advance tax assets has been increased by Euro 99 thousand and utilized for Euro 54 thousand.

No regional income taxes (IRAP) are due.

24. Tax consolidation

As mentioned above, the coordination activity is reflected in the participation of the Issuer, in its capacity of holding company, to the Italian tax consolidation regime, as provided by article 117 and following of presidential decree 917/1986. All the Italian subsidiaries as of December 31, 2016 participate, also indirectly, in the tax consolidation regime, except MutuiOnline S.p.A. and 7Pixel S.r.l..

We remind that 50% of the tax receivable for IRES generated by the joint venture Generale Servizi Amministrativi S.r.l. during the financial year ended December 31, 2016, following the adhesion to the tax transparency regime, has been transferred to the Issuer for a non significant amount.

The net consolidated tax receivables amount to Euro 338 thousand and is recorded in the statement of financial position among "Tax receivables" as reported in table:

(euro thousand)	**Assets**	**Liabilities**
Gruppo MutuiOnline S.p.A.	933	-
Centro Finanziamenti S.p.A.	-	489
Centro Istruttorie S.p.A.	-	2,078
Centro Processi Assicurativi S.r.l.	-	71
Centro Servizi Asset Management S.r.l.	-	611
CercAssicurazioni.it S.r.l.	-	238
CreditOnline Mediazione Creditizia S.p.A.	-	289
Effelle Ricerche S.r.l.	-	274
EuroServizi per i Notai S.r.l.	-	1,190
IN.SE.CO. S.r.l.	-	421
Innovazione Finanziari SIM S.p.A.	218	-
Klikkapromo S.r.l.	229	-
Mikono S.r.l.	13	-
Money360.it S.p.A.	151	-
PP&E S.r.l.	-	106
Quinservizi S.p.A.	-	222
Segugio Servizi S.r.l.	94	-
Segugio.it S.r.l.	714	-
Consolidated advances	3,975	-
Total assets and liabilities	**6,327**	**5,989**
Total net assets and liabilities	**338**	

25. Benefits to the managers with strategic responsibilities and compensation to members of the governing and controlling bodies and auditors

The total cost for the Company of compensations paid to executive directors is equal to Euro 891 thousand, of which Euro 229 thousand for stock option expenses.

The compensation to the board of statutory auditors amounts to Euro 51 thousand.

The fees paid to the independent auditors by the Company and its subsidiaries for their audit activities for the financial year ended December 31, 2016 are equal to Euro 40 thousand.

We finally point out that there are no managers with strategic responsibilities.

26. Classes of financial instruments

In the balance sheet as of December 31, 2016 financial assets are classified as follows:

- Cash and cash equivalents for Euro 39,776 thousand (2015: Euro 31,518 thousand);

- Loans and receivables for Euro 3,817 thousand (2015: Euro 3,912 thousand).

All the financial liabilities recorded in the balance sheet as of December 31, 2016 and 2015 are stated at the amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach. The expenses deriving from the measurement of these liabilities are recorded in the income statement for the financial year ended December 31, 2016 and are equal to Euro 96 thousand.

27. Related party transactions

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

The following tables details the transactions and balances with related parties:

		As of	
(euro thousand)	**Relationship**	**December 31, 2016**	**December 31, 2015**
Trade receivables			
Centro Finanziamenti S.p.A.	Subsidiary	24	25
Centro Istruttorie S.p.A.	Subsidiary	69	53
Centro Processi Assicurativi S.r.l.	Subsidiary	29	26
Centro Servizi Asset Management S.r.l.	Subsidiary	18	32
CercAssicurazioni.it S.r.l.	Subsidiary	2	1
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	22	21
Effelle Ricerche S.r.l.	Subsidiary	22	22
EuroServizi per i Notai S.r.l.	Subsidiary	55	41
Generale Servizi Amministrativi S.r.l.	*Joint venture*	26	22
IN.SE.CO. S.r.l.	Subsidiary	20	20
Innovazione Finanziaria SIM S.p.A.	Subsidiary	12	-
Klikkapromo S.r.l.	Subsidiary	19	-
Mikono S.r.l.	Subsidiary	12	5
Money360.it S.p.A.	Subsidiary	20	7
MutuiOnline S.p.A.	Subsidiary	24	22
PP&E S.r.l.	Subsidiary	27	25
Quinservizi S.p.A.	Subsidiary	42	33
Segugio Servizi S.r.l.	Subsidiary	6	3
Segugio.it S.r.l.	Subsidiary	8	8
Total trade receivables from related parties		**457**	**366**

(euro thousand)	Relationship	As of December 31, 2016	As of December 31, 2015
Trade and other payables			
7Pixel S.r.l.	Subsidiary	1	-
Centro Finanziamenti S.p.A.	Subsidiary	2	1
Centro Istruttorie S.p.A.	Subsidiary	5	4
Centro Servizi Asset Management S.r.l.	Subsidiary	1	1
CercAssicurazioni.it S.r.l.	Subsidiary	3	3
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	10	7
EuroServizi per i Notai S.r.l.	Subsidiary	1	-
IN.SE.CO. S.r.l.	Subsidiary	3	2
MutuiOnline S.p.A.	Subsidiary	20	15
Quinservizi S.p.A.	Subsidiary	3	18
Total trade and other payables to related parties		**49**	**51**

(euro thousand)	Relationship	As of December 31, 2016	As of December 31, 2015
Other non current assets			
7Pixel S.r.l.	Subsidiary	3,346	3,346
Total other non current assets from related parties		**3,346**	**3,346**
Other current assets			
Centro Finanziamenti S.p.A.	Subsidiary	489	-
Centro Istruttorie S.p.A.	Subsidiary	2,078	1,677
Centro Processi Assicurativi S.r.l.	Subsidiary	71	51
Centro Servizi Asset Management S.r.l.	Subsidiary	611	315
CercAssicurazioni.it S.r.l.	Subsidiary	2,738	206
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	6,789	442
Effelle Ricerche S.r.l.	Subsidiary	274	246
EuroServizi per i Notai S.r.l.	Subsidiary	1,190	903
Generale Servizi Amministrativi S.r.l.	*Joint venture*	-	1,011
IN.SE.CO. S.r.l.	Subsidiary	421	571
MutuiOnline S.p.A.	Subsidiary	-	3,000
PP&E S.r.l.	Subsidiary	106	16
Quinservizi S.p.A.	Subsidiary	222	340
Segugio Servizi S.r.l.	Subsidiary	-	11
Total other current assets from related parties		**14,989**	**8,789**

(euro thousand)	Relationship	As of December 31, 2016	December 31, 2015
Other current liabilities			
Centro Finanziamenti S.p.A.	Subsidiary	-	67
Innovazione Finanziari SIM S.p.A.	Subsidiary	218	23
Klikkapromo S.r.l.	Subsidiary	229	-
Mikono S.r.l.	Subsidiary	13	10
Money360.it S.p.A.	Subsidiary	151	95
Segugio Servizi S.r.l.	Subsidiary	94	-
Segugio.it S.r.l.	Subsidiary	714	851
Total other current liabilities to related parties		**1,419**	**1,046**

(euro thousand)	Relationship	As of December 31, 2016	December 31, 2015
Cash and cash equivalent			
Centro Processi Assicurativi S.r.l.	Subsidiary	-	581
Klikkapromo S.r.l.	Subsidiary	420	99
Mikono S.r.l.	Subsidiary	21	-
Money360.it S.p.A.	Subsidiary	134	667
PP&E S.r.l.	Subsidiary	1,987	1,973
Segugio.it S.r.l.	Subsidiary	334	381
Total cash and cash equivalent with related parties		**2,896**	**3,701**
Short-term borrowings			
7Pixel S.r.l.	Subsidiary	1,355	1,505
Centro Finanziamenti S.p.A.	Subsidiary	5,281	1,921
Centro Istruttorie S.p.A.	Subsidiary	14,853	8,279
Centro Processi Assicurativi S.r.l.	Subsidiary	571	-
Centro Servizi Asset Management S.r.l.	Subsidiary	3,315	2,340
CercAssicurazioni.it S.r.l.	Subsidiary	7,417	4,479
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	14,149	12,372
Effelle Ricerche S.r.l.	Subsidiary	1,520	876
EuroServizi per i Notai S.r.l.	Subsidiary	690	2,127
IN.SE.CO. S.r.l.	Subsidiary	5,532	4,507
Mikono S.r.l.	Subsidiary	-	95
MutuiOnline S.p.A.	Subsidiary	26,861	24,260
Quinservizi S.p.A.	Subsidiary	3,745	1,718
Segugio Servizi S.r.l.	Subsidiary	497	22
Total short-term borrowings with related parties		**85,786**	**64,501**

The non-current assets refer to the loan granted to the subsidiary 7Pixel S.r.l. during the financial year ended December 31, 2015.

The other current assets as of December 31, 2016, refer to receivables versus subsidiaries for dividends resolved and not yet paid and for the participation to the tax consolidation regime.

The other current liabilities as of December 31, 2016, refer to liabilities versus subsidiaries for the participation to the tax consolidation regime.

The treasury of the Italian companies of the Group is centrally managed by the Issuer. The financial operations displayed refer to debit and credit balances of the cash pooling accounts of the subsidiaries with the Issuer as of December 31, 2016.

(euro thousand)	**Relationship**	**Years ended December 31, 2016**	**December 31, 2015**
Revenues			
7Pixel S.r.l.	Subsidiary	85	-
Centro Finanziamenti S.p.A.	Subsidiary	24	25
Centro Istruttorie S.p.A.	Subsidiary	61	53
Centro Processi Assicurativi S.r.l.	Subsidiary	25	26
Centro Servizi Asset Management S.r.l.	Subsidiary	29	32
CercAssicurazioni.it S.r.l.	Subsidiary	2,501	1
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	6,529	21
Effelle Ricerche S.r.l.	Subsidiary	21	21
EuroServizi per i Notai S.r.l.	Subsidiary	1,696	41
Finprom S.r.l.	Subsidiary	-	1,990
Generale Servizi Amministrativi S.r.l.	*Joint venture*	2,276	22
IN.SE.CO. S.r.l.	Subsidiary	20	20
Innovazione Finanziari SIM S.p.A.	Subsidiary	12	-
Klikkapromo S.r.l.	Subsidiary	19	-
Mikono S.r.l.	Subsidiary	12	5
Money360.it S.p.A.	Subsidiary	19	6
MutuiOnline S.p.A.	Subsidiary	30	3,021
PP&E S.r.l.	Subsidiary	24	24
Quinservizi S.p.A.	Subsidiary	43	33
Segugio Servizi S.r.l.	Subsidiary	6	3
Segugio.it S.r.l.	Subsidiary	6	6
Total revenues from related parties		**13,438**	**5,350**
Other revenues			
7Pixel S.r.l.	Subsidiary	6	-
Centro Istruttorie S.p.A.	Subsidiary	17	-
Centro Processi Assicurativi S.r.l.	Subsidiary	4	-
Centro Servizi Asset Management S.r.l.	Subsidiary	9	-
CercAssicurazioni.it S.r.l.	Subsidiary	1	-
CreditOnline Mediazione Creditizia S.p.A.	Subsidiary	1	-
Generale Servizi Amministrativi S.r.l.	*Joint venture*	1	-
MutuiOnline S.p.A.	Subsidiary	3	-
PP&E S.r.l.	Subsidiary	2	-
Quinservizi S.p.A.	Subsidiary	8	-
Total other revenues from related parties		**52**	**-**
Services costs			
PP&E S.r.l.	Subsidiary	303	338
Quinservizi S.p.A.	Subsidiary	45	180
Total services costs from related parties		**348**	**518**

The revenues for the year ended December 31, 2016 mainly refer to dividends distributed by the subsidiaries and, for the residual part, to fees for direction, coordination and professional services invoiced by the Issuer to its subsidiaries.

Services costs are related to rental office residence services provided by PP&E S.r.l..

Financial incomes with related parties equal to Euro 1 thousand and financial expenses equal to Euro 12 thousand are related to interests accrued during the financial year ended December 31, 2016 on the cash pooling accounts.

In the financial year ended December 31, 2016 we do not identify any other related parties translations.

28. Subsequent events

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholder's meeting on April 22, 2015, after December 31, 2016, the Issuer purchased further 29,361 own shares equal to 0.074% of the share capital. As of the approval of the present annual report the Issuer holds a total of 231,044 own shares, equal to 0.585% of ordinary share capital.

Milan, March 14, 2017

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

pursuant to art. 123-bis of the Consolidated Law on Finance

(traditional model of administration and control)

Issuer: Gruppo MutuiOnline S.p.A.
Website: www.gruppomol.it

Financial year of reference: 2016
Date of approval of the report: March 14, 2017
Date of publication of the report: March 31, 2017

5. REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE

GLOSSARY

Articles of Association: articles of association and bylaws of the Issuer, published also on the website of the Issuer, in section "Governance", "Articles of association and company bylaws".

Board or **Board of Directors**: the Board of Directors of the Issuer.

Board of Statutory Auditors: statutory auditors of the Issuer.

Code of Conduct: the Code of Conduct for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime e Confidustria.

CONSOB: National Commission for Companies and Stock Exchange.

CONSOB Issuer Regulations: the regulations adopted by CONSOB with resolution no. 11971 in 1999 (and subsequent amendments) pertaining the discipline of issuers.

CONSOB Market Regulations: the regulations adopted by CONSOB with resolution no. 16191 in 2007(and subsequent amendments) pertaining the discipline of markets.

CONSOB Regulations on Related Parties: the regulations adopted by CONSOB with resolution no. 17221 on March 12, 2010 (and subsequent amendments) pertaining the discipline of related parties.

Consolidated Law on Finance or **TUF** (*Testo Unico della Finanza*): legislative decree no. 58 of February 24, 1998 (and subsequent amendments).

Financial year: the relevant financial year of the Report.

Group: the companies belonging to the group of the Issuer.

Instructions accompanying Markets Rule: Instructions accompanying the Rules of the Markets organized and managed by the Italian Stock Exchange.

Issuer or **Company**: Gruppo MutuiOnline S.p.A., with registered office at via F. Casati 1/A, Milan.

Italian Stock Exchange: Borsa Italiana S.p.A.

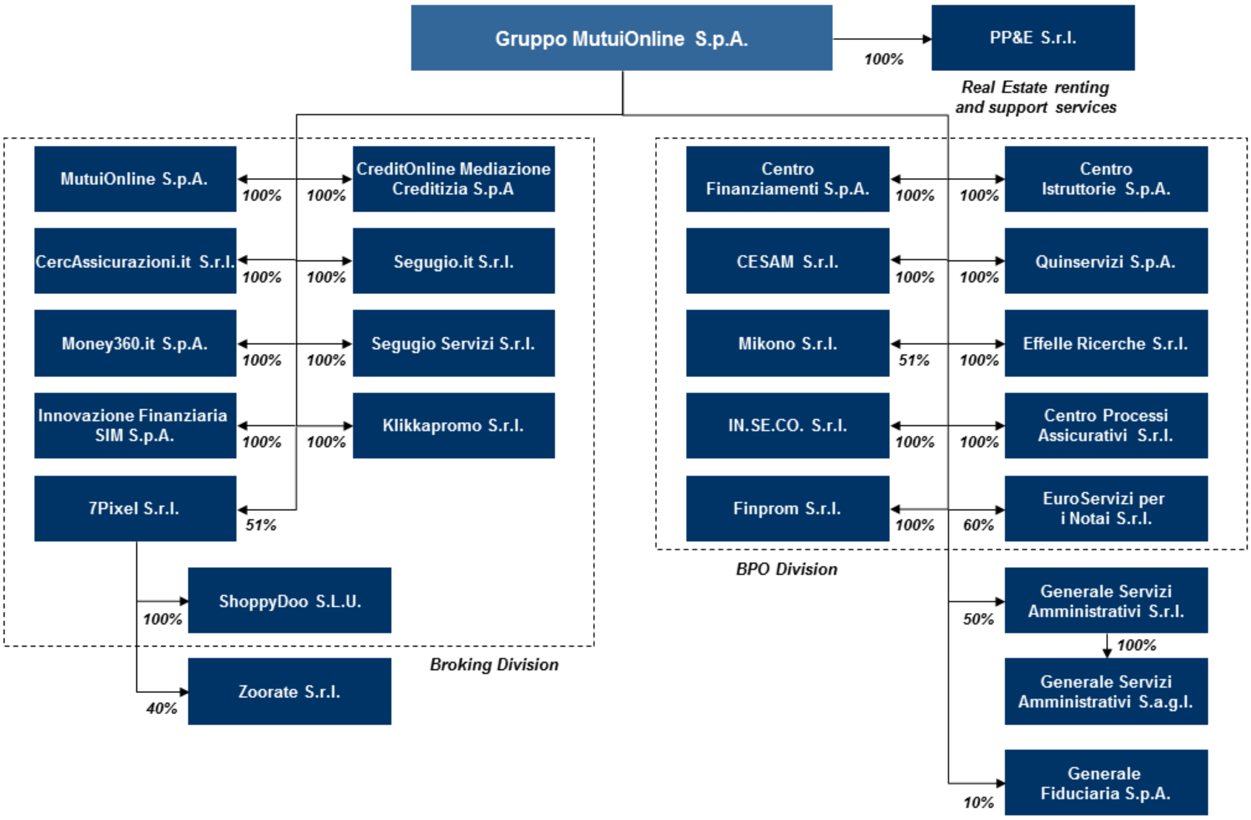
Market Regulations: the regulations of the markets organized and managed by the Italian Stock Exchange.

Report: the report on corporate governance and company structure that companies are required to prepare pursuant to article 123-bis of TUF.

1. PROFILE OF THE ISSUER

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for financial sector operators.

The structure of the Group as of December 31, 2016 is as follows:



The companies indicated above are all based in Italy, except Finprom S.r.l., a company incorporated under Romanian law, and ShoppyDoo S.L.U., a company incorporated under Spanish law.

Generale Servizi Amministrativi S.r.l., a joint venture of which the Issuer holds a 50% stake, controls Generale Servizi Amministrativi S.a.g.l., a Swiss company with registered office in Lugano.

The Issuer is organized according to the traditional model of administration and control as per articles 2380-*bis* and following of the civil code, which provides for the shareholders' meeting, the Board of Directors and the board of statuary auditors. The Company adheres to the Code of Conduct.

2. INFORMATION ON OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2016

2.1. Structure of share capital

The company has a fully paid up share capital of Euro 1,000,000.00 composed of 39,511,870 ordinary shares without nominal value.

The shares are listed on the STAR Segment of the *Mercato Telematico Azionario* (**MTA**), the Italian screen-based trading system organized and managed by the Italian Stock Exchange. Please refer to Table 1 in the appendix for the structure of share capital.

Except what follows, the Company has not issued other financial instruments that give the right to subscribe for new shares.

On September 25, 2014, the shareholders' meeting approved a stock option plan for the benefit of certain directors, employees and other personnel of the Group, which is added to the stock option plan approved on November 9, 2010. For more information on stock option plans outstanding as of December 31, 2016 please refer to the disclosure documents prepared pursuant to article 84-*bis* of the Issuer Regulations deposited at the Company's registered office and published on the website of the Company www.gruppomol.it in the section "Governance", "Other documents" "2014". Please refer also to the explanatory notes attached to the financial statements for the financial year ended December 31, 2016 and to the remuneration report prepared pursuant to article 123-*ter* of TUF and article 84-*quater* of the Issuers' Regulations.

2.2. Restrictions to the transfer of shares

There are no restrictions to the transfer of shares.

2.3. Significant shareholders

As of December 31, 2016, according to the communications received pursuant to article 120 of TUF, the list of shareholders who hold directly or indirectly at least five percent of the ordinary share capital, is presented in appendix in Table 1 concerning relevant shareholdings.

It is worth pointing out that there are no controlling shareholders.

Besides, it is worth pointing out that Marco Pescarmona, Chairman of the Board of Directors, holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi, Chief Executive Officer, holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.). Alma Ventures S.A., as of December 31, 2016, holds 12,841,070 shares of the issuer, equal to 32.5% of ordinary share capital, none of which acquired during the financial year ended December 31, 2016.

As of December 31, 2016, the Group's companies hold in total 1,853,205 shares of the Issuer, of which 201,683 shares are directly held by the Issuer, 1,500,000 shares are held by subsidiary MutuiOnline S.p.A. and 151,522 shares are held by subsidiary Centro Istruttorie S.p.A., for a total equal to 4.69% of ordinary share capital. These shares, as provided by law, do not give voting rights at the shareholders' meeting.

2.4. Shares that confer special rights

The Company has not issued shares that confer special controlling rights or special powers assigned to the securities.

2.5. Employee shareholding plan: procedure for the exercise of voting rights

There is no procedure for the exercise of voting rights for employees.

2.6. Restrictions to voting rights

There are no restrictions to voting rights.

2.7. Shareholders' agreements

As of the date of approval of the present Report, the issuer is not aware of any shareholders' agreements.

2.8. Change of control clauses

The Issuer and its subsidiaries have not entered into any significant agreements which become effective, are modified or expire in case of change in the control of the contracting company.

The Articles of Association of the Issuer do not contain exceptions to the passivity rule as provided for by article 104, paragraphs 1 and 2, of TUF and do not require the application of the breakthrough rule as per article 104-*bis*, paragraphs 2 and 3, of TUF.

2.9. Delegations of the power to increase share capital and authorizations to buy own shares

On April 27, 2015, the shareholders' meeting delegated the Board to increase share capital excluding option rights, pursuant to articles 2443 and 2441, comma 4, second period, of civil code, with payment in cash or in kind. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the limit of 10% of the total amount of outstanding shares of the Issuer as of the date of the resolution, as well as of 10% of share capital as of the same date. The faculty to increase the share capital above-described has not yet been exercised by the Board.

On April 22, 2016 the shareholders' meeting delegated the Board to increase share capital, pursuant to articles 2443 and 2441, comma 8 of civil code. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the maximum limit of 3,951,187 shares of the Issuer and the maximum nominal value of 100,000.00 euro, to offer in subscription to employees of the Issuer or its subsidiaries. These are no bonus shares and should be paid in money. The faculty to increase the share capital above-described has not yet been exercised by the Board.

On April 22, 2016 the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 27, 2015 and authorized the Board of Directors to purchase and dispose own shares, also by means of subsidiaries of the Issuer, with the following purposes:

i. for activities in support of market liquidity;

ii. for the possible use of shares as compensation in extraordinary transactions, including exchange of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and "Equita SIM S.p.A.", for its role as specialist on the stock market, compliant with the requirements for the presence in the STAR segment of MTA;

v. for an efficient investment of the liquidity of the Group.

The authorization for the purchase of own shares approved on April 22, 2016 was granted for the maximum limit permitted by the currently applicable law, pursuant to articles 2357 and 2357-*ter* of the civil code, taking into account own shares already held by the Company and the shares of the Issuer held by its subsidiaries.

The authorization for the purchase of own shares have been granted for a period of 18 (eighteen) months from the date of the shareholder's meeting, whereas the authorization for the disposal has an unlimited duration.

As of December 31, 2016 the companies of the Group hold a total of 1,853,205 shares, and as of the date of approval of this Report, hold a total of 2,291,255 shares of the Issuer, divided as follows:

Shareholder company	Shares held as of December 31, 2016	Shares held as of March 14, 2017	Date of the last authorization of the shareholders' meeting
Gruppo MutuiOnline S.p.A.	201.683	231.044	April 22, 2016
MutuiOnline S.p.A.	1.500.000	1.500.000	May 20, 2011
Centro Istruttorie S.p.A.	151.522	151.522	April 24, 2008
Total	**1.853.205**	**1.882.566**	

2.10. Management and coordination activity

The Company is not subject to management and coordination activities by any other company or entity pursuant to articles 2497 and the following of the civil code.

With reference to the further information pursuant to article 123-*bis* of the TUF we specify that:

- for information on eventual agreements between the Company and the directors which provide for indemnities in case of resignation or dismissal without just cause or if their office is terminated due to a takeover bid (article 123-*bis,* paragraph 1, letter i)), please refer to the remuneration report published pursuant to article 123-*ter* of TUF and to article 84-*quater* of the Issuers' Regulations;

- for information on the rules applicable for the appointment and replacement of directors as well as statutory changes (article 123-*bis*, paragraph 1, letter 1)), please refer to the following paragraph 4.1.

3. COMPLIANCE

The Company has adopted the Code of Conduct, publicly available on the website of the Committee fo Corporate Governance (http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf).

Neither the Issuer nor any of its subsidiaries of a certain strategic relevance are subject to non-Italian laws that affect the corporate governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors and modifications of bylaws

The Company is led by a Board of Directors composed of a minimum of seven members to a maximum of twelve members. The ordinary shareholders' meeting decides, at the moment of appointment, the duration of the office, which cannot exceed three financial years; the mandate of the directors expires on the date of the shareholders' meeting called for the approval of the financial statement of the last financial year of their office. Directors are eligible for re-election.

Acceptance of office as director is subject to the fulfillment of the requirements provided by the law, the Articles of Association and any other applicable provisions.

Article 16, paragraph 14 of the Articles of Association provides that, if not otherwise authorized by the Board, an individual cannot be appointed director of the Company and, if appointed, will lose the office, if he/she:

i. is, when appointed, more than seventy years old;

ii. has not obtained a total of at least three years' experience in the performance of accounting or controlling activities in corporations, professional activities or permanent university teaching in economic, financial, legal or technical/scientific subjects pertinent to the Company's business activities;

iii. exercises a competing activity on his/her own or for others, or is a director, general manager or executive in competitor companies or clients of the Company, or has been such in the previous biennium; or

iv. is director, general manager or executive in companies recorded in the Register of Banks, pursuant to article 13 of Law Decree 385/1993.

It is also worth highlighting that, since the Issuer is admitted to trading on the MTA, STAR Segment, in order to maintain the status it must have in its Board of Directors an adequate number of independent directors and, therefore, comply with the criteria of Article IA.2.10.6 of the Instructions of the Stock Exchange Regulations which provide for: at least 2 independent directors for boards up to 8 members; at least 3 independent directors for boards with between 9 and 14 members; at least 4 independent directors for boards with more than 14 members. In addition, in the Code of Conduct the criterion 3.C.3 recommends that at least one-third of the Board of Directors are independent directors.

In accordance with article 16, paragraph 5 of the Articles of Association, each list must contain and expressly indicate independent director candidates, with reference both to the number of candidates to be elected and to the independence requirements established for the statutory auditors by article 148, paragraph 3 of Law Decree 58/1998, in addition to the independence requirements established by the Code of Conduct. Furthermore, in accordance with the equilibrium among genders, provided by article 147-*ter*, comma 1-*ter* of TUF implemented by Law n. 120 of 12 July 2011, each list – if the lists does not present a number of candidates less than three – must assure the presence of both genders, so that the candidates of the gender less represented are, for the first mandate following the entering in force of the Law 120/2011, at least a fifth of the total and, in the two subsequent mandates, at least a third of the total; everything with a rounding, in case of fractional number, to the upper unit.

Article 16, paragraphs 2 and 3 of the Articles of Associations also provides a voting system for the appointment of the governing body based on lists submitted by shareholders who, alone or together with others, hold a stake at least equal to that established by CONSOB Issuers' Regulation. It is worth pointing out that on January 25, 2017, CONSOB, with resolution n. 19856, resolved the maximum shareholding thresholds required for the submission of the lists of candidates for the elections of the governing and controlling bodies of the Companies whose financial year ended on December 31, 2016; as the market capitalization is less than Euro 375 million, the free float is greater than 25% of the ordinary share capital and the majority stake is less than 50% of the share capital, the Issuer has identified a shareholding threshold of 4.5% of the shares with voting rights in the shareholders' meeting.

Any shareholder, as well as the shareholders adhering a shareholders' agreement pursuant to article 122 of TUF, and also the controlling entity, the subsidiary companies and those which are subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, even though a third party or trust company, more than one list, nor they can vote for different lists. Adherence to a lists or votes expressed in violation of these prohibitions shall not be assigned to any list.

The lists submitted by the shareholders must be filed at the registered office at least twenty five days before the date set for the shareholders' meeting in first call, together with the documents required by the Articles of Association, among which a resume of the candidates included in the list.

The election of the directors proceeds as follows:

i. from the list that has obtained the highest number of votes at the shareholders' meeting, all candidates except one, among which three independents or, if the directors to be elected are less than nine, two independents; within such numerical limit, the candidates are elected according to their progressive order in the list;

ii. from the list that has obtained the second highest number of votes at the shareholders' meeting and is not connected to the first, the first candidate of such list.

If the composition of the board using the above procedure does not guarantee the equilibrium among genders, taking into account their order in the list, the last elected of the majority list belonging to the most represented gender delay in sufficient number to assure the respect of the requirement and they are substituted by the first candidates not elected in the same list of the less represented gender. In the absence of candidates of the less represented gender inside the majority list in sufficient number for the substitution, the general meeting integrates the board with the legal majority, assuring the satisfaction of the requirements.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists meeting the requirements set out in article 147-ter, comma 1-*ter* of the TUF.

In the event of submission of a single list, all the candidates in that list will be elected. In the case no list is submitted, the shareholders' meeting will appoint the Board of Directors as provided by the law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If during the financial year one or more directors cease to hold the office, for any reason, the Board of Directors will act pursuant to article 2386 of the civil code and pursuant to article 16 of the Articles of Association.

In particular, if the director or the directors that ceased to hold office were taken from a list that contained also non-elected candidates, the Board of Directors will make the replacement appointing from the same list of the directors who ceased to hold office, based on the progressive order, persons who are still eligible and willing to accept the office. The shareholders' meeting deliberates, with the majority required by law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If the person who ceases to hold office is an independent director, the replacement will occur, as far as possible, by appointing the first of the non-elected independent directors from the same list in which the director that ceases to hold office was elected. The shareholders' meeting deliberates, with the majority required by law, in accordance with such principles.

If there is a lack of previously non-elected candidates from that list, the Board of Directors shall replace the directors no longer in office, without compliance to such provisions, pursuant to article 2386 of the civil code, and will guarantee, when it is an independent director that ceases to hold office, the minimum number of independent directors required under the applicable law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF. The shareholders' meeting decides, with the majority required by law, in accordance with such principles.

Article 16, paragraph 13 of the Articles of Association provides that if the majority of directors cease to hold office, the whole Board of Directors will be considered revoked and a shareholders' meeting should be called immediately for the appointment of new directors.

The Issuer has not adopted any explicit succession planning in view of the substantial short-term interchangeability of the executive directors Marco Pescarmona and Alessandro Fracassi. In fact, if any of the two were to cease to hold office, the remaining executive director would be in able to ensure continuity for the management of both Divisions, relying on a solid first line of management, capable of supervising the ordinary activities during the necessary time for the research and the placement of one or more senior executives capable to contribute at a strategic level to the management of the Group. Of course, in the very unlikely case, in which both executive directors cease to hold office, the Board of Directors has the duty to identify an appropriate solution, without relying on pre-established plans.

4.2. Composition

The current Board of Directors was appointed by the shareholders' meeting of April 23, 2014, in which only one list of candidates was submitted, proposed by shareholder Alma Ventures S.A., and will remain in charge until the approval of the financial statement for the year ended December 31, 2016. The list of candidates belonging to that list received a favorable vote by 100% of the shareholders present, representing 58.101% of the share capital.

Currently, the Board of Directors consists of 12 members. The members in office as of December 31, 2016 are shown in Table 2, in appendix, concerning the structure of the Board and committees, as well as the attendance rate to the meetings.

As regards the personal and professional characteristics of each director, please refer to their *curricula* published on the Issuer's website www.gruppomol.it, in the "Governance" section, "Shareholders' meeting and Company governance", "2014".

As of the end of the financial year, the composition of the Board of Directors has not changed.

Maximum number of offices held in other companies

The Board did not define any general criteria about the maximum number of offices held as director or auditor in other companies, that could be considered compatible with an efficient performance as director of the Issuer; taking into account the duty of each director to assess the compatibility of any office held as director or statutory auditor in other companies listed in regulated markets, in financial, banking, insurance or other large companies, with a diligent performance of their tasks as director of the Issuer, the Board, yearly, makes an assessment based on the declarations of each director, keeping particular attention to assess the diligence of each director to follow with constancy and attention the different management tasks of the Issuer and of their participation to the meetings of the Board and the committees.

As regards the offices held, during the financial year, by the directors of the Issuer in other listed companies, in financial, banking and insurance companies or in large companies, please refer to Table 2A in the appendix. The Board considered these offices compliant with the office held in the Issuer based on the criteria above mentioned.

Induction Program

During all the meetings of the Board of Directors, the Chairman and the CEO duly report about the performance of the economic sector of the Issuer, the operations, the dynamics of the company and the regulatory framework. In addition to formal meetings, all directors are constantly informed about the operations of the Issuer during informal meetings and/or conference calls. Furthermore, we point out that some directors participate to professional updating and training courses on regulatory, technical and professional issues related to the business activities of the Group.

4.3. Role of the Board of Directors

During the financial year, the current Board of Directors met 8 times for an average of about two hours and a quarter for each meeting. All meetings were attended by at least two members of the Board of Statutory Auditors and Francesco Masciandaro, Chief Financial Officer of the Issuer and manager in charge of preparing the accounting statements.

For financial year 2017 there are 4 scheduled meetings for the approval of the periodic financial reports. During 2017, in addition to the first scheduled meeting, during which the Board approved the draft statutory financial statements for the financial year ended on December 31, 2016 together with this Report, a not previously scheduled meeting has been held, during which an update about corporate development issues took place, guidelines for the 2017 consolidated budget were discussed and proxies for the subscription of a credit line contract were conferred.

The members of the Board of Directors are provided, in proper and timely manner, with the documentation and information necessary for decision-making. The documentation is usually sent by e-mail, with a 24/48 hours' notice, considered adequate and usually respected, to allow to act with full knowledge of the facts and take an active part to the Board decisions. Sometimes, remarkable issues are reported in advance by the executive directors during the above mentioned informal meetings and/or conference calls. Besides it is worth pointing out that during the meeting the Board examines in deep all the arguments in agenda considered more significant and strategic; the president and the CEO explain in detail the discussed arguments and are at full disposal of the other members of the Board to reply to any clarification required.

The Board of Directors meets according to the notice letter also outside Italy, anywhere in the EU, or in Switzerland. The Board may be called into session at any time by the President on his own initiative. The President shall call the Board at any time upon the written request of at least two Directors and/or at least one Statutory Auditor.

The notice should be given at least three days prior to the meeting by registered mail or by hand, fax or e-mail and should be sent to every Director and Statutory Auditor. Except in special circumstances when notice of a meeting shall be given as soon as possible, the members shall be notified at least one day in advance.

In absence of formal call, a meeting of the Board of Directors can be considered valid, whenever every member and every Statutory Auditor is attending it.

The majority of committee members must be present for meetings to be duly convened; it is also allowed to attend the meeting via tele-conferencing or video-conferencing on the condition that all participants can be identified and can simultaneously follow and participate in discussion of the topics on the agenda and view documents in real time. In the presence of these requirements, the committee shall be considered to have met in the place where the meeting's Chairman is located, where the Secretary must also be located in order to permit writing and signing of the minutes of the meeting.

During the meeting of the Board, after ascertaining that all the documents concerning the agenda have already been circulated to every member of the board of directors and of the board of the statutory auditors, the executive directors expose and explain all the points of the agenda, answering exhaustively to the questions and information required. Every issue will be discussed for the amount of time needed to allow constructive analysis and comparisons, which will bring to the Board decisions. Usually, for issues regarding the internal committees, the Chairman of the committee exposes the proposal and the committee activities.

Resolutions shall be passed by majority vote among those attending the meeting; if the vote is split, the Chairman shall cast the deciding vote. Directors are not allowed to vote on behalf of another member.

The Board of Directors plays a central role within the corporate organization and has the task and responsibility of determining strategy and organization, as well as verifying the existence of the controls required for the monitoring of the operations of the Company and the of Group.

Each member of the Board of Directors is required to act with full knowledge of the facts and autonomously, with the purpose of creating value for shareholders, and is committed to devoting to the office covered in the Company the necessary time in order to ensure the diligent performance of his or her functions, regardless of the positions held outside of the Issuer, being aware of the responsibilities of the office held.

Pursuant to article 17 of the Articles of Association, the Board of Directors is invested with all powers for the management of the Company and to this purpose it may act or take any actions that will consider necessary or useful for the implementation of the business purpose, with the exception of the matters exclusively reserved to the shareholders' meeting by the law and by the Articles of Association.

Under the same statutory provisions, the Board is also empowered to take, pursuant to article 2436 of the civil code, decisions regarding:

i. merger and demerger resolutions in the cases pursuant to articles 2505, 2505-*bis* and 2506-*ter*, last paragraph of the civil code;

ii. the constitution or suppression of secondary offices in Italy or abroad;

iii. the reduction of capital upon termination of shareholders;

iv. adaptation of the Articles of Association to regulatory provisions;

v. the transfer of the registered office in the national territory;

vi. the indication of the delegated directors; the appointment of one or more general managers and the assignment of powers;

vii. the other powers reserved to it by the law or by the Articles of Association.

The Board of Directors has the general power of direction and control over the activities of the Company and on the management of the business. In particular, it:

i. examines and approves the financial, industrial and strategic plans of the Company and of the Group;

ii. evaluates and approves the annual budget of the Company and of the Group;

iii. examines and approves transactions - including investments and divestments - which, by their nature, strategic importance, size or by the commitments they might imply, have a large impact on the activities of the Group;

iv. verifies the adequacy of the organizational and general management structure of the Company and the Group;

v. drafts and adopts the regulations of the Company's corporate governance and sets out the guidelines of governance of the Group;

vi. constitutes the Supervisory Body pursuant to the legislative decree n. 231 of June 8, 2001;

vii. assigns and revokes the powers of the directors and to the executive committee, if constituted, setting the limits, the exercise and the time interval, normally not exceeding three months, by which the delegated bodies must report to the Board about the activity done during the exercise of the powers delegated to them;

viii. determines the duties and the powers of the general managers, if appointed;

ix. determines, after examining the proposals of the relative committee and consulting the Board of Statutory Auditors, the remuneration of the CEO and of the directors who hold particular offices and, if the shareholders' meeting has not defined it, the breakdown of the total remuneration due to any members of the Board and committees;

x. supervises the general business management, with particular attention to conflicts of interest, taking into account, in particular, the information received from the CEO, from the executive committee, if established, and from the Control and Risk Committee, and comparing periodically the results achieved with those planned;

xi. evaluates and approves the periodic reports as provided by the law;

xii. exercises all the other powers assigned to it by law and by the Articles of Association.

At each Board meeting, the members of the executive committee shall inform the Board in detail on the main management events of strategic importance, on the business performance and on the evolution of the management for all companies of the Group, comparing the results achieved with the budgeted ones.

Furthermore, the executive directors, holding positions of operational nature within the Group, have full visibility of accounting, administrative and organizational issues of the Issuer and its subsidiaries, updating the Board promptly at the first useful meeting about any critical situation emerged or any substantial changes occurred. In this way the Board can adequately assess the organizational, administrative and accounting structure of subsidiaries, which are all deemed relevant from a strategic point of view, considering the variety and complementarity of the services offered.

The Board deemed that the relatively low complexity of the organizational structure of the Group is coherent with the operational efficiency of the Group.

Periodically, the Control and Risk Committee shall inform, as provided by the Code of Conduct, the Board on its activities and on the adequacy of internal control system, providing directors with documents that illustrate the work of the committee.

The Board, taking into account the relatively simple organizational structure, considers it appropriate not to define any general criteria for the identification of significant transactions in terms of strategic, economic, or financial relevance for the Issuer itself. In addition, it is worth pointing out that the Articles of Association of the Issuer grant to the Board the responsibility for ordinary and extraordinary administration of the Company, except only the acts for which the law or the Articles of Association exclusively reserve to the shareholders' meeting. In this respect, we point out that during financial year 2016, the Board was not convened to resolve on any transactions of significant strategic, economic or financial relevance for the Issuer..

On November 10, 2016 the Board evaluated the functioning, organization, size and composition of internal committees, without the support of external advisors.

The Remuneration and Share Incentive Committee is composed of three independent directors. After evaluation it results to work regularly, to be well-sized in its composition and its members, with appropriate professional experience and background for the committee's tasks, enabling it to provide effective and valuable support to the Board

With regards to the Control and Risk Committee, it is composed of two independent directors (one of the two is the Chairman) and a non-independent Director. The committee works regularly, results to be well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board. We highlight that at least one of the members has a strong background and significant experience in accounting, finance and in risk. The committee shall report to the Board of Directors at least once every six months during the meetings for approval of the draft financial statements and half-year Report.

Within the Board is also present the Committee for Transactions with Related Parties formed by three independent directors. The committee was formed in accordance with the "Regulations concerning related party transactions" approved by CONSOB with Resolution n. 17221 of 12 March 2010. Within the procedures that assure transparency and procedural fairness of the transactions with related parties it requires that related party transactions be approved with the involvement of a committee formed by three independent directors. The committee results well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board.

Considering the positive outcome of the board evaluation in November 2013, the Board, on the occasion of the new appointment of the Directors in 2014, deemed to give no indication to the shareholders about managerial and professional figures to be appointed; in addition, it is worth pointing out that in the Board appointed during the financial year ended December 31, 2014 there are three new members, which improved the Board with new professional skills and experiences formed and accrued out of the Group, in specific business and professional sectors. This variety of skills allows analyzing different arguments during the discussions from different perspectives and, therefore, helps to develop the dialectic that is the distinctive assumption for a collegial, thoughtful and conscious resolution.

Finally, it is worth pointing out that the shareholders' meeting did not authorize, in a generic and precautionary way, any derogation to the competition ban pursuant to article 2390 of the civil code.

4.4. Delegated bodies

Chief Executive Officer

Pursuant to article 21 of the Articles of Association, the Board of Directors may delegate, pursuant to and within the limits of law and regulations, its own powers to one or more directors of the Board by defining the limit on the powers.

As of the date of approval of this report, the office of Chief Executive Officer is covered by Alessandro Fracassi.

The Board of Directors of the Company, during the meeting held on May 12, 2014 has delegated to director Alessandro Fracassi, to whom such delegation was also granted by the previous Board, with separate signature and for the entire duration of his office, the full power for:

i. the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 1,000,000 for each transaction (net of VAT) and

ii. for the recruitment and termination of employees that are not managers.

It is worth pointing out that the CEO is one the main responsible figures of the general management of the company and he is no part of the Board of Directors of any other issuer where a Director of the Issuer is CEO.

Chairman

The shareholders' meeting of April 23, 2014 has appointed director Marco Pescarmona (who already covered the same office in the previous Board) as chairman of the Board of Directors.

According to the Article of Association, the chairman has: the power of presiding the Shareholders' meeting (article 13), the power to call Board meetings (article 18), the power of legal representation for the Company, and the power of signature (article 24).

The chairman is, together with the CEO, one of the main managers of the Issuer and he is no part of the Board of Directors of any other issuer where a Director of the Issuer is CEO, as well. According to the provision of the format for the preparation Report on corporate governance and company structure set up by Italian Stock Exchange, it is worth pointing out that the Chairman is not the controlling shareholder of the Issuer.

Executive committee

Pursuant to Article 21 of the Articles of Association, the Board of Directors may establish an executive committee, composed by some of its members, determining the powers and the operating regulations pursuant and within the limits of law and regulations in force.

The Board of Directors of the Company, during the meeting of May 12, 2014, has appointed the executive committee composed by Marco Pescarmona and Alessandro Fracassi (chairman of the committee), already members of the previous executive committee.

The following powers have been assigned to the executive committee:

i. the broadest power for the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 5,000,000 for each transaction (net of VAT);

ii. the decisions about the vote that a subject delegated by the committee itself or a legal representative of the Company should express in the ordinary and extraordinary shareholders' meetings of the subsidiaries;

iii. the definition, implementation and the monitoring of the execution of the strategies of the Group; and

iv. the broadest powers for the recruitment and termination of managers and employees.

In addition, both the members of the Executive Committee, has been granted, also dis-jointly, all the powers required for the purchase and sale of Issuer own shares, within the scope of applicable regulations and of the authorization granted by the Shareholders' meeting on April 22, 2016.

During the financial year, the executive committee met 5 times, for an average duration of about 30 minutes for each meeting. In particular, during the financial year, the executive committee was called:

- on January 27, 2016 to modify the exercise window and the exercise procedure concerning the stock option plan for employees, directors and collaborators approved by the shareholders' meeting on November 9, 2010. During the same meeting the committee delegated Marco Pescarmona, Alessandro Fracassi and Marco Zampetti, dis-jointly, to attend the shareholders' meetings of the companies 7Pixel S.r.l and Centro Finanziamenti S.p.A. and exercise the Issuer's voting rights.

- on April 13, 2016 to delegate, dis-jointly, Marco Pescarmona and Marco Zampetti to attend and vote in the shareholders' meetings of some controlled companies for the appointment of the independent auditors and in the shareholders' meeting of Klikkapromo S.p.A. for the transformation of the company into a S.r.l.;

- on July 22, 2016 to modify the exercise window and the exercise procedure concerning the stock option plan for employees, directors and collaborators approved by the shareholders' meeting on November 9, 2010. During the same meeting the committee delegated the executive directors, dis-jointly, to attend the shareholders' meetings of Innofin SIM S.p.A.;

- on November 10, 2016 to approve the Information Security Management System with the relevant documentation, and to approve the procedure for the management of confidentiality agreements;

- on December 15, 2016 to delegate, dis-jointly, Marco Pescarmona and Marco Zampetti to take participate and vote in the shareholders' meetings of some controlled companies to decide on the creation of a capital reserve.

For the year 2017 no meetings of the executive committee have been planned. As of the date of the approval of this report no meetings of the executive committee have been held during 2017.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

Information to the Board

Pursuant to article 21 of the Articles of Association, the delegated bodies are required to report to the Board of Directors and to the Board of Statutory Auditors, at intervals of at least 180 days, on general management performance, on the business outlook, as well as on the most significant transactions, for their size or characteristics, performed by the Company and its subsidiaries, and on transactions with potential conflicts of interest.

The members of the executive committee, as directors, shall attend all the meetings of the Board of Directors and, in these occasions, duly report to the rest of the Board and to the Board of statutory auditors about the management performance and about the main executive decisions taken, always within the limits of the delegated powers, for all the companies of the Group, at the first available meeting and, in any case, at least quarterly.

4.5. Other executive directors

The Board of Directors has not appointed other delegated directors beside Alessandro Fracassi.

On December 31, 2016 the members of the executive committee Marco Pescarmona and Alessandro Fracassi hold the offices in subsidiaries and associated companies described in Table 2B.

With the participation of at least one of the executive directors of the Issuer in almost all the boards of directors of the Italian subsidiaries and associated companies, the Board of Directors of the Issuer is constantly updated and informed on the situation and dynamics of the business of the Group.

4.6. Independent directors

The independent directors are in number and authority such as to guarantee that their judgment has a significant weight in board decisions of the Company. The independent directors bring their specific experiences in the board discussions, contributing to the taking of decisions consistent with the interest of the company.

The shareholders' meeting of April 23, 2014 appointed as independent directors Anna Maria Artoni, Chiara Burberi, Andrea Casalini, Matteo De Brabant, Daniele Ferrero, Alessandro Garrone, Klaus Gummerer e Valeria Lattuada, who declared to possess all the necessary independence requirements on March 24, 2014, when their candidacy was accepted.

At the earliest opportunity, on May 12, 2014 the Board of Directors has verified the existence of all the necessary independence requirements provided by article 3 of the Code of Conduct and article 148, paragraph 3 of TUF, for each independent director. The assessments aforementioned used all the criteria provided by Code of Conduct. On 12 May, 2014 the Issuer announced the results of these assessments in a press release, disclosed to the Market pursuant to article 144-novies, comma 1-bis of CONSOB Issuer Regulation and application guideline 3.C.4 of the Code of Conduct.

On May 12, 2015 the Board of Directors checked the subsistence of independence requirements for every independent director, pursuant to article 148, comma 3, of TUF. The assessments aforementioned used all the criteria provided by Code of Conduct. The outcome of the assessment has been positive for all the directors, except Alessandro Garrone, who, having been appointed for the first time as member of the Board of Directors on May 25, 2006 and having held the office for nine years, lost the independence requirements pursuant to Applicative Criterion 3.c.1. letter e) of the Code of Conduct.

During the financial year, on May 13, 2016, the Board of Directors checked the subsistence of independence requirements for every independent director, pursuant to article 148, comma 3, of TUF. The aforementioned assessments used all the criteria provided by Code of Conduct. On 12 May, 2014 the Issuer announced the results of these assessments in a press release, disclosed to the

Market pursuant to article 144-novies, comma 1-bis of CONSOB Issuer Regulation and application guideline 3.C.4 of the Code of Conduct.

In the meeting of May 13, 2016, the Board of Statutory Auditors has verified the correct application of the criteria and control procedures adopted by the Board to evaluate the independence of its own members. The result of these verifications has been positive.

The independent directors participate actively and assiduously in the Board meetings and are constantly informed on relevant aspects concerning their assignment. Over the financial year 2016, it is worth highlighting that at least four independent directors (57%) always attended at the Board meetings; before the Board meetings, the independent directors meet without the other directors to discuss the agenda of the meeting, to analyze the activity of the Board of Directors and to assess the effectiveness, clarity, completeness and timeliness of the flow of information between the executive directors and the other directors.

In 2016, the independent directors held a meeting on November 10, 2016, during which the functioning of the Board of Directors and the capacity of the independent directors to give an autonomous and not-conditioned judgments on the resolutions were assessed. At the end of the meeting they agreed that the executive directors give full information to the other directors about the management of the Company and the environment in which the Issuer and its subsidiaries operate, that dialectic and diffusion of information within the Board are complete and exhaustive, that discussion are open and that resolutions are taken with full knowledge, uniformity and autonomous judgment, without conflicts of interests.

4.7. Lead independent director

There being the conditions, provided by application guideline 2.C.3 of the Code of Conduct, the Board of Directors, in the meeting of May 12, 2014, designated, among the independent directors, Daniele Ferrero as the Lead Independent Director pursuant to the Code of Conduct, so that he could be the point of reference and coordination for the requests and contributions of the non-executive directors, and in particular of the independent ones. Daniele Ferrero was already appointed lead independent director on August 9, 2012 to replace the resigned Paolo Vagnone.

The Lead Independent Director may, among other things, call – on his/her own initiative or upon request of other directors – special meetings of only independent directors (i.e. independent directors' executive sessions) to discuss issues from time to time judged of interest related to the functioning of the Board of Directors and to the management of the Company, with also the possibility to invite members of the management for an exchange of information with the organization.

The Lead Independent Director has collaborated with the Chairman of the Board to ensure that the Directors receive complete and timely information flows.

5. TREATMENT OF CORPORATE INFORMATION

Management of confidential information and code of conduct for insider dealing

The Company has adopted an internal regulation, which contains the provisions relating to the management of confidential information and to the management and external disclosure of privileged information as per article 181 TUF, regarding the Company and its subsidiaries. This regulation, besides providing a definition of privileged information, establishes the procedure for the public disclosure of such information which, by law, should occur without delay.

The regulation should be respected by all the components of the governing bodies, employees and other personnel of the company and subsidiaries, who for any reason have access to the privileged or confidential information.

In compliance with the regulation, the management of confidential information is followed by the Investor Relations function, under the responsibility of Marco Pescarmona.

In compliance with the regulation, the Issuer has also created a register of the persons that have access to the privileged information, governed by a special regulation. The responsibility for the correct keeping of this register has been entrusted to the administrative office, in person of the CFO Francesco Masciandaro.

The regulations for the management and the disclosure of confidential and privileged information are available on the Website, in the section "Governance", "Other documents".

Furthermore, the Company adopts a code of conduct which regulates the obligations of information disclosure and of behavior related to the financial transactions carried out by persons who, by virtue of the office held in the Company, have access to relevant information (with relevant information we mean the information related to facts able to determine significant changes in the capital, financial and economic perspectives of the Company or of the Group and able, if made public, to influence the price of the listed financial instruments).

The financial manager is, in compliance with this regulation and with the delegation granted by the Board of Directors, the subject responsible for receiving, managing and circulating to CONSOB and to the market the communications sent to the Company by persons that have access to relevant information.

The 44 communications received by the Company during the financial year have been regularly published and are available on the Internet site of the Company, in the section "Governance", "Internal dealing", "2016".

6. COMMITTEES WITHIN THE BOARD

In compliance with the Code of Conduct, the Board of Directors, under the authority conferred pursuant to article 22 of the Articles of Association, has constituted the following internal committees with consulting, proactive or control tasks, and which are granted the right to access to relevant information.

In particular, the Remuneration and Share Incentive Committee, the Control and Risk Committee and the Committee for the Transactions with Related Parties were constituted within the Board.

7. NOMINATION COMMITTEE

At present and for an undefined period, the Board of Directors has decided not to set up an internal committee for the nomination of candidate directors, as the shareholding structure of the Company does not present such characteristics of diffusion to justify the adoption of such committee; however the Board in its collegiality carries out the related functions.

8. REMUNERATION AND SHARE INCENTIVE COMMITTEE

The Board of Directors, in compliance with article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, applicable to the issuers admitted to trading in the STAR segment and pursuant to the Code of Conduct, in the meeting of May 12, 2014, has designated the independent directors Anna Maria Artoni, Andrea Casalini e Matteo De Brabant as members of the

Remuneration and Share Incentive Committee. Director Andrea Casalini, has been appointed chairman of this committee.

The committee has advisory functions in particular for the assessment and formulation of proposals to the Board of Directors (i) about the compensation policy proposed by the Company for the management, monitoring the application of the resolutions adopted by the Board itself, (ii) about the stock option plans and similar plans for the incentive and retaining of directors, employees and collaborators of the Group, (iii) about the compensation of the executive directors and the managers with strategic responsibilities, as well as, based on the indication of the chairman or of the CEO, the criteria for the remuneration of the top management of the Company. The committee has free access to the information and the company functions necessary to carry out its own activities.

During the financial year, the Remuneration and Share Incentive Committee met 5 times for an average of about an hour, with the participation of all the members of the committee. The meetings were attended by the chairman of the Board of Statutory Auditors and by the non-executive director and member of the Control and Risk Committee Marco Zampetti, invited to serve as secretary. The non-executive director and member of the Control and Risk Committee Marco Zampetti took part in Committee Meetings at the invitation by the same committee.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

During the meetings, the committee members deliberated on:

- final calculation of executive directors' variable remuneration for 2015, proposal to the Board of Directors of changes to the fixed part of the remuneration of executive directors from year 2016, while keeping the same variable remuneration and postponing to a next committee meeting the definition of quantitative/qualitative parameters for the variable remuneration; in the same meeting the committee resolved to give a favorable opinion to the extension of the option exercise window (meeting of February 2, 2016)

- elaboration of a model, to be proposed to the Board of Directors, to calculate the variable remuneration of executive directors for year 2016 (meetings of April 13 and May 13, 2016);

- assessments on the model used to calculate the variable remuneration of executive directors for year 2016 (meeting of May 30, 2016);

- opinion about the changes of the exercise windows and the exercise procedure concerning the stock option plan for employees, directors and collaborators approved by the shareholders' meeting on November 9, 2010 (meeting of July 26, 2016).

The president of the Remuneration and Share Incentive Committee provided information about the activity of the committee works the Board meetings of March 14, May 13 and July 14, 2016.

As already expressed in paragraph 4.3, the Board of Directors reported its satisfaction with the members of the committee, who, thanks to their appropriate professional experience and background for the committee's tasks, provide effective and valuable support to the Board. In addition, during the financial year the committee was never supported by external advisors.

The meetings of the Remuneration and Share Incentive Committee have been properly recorded and the relative minutes were transcribed in the register available at the administrative office of the Company.

There are no meetings of the Remuneration and Share Incentive Committee scheduled for 2017. As of the date of approval of this Report, one meetings of the Remuneration and Share Incentive Committee was held on March 8, 2017. During such meeting the committee resolved about the remuneration for the executive directors of the Issuer for the year 2016 and about the new stock option plan for the employees, administrators and collaborators.

It is worth pointing out that, pursuant to Applicative Criterion 6.C.6 of the Code of Conduct the executive directors, whose compensations were discussed during the meetings of the committee held on February 2, April 13, May 13 and May 30, 2016, do not take part to the meetings of the committee in which the proposals about their remuneration are discussed and resolved. Moreover, it is worth pointing out that the executive directors, during the meeting of the Board of Directors held on March 14, May 13 and July 14, 2016, did not take part in the discussion, though attending it, about their remuneration and incentive plan, and abstained from voting on the matter.

The Board of Directors in the meeting of May 12, 2014, has resolved a total compensation, on annual basis, for the members of the Remuneration and Share Incentive Committee equal to Euro 20 thousand in total.

No financial resources have been allocated to the committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

For any other information on the Remuneration and Share Incentive Committee, please refer to "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Internet site of the Company in the section "Governance", "Other documents", "2017", at least twenty-one days before the shareholders' meeting called on April 27, 2017.

9. REMUNERATION OF DIRECTORS

For the general policy for the remuneration adopted by the Issuer, the share remuneration plans, the remuneration of executive directors, directors with strategic responsibilities (if any) and non-executive directors, and for the indemnities of directors in case of resignation, dismissal or termination as a consequence of a takeover bid, please refer to the "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Website in the section "Governance", "Other documents", "2017", at least twenty-one days before the shareholders' meeting called on April 27, 2017.

10. CONTROL AND RISK COMMITTEE

The Board of Directors, pursuant to article 2.2.3, comma 3 letter m) of Market Regulations, applicable to the issuers pursuant to requirements for STAR segment and according to Code of Conduct, during the meeting of May 12, 2014, appointed the independent directors Chiara Burberi and Daniele Ferrero and the non-executive director, Marco Zampetti as members of the Control and Risk Committee. Daniele Ferrero was appointed chairman of this committee, meanwhile Marco Zampetti is a member of the committee who, by virtue of his professional activity, possesses a considerable experience in accounting, financial, fiscal and compliance matters.

According to the Code of Conduct, the internal Control and Risk Committee:

i. assists the Board in defining the guidelines of the internal control system, so that the main risks relative to the Issuer and its subsidiaries can be correctly identified, as well as appropriately measured, managed and monitored, also determining compatibility criteria of these risks with a management of the enterprise coherent with strategic goals identified;

ii. assists the Board in assessing, yearly at least, the adequacy of the internal and risks management control system, compared to the company features and to the risk profile hired, beside its efficacy;

iii. assists the Board in describing the essential elements of the internal control system, the risk management e the coordination between those involved, in the corporate governance report, expressing its own assessment of the overall adequacy of this system;

iv. assesses, together with the manager in charge of preparing the company's accounting documents and with the Board of Statutory Auditors, the proper and consistent application of accounting principles and their homogeneity in the preparation of the consolidated financial statements;

v. expresses opinions on specific aspects related to the identification of the main corporate risks;

vi. examines the periodic reports about the valuation of the internal control and risk system e those proposed by the internal auditor;

vii. monitors to the Board the independence, the adequacy, the effectiveness and the efficiency of the internal auditor;

viii. request to the internal auditor to investigate on specific areas, notifying it at the same time to the Chairman of the Board of Statutory Auditors;

ix. reports to the Board on the activity it has performed and on the adequacy of the internal control and risk system, at least twice a year, on the occasion of the approval of the Report and of the semi-annual reports;

x. monitors the compliance and the periodic update of the corporate governance rules and the observance of rules of conduct potentially adopted by the Issuer and its subsidiaries;

xi. supports, with an appropriate preliminary activity, the Board of Directors assessments e and decisions about risk management derived from prejudicial events known to the Board of Directors.

xii. performs any additional duties that are assigned by the Board.

The Control and Risk Committee:

i. has access to all corporate activities and information necessary to perform its duties;

ii. may ask the Board to use external consultancy services to perform its activity;

iii. normally meets before the Board meetings called to approve the financial statements, the semi-annual and the quarterly reports, or whenever the chairman deems it appropriate or receives a request from a member or an executive director.

The Control and Risk Committee, as one of the main interlocutors to the internal auditor, shall be consulted by the Board of Directors about decisions regarding the appointment, revocation, remuneration of and the provision of resources to the internal auditor, analyzing and assessing his work.

The members of the Control and Risk Committee, Marco Zampetti, Chiara Burberi and Daniele Ferrero, on March 10, 2016, met the representatives of PricewaterhouseCoopers S.p.A., the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro and the staff of the Internal Audit function Walter Baraggia and Giangiacomo Lacaita. During the meeting, the committee obtained updates on the audit activity carried out on the 2015 financial reports of the Issuer and of its subsidiaries and on the consolidated financial report by the independent auditing firm. In this meeting, the committee examined the activity carried out in 2015 and approved the draft of the audit plan to be submitted to the discussion and approval of the Board of Directors on March 14, 2016.

On July 22, 2016, the members of the Control and Risk Committee, Marco Zampetti, Chiara Burberi and Daniele Ferrero, met the head of internal audit Walter Baraggia and the internal auditor Giangiacomo Lacaita, to receive an update about the activities carried out according to the 2016 audit plan. During this meeting, the committee delegated its member Marco Zampetti to meet EY S.p.A., the new independent auditing firm of the Issuer and of many of its subsidiaries. The meeting was attended also by the chairman of the Board of Statutory Auditors Fausto Provenzano.

The Control and Risk Committee member Marco Zampetti met on July 27, 2016 the independent auditing firm EY S.p.A representatives, the Board of Statutory Auditors and the Issuer's CFO Francesco Masciandaro. In this meeting, committee member Marco Zampetti had the opportunity to meet the new independent auditing firm of the Issuer and of other Group companies.

On August 5, 2016 the Control and Risk Committee members Marco Zampetti, Chiara Burberi and Daniele Ferrero met to examine the activities carried out by the committee in 2016, in order to give an update to the Board of Directors during the meeting taking place in August 10, 2016. The chairman of the Board of Statutory Auditors attended the meeting, together with the CFO of the Issuer, Francesco Masciandaro, who was invited by the committee.

On December 16, 2016 the Control and Risk Committee, in its entirety, met the head of internal audit Walter Baraggia and the internal auditor Giangiacomo Lacaita to receive an update on recent months' activities regarding the 2016 audit plan. The chairman of the Board of Statutory Auditors and the statutory auditor Francesca Masotti attended the meeting, together with CFO of the Issuer, Francesco Masciandaro, who was invited by the committee.

We poimt out that the member of the Control and Risk Committee Marco Zampetti, the Board of Statutory Auditors, the executive directors, the CFO and the head of internal audit (through informal meetings and e-mails) keep each other informed in order to be constantly updated on the internal control system of the Issuer.

Therefore, during the financial year, the Control and Risk Committee met five times for an average of about an hour and forty minutes. During the meetings on March 14, 2016 and August 10, 2016, the Control and Risk Committee members, as provided for in the Code of Conduct, informed the Board of Directors on the activity of the committee and on the adequacy of the internal control system.

There are no scheduled meetings of the Control and Risk Committee for 2017. As of the approval of the present Report one meeting of the committee took place on March 10, 2017. The committee represented by Marco Zampetti and Chiara Burberi, the representatives of the independent auditing firm, the Board of Statutory Auditors represented by Paolo Burlando e Francesca Masotti, the CFO of the Issuer, Francesco Masciandaro, the representatives of the control functions of Innovazione Finanziaria SIM S.p.A, and the internal auditors Walter Baraggia and Giangiacomo Lacaita attended the meeting. During the meeting, the following topics were dealt with: updates about the independent auditing activity carried out on the 2016 financial reports of the Issuer and of its subsidiaries and on the consolidated financial report; summary of the 2016 activities of the control functions of Innovazione Finanziaria SIM S.p.A.; updates on the activities carried out within the 2016 audit plan; examination of the activities carried out by the committee in the second half 2016, in order to give an update to the Board of Directors during the meeting taking place on March 14, 2017.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

All the meetings of the Control and Risk Committee have been properly recorded and the relative minutes were transcribed in the register held at the administrative office of the Company.

During the meeting of May 12, 2014, the Board of Directors resolved an annual total compensation for the members Control and Risk Committee equal to Euro 20 thousand.

No financial resources have been allocated to the Control and Risk Committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors defines the guidelines of the internal control and risk management system, designed as a set of processes aimed at monitoring the efficiency of business and corporate management, the reliability of the financial information, the compliance with laws and regulations, the safeguard of corporate assets, and the prevention of fraud against the Company and financial markets.

The internal control and risk management system is structured as a set of rules and procedures in order to enable, through a proper process of identification, measurement, management and monitoring of the main risks, sound and correct corporate management, in line with the set objectives.

According to the Code of Conduct, the Board of Directors, taking also into account that the Company is part of a group, defines the guidelines of the internal control and risk management system and verifies its correct functioning with respect to the management of corporate risks through the activity performed by the Control and Risk Committee. The Board of Directors define the nature and level of risk, compatible with Issuer's strategic goals, including in its assessments all relevant risks with a perspective of mid-long term sustainability. The director in charge defines the instruments and procedures for the implementation of the internal control system, following the guidelines established by the Board of Directors, assures the overall adequacy of the system, its practical functionality, its adaption to changes of operating conditions and of legislative or regulatory frameworks.

The internal control and risk management system defined by the Board of Directors satisfies the following general principles:

i. the operational powers are assigned taking into account the nature, normal size and risks of individual types of transactions; operational areas are closely related to the delegated tasks;

ii. the organizational structures are articulated so as to reduce the overlapping of functions and the concentration on one person, without the proper authorization process, of activities that have a high degree of criticality or risk;

iii. an appropriate system of parameters and a related periodic flow of information to measure the efficiency and effectiveness is provided for each process;

iv. a periodical analysis of the professional knowledge and skills available within the organization in terms of congruence with the objectives assigned;

v. the operating processes are defined in accordance with an appropriate documentary support enabling them to be verified in terms of congruence, consistency and responsibility;

vi. the security mechanisms ensure an adequate safeguard of the corporate assets and access to the information required for the performance of the assigned tasks;

vii. the risks related to achievement of the objectives are identified by observing an adequate periodic monitoring and updating; negative events that may threaten the corporate business continuity are subject to special assessments and adjustment of safeguards;

viii. the internal control and risk management system is subject to continuous supervision for periodic evaluations and constant adjustments.

For the purpose of verifying the correct functioning of the internal control system, the Board of Directors relies on the Control and Risk Committee, on the CFO and on an internal audit function, which have an appropriate level of independence and necessary means for the performance of their tasks; they report to the director in charge of internal control, to the Control and Risk Committee and to the Board of Statutory Auditors (and Supervisory Body).

The director in charge of internal control implements the interventions on the internal control system deemed necessary as a result of the above control activities, and may appoint one or more delegates for such purpose.

During the financial year ended December 31, 2016, the Board of Directors assessed the adequacy of the internal control and risk management system referring to the characteristics of the business and the risk profile assumed, as well as its efficiency, during the meetings held on March 14 and August 10, 2016, concurrently with the report presented by the Control and Risk Committee on the activities carried out and the adequacy of the internal control system. During the discussions, which were attended by all the directors, no particular warning or criticality emerged.

The 2016 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge for the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on March 14, 2016. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

11.1. Main principles of the existing internal control and risk management systems in relation to the financial reporting process

Introduction

The risk management system should not be considered separately from the internal control system in relation to the financial reporting process; both are, in fact, elements of the same system. It is worth mentioning that this system is aimed at ensuring the trustworthiness, accuracy, reliability and timeliness of financial reporting.

All the companies of the Group adopt detailed procedures to manage the sales process, the purchasing process, the human resources process and the financial reporting process approved by the Board the Directors.

The basic principle for the management of these processes is that, because of the relatively simple structure of the Group, all the significant authorization processes are handled by executive directors, vested with adequate powers.

Description of the main features of the existing internal control and risk management systems in relation to the financial reporting process

The activities under the responsibility of the administration unit of the Group are defined in the organizational structure of the Group and the above mentioned procedures. Please find below, in an illustrative and not exhaustive way, the main activities carried out by the administration unit:

i. ensure, through the planning process and management control, the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets;

ii. define and propose, within the policies and strategies agreed with the top management, the Group's financial policy;

iii. ensure the proper administrative management of the Group, and in particular define and propose the policy for the financial statements, ensure the preparation of the annual financial statements of the Company and of the Group and of its relevant annexes pursuant to the existing civil and fiscal laws as well as to the institutional provisions;

iv. ensure the systematic monitoring of the economic performance of the Group in order to afford a proper process of management control;

v. ensure the alignment of the management control system (*Sistema di Controllo di Gestione* or SCG) with the strategies and the business and market context.

The main risks pertaining to the financial reporting process are:

i. the risk of recognition of revenues that are not related, not accrued or not due or the incomplete recognition of revenues;

ii. risks linked to the recognition of expenses that are not related, not accrued or not due, or incomplete recognition of them;

iii. risks linked to the acquisition of company for which it is necessary an administrative and accounting reorganization to align their financial statements to the standard required by the Issuer;

iv. risks linked to the presence in the consolidation area of a Rumanian company;

v. risks linked to the presence of an autonomous administrative structure in the subsidiary 7Pixel S.r.l.;

vi. risks of loss or information or data during the automatic data extraction process from the general ledger.

Corrective actions adopted to reduce the impact of these risks, procedures and controls applied for the continuous monitoring of the identified risks are respectively summarized in the following list:

i. the billing process follows a detailed procedure on receivables which takes into account the different types of revenues of the companies of the Group: the billing from the administrative office takes place only after verifying the accuracy of the billing reports and their compliance to the contractual conditions. These controls are carried out by selecting random samples of sale invoices, verifying phases and documents required by the procedure for the issuance of the invoice itself and the collection of payment, and by checking that contractual rates are applied and respected properly;

ii. the process on liabilities also follows an internal procedure which takes into account the various types of purchases (mainly marketing, technology and general services expenses). The registration of an accounting document takes place only after the verification of the existence of a purchase order authorized by a representative of the company with appropriate credentials and upon verification of the correspondence with the purchase order itself. Also in this case, the verifications are carried out by selecting a random sample of purchase invoices, verifying that they are authorized by an order and that the amounts to be paid match with the ones specified in the order;

iii. the administrative and accounting management of the newly acquired companies is taken over by the administrative office of the Issuer, which at the beginning analyzes the "as is" situation with the aim to realize the reorganizational processes required by the guide lines of the Issuer, setting the billing process, the process on liabilities and the personnel process centrally defined and using the same accounting basics for a correct financial statements at a consolidated level. It should be noted that, during 2016, the companies Generale Fiduciaria S.p.A. and Zoorate S.r.l. joined the Group with equity method;

iv. definition of guidelines to which the accounting employees of Finprom S.r.l. must comply, in accordance with the local regulations. The Issuer receives a monthly financial management report, and on quarterly basis a detailed financial statement of the company;

v. in order to verify the correct and complete collection of economic-financial consolidated data through an automated process, we perform cross-checks while balancing the general ledger data with the cost accounting at the EBITDA level, analyzing potential deviations and the accuracy of the automatic formulas. The process of data collection and extraction for the preparation of the periodic financial reports is regulated by a specific internal procedure.

The administrative area of the Group is under the direct responsibility of the Chief Financial Officer (CFO), Francesco Masciandaro, and is composed of a total of twenty-one persons, in the Italian office. Within the administrative area there are two distinct functions:

- Accounting, whose mission is to provide a correct representation of the Company's capital and economic life, ensuring the proper execution of the activities related to the preparation of corporate financial statements and consolidated financial statements, in compliance with the accounting principles and regulations;

- Management Control, whose mission is to ensure through the planning and control process the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets.

As regards the management of the Accounting function, three persons located in Romania have full responsibility for all activities related to subsidiary Finprom S.r.l., which they manage with full autonomy. As regards the management of the Accounting function for the other subsidiaries, it is entirely carried out by the structure and resources located in Italy, who report to the head of the function, which provides the operating guidelines.

The process of financial reporting for the Group is headed by the CFO, who receives, at least once a month, the summary financial reports by all the companies of the Group and, quarterly, more detailed financial reports at the base of the periodic financial reporting.

Within this activity the CFO has the responsibility to manage the process to identify the main operative risks, identify the corrective actions or the instruments aimed to reduce and, if possible, cancel such risks, identify the system for the management of these instruments and, finally, verify the right application of it.

At the end of this activity, the outcome is directly submitted for evaluation to the executive director in charge of the internal control system. The information flow is particularly direct, since there are no intermediate levels between the CFO, internal auditor and the executive director in charge of the internal control system. In addition, the CFO and the internal auditor meet periodically the committee for internal control and the Supervisory Body for an appropriate update on the performance of controls.

The Board of Directors in the meetings of March 14, 2016 and of August 10, 2016 has positively assessed the effectiveness and the effective functioning of the internal control system. During this meeting, the members of the Control and Risk Committee illustrated to the attendees the job performed by the committee and briefed on the adequacy of the internal control system. The committee sends in advance the most significant elements by a brief memorandum circulated to all the directors and members of the Board of Statutory Auditors.

11.2. Executive director in charge of the internal control and risk management system

The Board of Directors, during the meeting of May 12, 2014, appointed the chairman of the Board of Directors and member of the executive committee, Marco Pescarmona, as the executive director in charge of the Control and Risk Committee.

During the financial year, the executive director in charge of supervising the functionality of the internal control and risk management system identified, in collaboration with the Control and Risk Committee, the CFO and the Board of Statutory Auditors / Supervisory Body, the main risks related to the Issuer and its subsidiaries, by constantly verifying the adequacy of the internal control system. In addition, in collaboration with the internal audit function, a constant monitoring on most relevant compliance issues was carried out, adjusting where necessary the business procedures to the regulations in force.

The director, in charge of supervising the internal control system and risk management operations, can ask to internal audit to check on specific operating areas and compliance with the rules and the internal procedures during business operations, informing the chairman of the Control and Risk Committee and the chairman of the Board of Statutory Auditors / Supervisory Body.

During the financial year, in light of the controls performed, the director in charge of supervising the internal control system and risk management operations did not detect any business risks not managed within the corporate organization.

11.3. Head of internal audit

The Issuer has instituted from January 2010 the internal audit function, with the hiring of a dedicated resource in the organizational structure of the Group. In July 2015, also as a consequence of the enlargement of the Group structure, a new resource was hired in this office. In January 2017 a new resource was added to the function. As of the date of approval of this report the function is composed of three resources, all internal to the Group.

Some subsidiaries of the Issuer also have internal staff which carry out specific audit activities for the company in which they operate. The audit activities of these “dedicated” resources are coordinated by the Group’s internal audit function.

The head of internal audit was not appointed by the Board of Directors but directly by the director responsible for the internal control and risk management system, with the favorable opinion of the Control and Risk Committee and the Board of Statutory Auditors. The head of internal audit is Walter Baraggia. We highlight that for the identification of the head of internal audit, the executive director in charge of supervising the functionality of the internal control and risk management system took into account the informal opinion of the Board of Directors. Moreover, it is worth pointing out that the Board of Directors has never given the formal investiture to the head of internal audit because, considering the significant professional experience of the director responsible for the internal control and risk management system, it preferred to leave him the task of identifying the resource.

The head of internal audit has an appropriate level of independence and suitable means to operate effectively. The head of internal audit has direct access to all the useful information to his office and reports about his own activity to the director in charge, to the Control and Risk Committee and to the Board of Statutory Auditors / Supervisory Body. He has no direct operational responsibility or authority and depends hierarchically from the Board.

The 2016 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge of the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on March 14, 2016. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

The head of internal audit brings directly to the attention of the director in charge of supervising the functionality of the internal control and risk management system and to the CFO, who are committed to periodically update the Board of Directors, all the controls performed and the analyses concerning compliance and regulatory updates, the legislative updates and the significant events (e.g. inspections and requests for information by Supervisory Authorities). The information flow is direct because there are no intermediate layers between the head of internal audit, the CFO and the executive director in charge of the internal control and risk management system. Furthermore, the head of internal audit and the CFO meet periodically the Control and Risk Committee and the Board of Statutory Auditors / Supervisory Body for adequate updates on the activities performed.

The head of internal audit performs a monthly of the effectiveness of the audit information systems by analyzing the actual data for all the Group's companies, comparing results with budget forecasts, and verifying the correct recording in the management accounts of revenues and costs as well as the proper accrual in time.

No specific budget is provided for this office, as it performs its tasks by using the structure and resources of the Issuer. At least once a year, the Board of Directors is updated, through the report of the Control and Risk Committee on the activities performed by the internal audit function and on the execution of the activity program set by the committee. Every year the executive committee sets remuneration, duties and resources for the head of internal audit, with the opinion of the Control and Risk Committee; the definition of the remuneration and the budget for internal audit are established by the executive directors rather than the Board of Directors, as, taking into account the relative simplicity of the organizational structure of the internal audit function, it was preferred not to involve the whole Board in this decision.

The activities of the head of internal audit, planned and decided with the director in charge for internal control and risk management system, the Control and Risk Committee and the Board of Statutory Auditors / Supervisory Body, aim at the satisfaction of international standards, that the Issuer, which operates as a listed company in a highly regulated sector, must follow.

The main activities carried out by the internal audit function during the financial year were:

- controls related to cybercrimes and illicit data treatment;
- controls related to market abuse;
- controls related to anti money laundering;

- controls related to job safety;
- controls related to corporate crimes;
- controls related to credit broking activities.

Internal audit activities, overall as well as for operating segments, were not assigned to external subjects.

11.4. Organizational model pursuant to Law Decree 231/2001

On March 20, 2008, the Company adopted the model of organization pursuant to article 6 of Law Decree 231/2001, of which the last update was approved by the Board of Directors on August 9, 2013. On May 14, 2016, the Board of Directors resolved to confirm the appointment as Supervisory Body of the Board of Statuary Auditors, which during the shareholders' meeting held on April 27, 2015 was renewed confirming the same statutory auditors, which continued to hold the office of Supervisory Body. The Board of Directors believes that such appointment can certainly be effective within the Group. Furthermore, the members of the Board of Statutory Auditors have all the required professional, independence and integrity qualifications.

It was resolved that the duration of this office would continue until the natural expiration of the Board of Statutory Auditors, that is until the date of approval of the financial statements for the year ended December 31, 2017; no specific additional remuneration has been provided for this office.

In the previous three years, the office of Supervisory Body was attributed to the Board of Statutory Auditors appointed in the shareholders' meeting of April 26, 2012.

During 2016, the Supervisory Body met six times. On such occasions, it met the CFO Francesco Masciandaro and the head of internal audit Walter Baraggia and, starting from the meeting held on September 14, 2016, also the member of the internal audit function Giangiacomo Lacaita. During the meetings, the controls carried out by the internal audit function during the year were analyzed, always keeping in mind the potential offences worth of special attention within the organizational model pursuant to Legislative Decree 231/2001.

The organizational model adopted by the Group and its principles are applied to the corporate bodies of all the companies of the Group (meaning the Board of Directors and the Board of Statutory Auditors of the companies and their relative members), to the employees, to the other personnel of the Group, to consultants, suppliers and more generally to all those that, for whatever reason, operate with "sensitive" activities on behalf or for the Group. The model intends to prevent the following types of offences:

- crimes against public administration (articles 24 and 25, Law Decree 231/01);
- data processing crimes and illegal treatment of data (article 24-bis, Legislative Decree 231/01);
- protection of trademarks and distinctive signs (article 25-bis, Legislative Decree 231/01);
- crimes against industry and trade (article 25-bis.1, Legislative Decree 231/01);
- corporate crimes (articles 25-*ter* Law Decree 231/01);
- market abuse crimes (article 25-*sexies* Law Decree 231/01);

- crimes introduced by article 9 of law 123/2007 (article 25-*septies* Law Decree 231/01), which include manslaughter or serious injury caused by the violation of safety and occupational hygiene regulations at work;

- receiving of stolen goods, money laundering and the utilization of money, goods or assets originating from illicit activities (article 25-octies, Legislative Decree 231/01);

- crimes relating to breach of copyright (article 25-novies, Legislative Decree 231/01), which covers certain offenses under Law 633/1941;

- environmental crimes (article 25-*undecies*, Legislative Decree 231/01);

- incitement not to testify or bear false testimony in court (article 25-novies, Legislative Decree 231/01);

- employment of foreign countries' citizens whose residency permit is not regular (article 25-*duodecies*, Legislative Decree 231/01).

The organizational model pursuant to the Legislative Decree 231/2001 is available on the Internet site of the Company in the section "Governance", "Other documents".

11.5. Auditing firm

The auditing firm in charge of legally-required auditing of accounting activities is EY S.p.A., with registered office in Roma, via Po n. 32, appointed by the shareholders' meeting of April 22, 2016 and with expiration on the date of the shareholders' meeting for approval of the financial statements for the year ended December 31, 2024.

11.6. Manager responsible for preparing the Company's financial reports

Article 23, paragraph 1 of the Articles of Association provides for the appointment by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, of a manager responsible for preparing the Company's financial reports in compliance with the provisions of article 154-*bis* of TUF, who must be chosen among individuals with a degree in economics, finance or disciplines related to business management and must have at least three years of experience (i) in the exercise of administrative or managerial functions or (ii) in the exercise of professional activities within an auditing firm or (iii) as a certified accountant, consultant to limited liability companies. Those who are not in possession of the integrity requirements of article 147-*quinquies* of TUF cannot be appointed to the office and, if already appointed, shall expire from the same.

The manager responsible for preparing the Company's financial reports exercises the powers and responsibilities attributed to him in accordance with article 154-*bis* of TUF.

The Board of Directors in the meeting of May 8, 2008, with the approval of the Board of Statutory Auditors, confirmed as manager responsible for preparing the Company's financial reports Francesco Masciandaro, who within the Group holds the role of Chief Financial Officer and Head of Administration and Control.

The manager responsible for preparing the Company's financial reports is provided with adequate powers and means to perform the tasks assigned to him or her. In particular, the manager in charge has developed a set of procedures and information flows aimed at identifying all the processes and business events with an economic and financial relevance; in this way all the economic and financial events of relevance are reflected in the accounting data and periodic financial reports.

Finally, it is worth highlighting that the manager responsible for preparing the Company's financial reports was appointed director with delegated powers on administrative matters, including powers to represent the Company in dealings with the financial administration and powers to sign all the declarations required by applicable tax laws, in all the Italian subsidiaries of the Group, except 7Pixel S.r.l., Mikono S.r.l. and Innovazione Finanziaria SIM S.p.A..

11.7. Ethical Code

The Ethical Code, approved on March 20, 2008, is an essential element and function of the organizational model that the Group has adopted pursuant to Law Decree n. 231/2001 and expresses the principles of business ethics and rules of conduct designed to prevent, under Italian law, the commission of offences and all those behaviors inconsistent with the values that the Issuer and its subsidiaries pursuant to article 2359 of the civil code seek to promote.

The Group recognizes the importance of business ethics and social responsibility in the management of corporate activities and affairs and is committed to take into account the legitimate interests of its stakeholders and of the community in which it operates. At the same time, the Group expects from all its employees the respect of business rules and principles established in the Ethical Code and to operate with the highest ethical standards and in compliance with all applicable laws.

The Ethical Code is distributed to all employees. In addition, the Group requires from all subsidiaries, associated companies and major suppliers a conduct in line with the general principles of the Ethical Code.

The Ethical Code is available on the Internet site of the Company in the section "Governance", "Other documents".

11.8. Coordination among the bodies involved in the internal control and risk management system

The coordination and the information flow between people involved in the internal control and risk management system appears to be streamlined and effective.

In particular, the executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, Chairman of the Board of Directors as well, and the manager responsible for preparing the Company's financial reports, Francesco Masciandaro and the head of internal audit Walter Baraggia, work together to find out and manage risks which endanger and/or could endanger the Group's companies to achieve business objectives.

The executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, as Chairman of the Board of Directors, helps to identify the main risks for the Group, considering the business activities of the Issuer and of its subsidiaries, and is responsible for the set up and management of the internal control and risk management system, constantly verifying its adequacy and effectiveness. With the opinion of the Board, he asks the head of internal audit or the CFO to verify some specific operational areas considering the compliance to regulations and internal procedures in the execution of business operations and to analyze the regulations compared to the business activities. The CFO and the head of internal audit report the results to the executive director in charge of supervising the functionality of the internal control and risk system or directly to the Board of Directors.

The Board of Statutory Auditors (also as Supervisory Body) and the Control and Risk Committee monitor, value and give their opinion on the adequacy and effectiveness of the internal control system by examining the results brought by the CFO and the head of internal audit, with the power to request further examinations on specific operational business areas.

The above mentioned bodies inform and update one another either through formal meetings (like meetings of the Board of Directors, of the internal Control and Risk Committee, of the Board of Statutory Auditors / Supervisory Body, or through constant information flows during informal meetings, conference calls and/or e-mails.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of the Company on November 11, 2010, having acknowledged the favorable opinion of the committee established for this purpose (consisting only of independent directors), approved "The procedure for transactions with related parties" ("**Related Parties Procedure**") pursuant to the Regulation "Transactions with Related Parties", issued by CONSOB with the resolution no. 17221 of March 12, 2010 (subsequently amended by resolution no. 17389 of June 23, 2010), pursuant to article 2391-*bis* of the civil code and articles 113-*ter*, 114, 115, and 154-*ter* of TUF, and in accordance also with the recommendations of the Code of Conduct.

The Company applies the Related Parties Procedure taking into account also CONSOB Communication DEM/10078683, published on September 24, 2010, containing "Indications and guidelines of the Regulation on transactions with related parties adopted to comply with the resolution no. 17221 of March 12, 2010, and subsequent amendments".

The Related Parties Procedure regulates the identification, approval and the management of transactions with related parties performed by the Company, also through its subsidiaries pursuant to article 2359 of the civil code or in any case subject to direction and coordination.

After having verified, consulting the list of related parties of the Group that the counterparty to a transaction is a related party, the parties involved in the execution of the transaction must notify the internal audit function and the administrative and control direction, the intention to begin negotiations for performing the transaction. The internal audit function and the administrative and control direction promptly evaluate whether the transaction complies with the Regulation issued by CONSOB with resolution no. 17221 or if it is possible to apply one or more of the exemption cases for which it is not necessary to follow the approval process required by the procedure. If it is not an exemption, the committee for transactions with related parties expresses its non-binding opinion on the execution of the transaction. The approval for the execution of the transaction is given, depending on the case, by the Board of Directors or by the shareholders' meeting.

Pursuant to paragraph 5 of the Related Parties Procedure, the directors that have an interest in a transaction must promptly and exhaustively inform the Board of Directors on the existence of interest and on his/her circumstances considering, on a case by case basis, the opportunity to leave the Board meetings at the voting moment or to abstain from voting. If he/she is an executive director, he/she abstains from carrying out the transaction. In these cases, the resolutions of the Board of Directors motivate adequately the reasons and the benefits for the Company of the transaction.

For more information, please refer to the Related Parties Procedure and its annexes, available on the Company's Internet site under "Governance", "Other documents".

The Committee for Transactions with Related Parties

The Board of Directors on November 11, 2010 also resolved to set up an internal "Committee for Transactions with Related Parties", composed of independent directors and invested with all the functions provided by the Related Parties Procedure, and to approve the regulation of this committee.

The Board of Directors on May 12, 2014 appointed as members of the Committee for Transactions with Related Parties the independent directors Andrea Casalini (chairman), Klaus Gummerer and Valeria Lattuada, resolving a total remuneration, on a yearly basis, equal to Euro 4 thousand.

The Committee for Transactions with Related Parties did not meet during the year, because there have been no transactions for which it was necessary to request the opinion of the committee.

13. APPOINTMENT OF STATUTORY AUDITORS

The provisions of the Articles of Association of the Issuer governing the appointment of the Board of Statutory Auditors are apt to ensure compliance with the Legislative Decree no. 27 of January 27, 2010 on the implementation of the directive 2007/36/CE for the exercise of certain rights of shareholders in listed companies. The changes for the adjustment of the Articles of Associate to this new regulation were approved by the Board of Directors on November 11, 2010.

The appointment of the Board of Statutory Auditors is made on the basis of lists submitted by shareholders.

The Board of Statutory Auditors is appointed by the shareholders' meeting, with a composition of three standing Statutory Auditors and two substitutes. The objective is to allow minority shareholders to appoint one standing Statutory Auditor and one substitute and to respect the equilibrium of genders, pursuant to article 148, comma 1-bis, of Consolidated Finance Law, as introduced by Law 120 of July 120. Therefore, at least one third of the seats in the company bodies must be held by the least represented gender and, upon first-time application, at least one fifth of the seats be held by the least represented gender. Moreover, upon first-time application at least one fifth (and not one third) of the Director and Statutory Auditor seats must be reserved for the least represented gender, rounding up to the higher unit, in the event of a fraction of number.

Each shareholder, or the members of a shareholder agreement pursuant to article 122 of TUF, as well as the controlling entity, the subsidiary companies and those companies subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, neither through a third party or a trust company, more than one list, nor can vote for different lists.

Shareholders are entitled to submit lists if, by themselves or together with other shareholders, are holders of the minimum stake established by CONSOB Regulations for the submission of lists for the appointment of the board of directors. The lists submitted by the shareholders must be filed at the registered office at least twenty-five days before the date set for the shareholders' meeting in first call, along with the required documents prescribed by the Articles of Association together with a resume of the candidates included in the list. It is worth highlighting, that as already mentioned in paragraph 4.1, on January 25, 2017, CONSOB with resolution n. 19856, identified a shareholding threshold of 4.5% of the shares with voting rights in the shareholders' meeting.

If upon the deadline for the submission of the lists only one list has been filed, or only lists submitted by members linked together pursuant to applicable provisions, other lists may be submitted within three days of the deadline. In this case, the previous threshold is reduced by half.

The election system required by the Articles of Association provides that:

i. the first two candidates (effective section) from the list with the highest number of votes and the first candidate from the list that ranks second for number of votes, who will be the chairman of the Board of Statutory Auditors, will be elected as active statutory auditors;

ii. the first candidate (alternates section) from the list with the highest number of votes and the first candidate from the list that will result second for number of votes will be elected substitute statutory auditors.

Moreover, if the candidates elected with the manner above described do not comply with the laws currently in force on gender balance, the candidate of the gender more represented elected as the latest in consecutive order from the slate that received the highest number of votes shall be replaced by the first candidate of the gender less represented in consecutive order not elected taken by the same slate. This replacing procedure will be applied until the composition of the Board of Directors complies with the laws currently in force on gender balance. If this replacing procedure does not assure the gender balance, the replacing will be carried out by shareholders' meeting resolving with majority required pursuant to law, upon submission of candidates belonging to the gender less represented.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists, complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies.

If only a single list has been submitted, the candidates of this list will be elected active statutory auditors and substitute statutory auditors complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies If no list is submitted, the shareholders' meeting will elect the Board of Statutory Auditors according to the law, always complying with gender equilibrium requirements.

In case of replacement of an active statutory auditor, the substitute auditor belonging to the same list of the ceased statutory auditor will take over always complying with the abovementioned laws on gender equilibrium. If the Board of Statutory Auditors is not complete with the entry of the substitute auditors, a shareholders' meeting must be called to provide for the integration of the Board of Auditors pursuant to the law.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors of the Company in office as of December 31, 2015 was appointed by the shareholders' meeting of April 27, 2015, during which only one list of candidates was submitted by shareholder Alma Ventures S.A. and will remain in office until the approval of the financial statements for the year ended December 31, 2017. The names of candidates on the list coincide with the current members of the Board of Statutory Auditors. It is worth pointing out that the Board of Statutory Auditors of the Company in office correspond to the Board of Statutory Auditors in charge until the approval of the consolidated financial statement ended December 31, 2014. The list obtained the unanimous consent of those present, representing 27,836,748 shares, corresponding to 70.45% of shares with voting rights.

For the composition of the Board of Statutory Auditors and other information please refer to Table 3, in the appendix, concerning the structure of the Board of Statutory Auditors.

As regards the personal and professional characteristics of each member of the Board of Statutory Auditors, please refer to their curricula published on the Issuer's Internet site under "Governance", "Shareholders' meetings and Company governance" "2015".

The statutory auditors, in accepting their office, have declared that they possess the necessary requirements of professionalism, integrity and independence. On May 12, 2015, the Board of Directors then checked the existence of these requirements, by correctly applying the assessment procedures and criteria. The result of this control was positive.

During the financial year, the Board of Statutory Auditors met 11 times with an average meeting duration of two hours. The Board of Statutory Auditors also participated in all the meetings of the Board of Directors and has been regularly updated on business performance and the main events of the year. No meetings of the Board of Statutory Auditors have been scheduled for 2017. As of the date of the approval of this report, on March 10, 2017, there has been a meeting, with the participation of the CFO, the internal auditors, the representatives of the independent auditing firm and the Control and Risk Committee.

The persistence, after appointment, of the independence requirements of the members of the Board of Statutory Auditors, pursuant to article 148, comma 3, of TUF and article 8.C.1, of the Code of Conduct was assessed by the Board of Directors on May 12, 2015. The assessment was conducted acquiring the declaration for the satisfaction of the requirements of professionalism and independence as of the date of their application signed by each member of the Board of Statutory Auditors. Besides, the lists of the direction and control offices of each statutory auditor, as well as the lists of the companies, partnership or corporation, held by them, were obtained. As the outcome of this assessment, the Board of Directors verified, with positive results, the persistence of the independence requirements of each member of the Board of Statutory Auditors. The above-mentioned assessment was conducted by the Board of Directors during a meeting attended by the whole Board of Statutory Auditors. Therefore, it was decided not to proceed with a specific assessment by the Board of Statutory Auditors itself, as this assessment was made the Board of Directors.

Finally, on May 12, 2015, the Board of Statutory Auditors verified the correct application of all the criteria pursuant to article 3.C.1 of the Code of Conduct and to the Instructions accompanying Markets Regulations and the adequacy of the assessment adopted by the Board of Directors with regard to the directors' independence. The results were positive.

During the financial year, on September 14, 2016 the Board of Statutory Auditors verified, with positive result, the satisfaction of the independence requirements of its members. The outcome of this check was sent to the Board of Directors, which acknowledged it in the meeting of November 10, 2016.

The remuneration of the statutory auditors for the year has been determined by the sharholders' meeting at the time of their appointment. The remuneration amounts to Euro 21 thousand per annum for the chairman of the Board of Statutory Auditors and to Euro 14 thousand per annum for each active statutory auditor. The compensation is coherent with the commitment required, with the importance of the role and with the dimensional and sectoral characteristics and of the Company.

The Procedure for Transactions with Related Parties approved by the Board of Directors on November 11, 2010 (see paragraph 12) provides that a Statutory Auditor who has, for himself/herself or on behalf of third parties, an interest on a transaction of the Issuer, must promptly inform the other statutory auditors on the nature, terms and extent of his/her interest.

Over the year 2016, the Board of Statutory Auditors has met the independent auditing firm two times in order to obtain an update on the results of accounting and legally-required auditing and on the schedule of the activities for the audit. These meetings were always attended by the CFO of the Issuer, Francesco Masciandaro, who informed the Board of Statutory Auditors on the ordinary control activities, paying particular attention to certain companies of the Group.

During the financial year, the Board of Statutory Auditors was regularly updated by the Control and Risk Committee, by the CFO and by the head of internal audit on their activity during the financial year, through various formal meetings with the relevant parties as well as with informal meetings between individual members of the Board of Statutory Auditors and the other subjects involved in the internal control and risk management system.

During the meetings of the Board of Directors and the meetings of the Board of Statutory Auditors as well, the Chairman, the CEO and the CFO duly report to the Board of Statutory Auditors about the business performance of the Issuer, the general management performance, the company trends and the regulatory framework. In addition to formal meetings, all directors are constantly informed of the business performance of the Issuer, usually during informal meetings and/or conference calls.

We also highlight that the active Statutory Auditors are substantially the same also for the other companies of the Group that have a board of statutory auditors in their structure, except 7Pixel S.r.l., which has a different active member if compared to the Board of Statutory Auditors of the Issuer.

For information regarding any management or control offices covered by the members of the Board of Statutory Auditors, please refer to the data published by CONSOB pursuant to article 144-*quinquiesdecies* of Issuers Regulations, on the website under "Corporate boards", "Disclosure".

Please note that Legislative Decree no. 39/2010 ("Implementation of Directive 2006/43/EC relating to audits of annual financial statements, which amends directives 78/660/EEC and 83/349/EEC, and which repeals directive 84/253/EEC") has endowed the Board of Statutory Auditors with the committee functions for internal control and auditing and, specifically, the functions of supervising: (i) the financial information process; (ii) the efficiency of the internal control, internal audit, if applicable, and risk systems; (iii) legally-required auditing of the annual and consolidated financial statements; (iv) independence of the independent auditor or the independent auditing firm, especially with respect to the provision of non-auditing services to the company that is subject to audit.

For more information on the activities carried out by the Board of the Statutory Auditors during the financial year, please refer to the "Report of the Board of Statutory Auditors" prepared pursuant to article 153 of TUF and article 2429, paragraph 2 of the civil code, and published together with the annual financial Report.

15. RELATIONS WITH SHAREHOLDERS

The Company considers it coherent with its own specific interest - as well as an obligation towards the market - to establish a constant dialogue, based on mutual understanding of roles, with its shareholders in general and with institutional investors in particular; a relation intended to be conducted anyway in accordance with the "Internal regulation for the management and disclosure of confidential and privileged information".

In this respect, it was deemed that the creation of a dedicated structure within the Company, with its own staff and appropriate organizational means, could facilitate the relations with the shareholders in general, as well as with the institutional investors.

In accordance with article 2.2.3, paragraph 3, letter i) of Market Regulations, the Board of Directors of the Company, on February 9, 2007, resolved to institute, effective from June 6, 2007, the Investor Relations functions responsible for the relations with the shareholders in general and with institutional investors in particular and possibly perform specific tasks as the management of price sensitive information and relations with CONSOB and the Italian Stock Exchange.

The Board of Directors has appointed ad interim the executive director Marco Pescarmona, to the function of Investor Relator of the Issuer.

The Company provides adequate information for investor relations also by publishing in a timely and continuous manner the most relevant corporate documents on its Internet site (www.gruppomol.it), in two special sections: "Governance" and "Investor Relations".

16. SHAREHOLDERS' MEETINGS

Pursuant to article 9 of the Articles of Association, the shareholders' meeting, regularly constituted, represents the whole body of shareholders and its resolutions are binding for all the shareholders, with or without the right to vote, as well as for those that do not participate or dissent. The shareholders' meeting, both ordinary and extraordinary, is validly constituted and resolves with the majorities prescribed by law.

Pursuant to article 10 of the Article of Association, shareholders' meetings are called with the publication of a notice as prescribed by the law on the website of the Company and also according to the mandatory procedure prescribed by the law and regulations including the publication on one of the following newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *La Repubblica, La Stampa, Il Messaggero, MF/Milano Finanza, Finanza e Mercati* or *Italia Oggi*. The shareholders' meeting should be called by the Board of Directors for the approval of annual financial statements at least once a year within 120 days after the end of the financial year, or within 180 days, since the Company is required to prepare the consolidated financial statements. There are no other limits of constitution or resolution quorum than those provided by law.

The main powers of the shareholders' meeting shall be those provided by the legislative provisions and alternative applicable regulations; in particular, the Articles of Association do not require the authorization of the shareholders' meeting for specific acts of the directors.

There are no shares with multiple voting and increased vote is not provided.

Pursuant to article 11 of the Articles of Association, the right to participate in the shareholders' meeting and the exercise of voting rights is certified by a statement to the Company made by the intermediary in charge of holding the accounting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. With regards to ordinary and extraordinary meetings, the right to participate in the shareholders' meeting and the exercise of voting rights will be certified after January 1, 2013 by a statement to the Company made by the intermediary in charge of keeping the counting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. There are no limitations to the availability of the shares prior to the meeting.

The shareholders' meeting is ordinary or extraordinary according to the law and takes place at the registered office or in other places indicated in the notice, within the national territory, or any other country of the European Community or Switzerland. To facilitate the participation of the shareholders at the meeting, article 11.2 of the Articles of Association provides also that the shareholders' meeting could take place with participants located in several places, near or far, in video conference or conference call, provided that they comply with the collegial method, good faith principles and equal treatment of members. The vote may also be expressed by mail, as expressly provided in the notice, in compliance with applicable regulatory requirements.

Pursuant to article 12 of the Articles of the Association, shareholders who have the right to vote may be represented by law, by written proxy, or by e-mail, in accordance with the provisions of article 2372 of the civil code and other applicable regulatory requirements. The electronic notification of the proxy may be done, following the procedures indicated in the notice, through a message to the certified e-mail address given in the same notice or through the use of the special section on the

Company's Internet site. The Company may designate, for each shareholders' meeting, an intermediary to which the shareholders may confer, according to modalities provided by law and regulations, within the end of the second trading day prior to the date scheduled for the shareholders' meeting on single or first call, a delegation with voting instructions on all or only on some of the proposals on the agenda. The delegation has no effect with regards to proposals for which no voting instructions have been given.

With exception of the provisions of the Articles of the Association, all the other operating rules, regulations and discipline of the shareholders' meetings have been determined, upon the proposal of the Board of Directors, by the shareholders' meeting of December 18, 2007 with the approval of a Shareholders' Meeting Regulation, available on the Company's Internet site in the section "Governance", "Shareholders' meeting and Governance", "2007".

As indicated in the Shareholders' Meeting Regulation, the shareholders and the other holders of voting rights pursuant to the law and the Articles of Association can intervene in the Shareholders' Meeting. They are entitled to discuss on the items on the agenda, making observations and asking for information and may also set forth voting proposals and statements. The order of the interventions is decided by the chairman. The maximum length of each intervention should not usually exceed five minutes and each shareholder may intervene only once on each item on the agenda.

For the meeting held in 2016, the directors released a specific proposal for all the point at issue, with suitable advance.

The Board of Directors, represented in the meeting by Chairman Marco Pescarmona, CEO Alessandro Fracassi, and non-executive director Marco Zampetti, reported in the shareholders' meeting on its past and future activities and has done its best to provide the shareholders with adequate information with all the elements needed, by publishing on the web site the necessary documentation within the time limits provided by law, so that they could take their decisions during the shareholders' meeting with full knowledge.

The Chairman (or other member) of the remuneration committee has not directly reported to the shareholders regarding the exercise of the committee duties. Anyway, on April 22, 2016, the report on remuneration pursuant to Legislative Decree 123-*ter* of the TUF was discussed. Such report describes the remuneration policy implemented by Gruppo MutuiOnline S.p.A., describing, among other things, the duties, activities and procedures for the implementation of such policy by the remuneration committee. The majority of the shareholders present at the meeting of April 22, 2016, representing 71.55% of the share capital, expresses a favorable vote on the approval of this report. With regards to other shareholders' rights not illustrated in this Report, please refer to the applicable laws and regulations.

During financial year 2016, there were no significant changes in the market capitalization of the Company such as to imply a change in the percentages set for the exercise of the actions and the prerogatives intended to safeguard minority rights.

17. OTHER PROCEDURES OF CORPORATE GOVERNANCE

The Issuer does not adopt corporate governance procedures other than those already mentioned in the preceding paragraphs.

18. CHANGES SINCE THE END OF THE REFERENCE YEAR

As of the end of the financial year, there have been no changes in the corporate governance structure other than those reported in the relevant sections.

For the Board of Directors
The Chairman
Ing. Marco Pescarmona

APPENDIX

TABLE 1 -INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE AS OF DECEMBER 31, 2016

	N. of shares	% of the share capital	Listed (specify the market) / not listed	Rights and duties
Ordinary shares	39.511.870	100%	STAR	Each share gives the right to exercise one vote. The rights and the duties of the shareholders are those provided by art. 2346 and followings of the civil code
Multiple voting shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

SIGNIFICANT SHAREHOLDINGS AS OF DECEMBER 31, 2016

Declarant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Alma Ventures SA	Alma Ventures SA	32,50%	34,10%
Investmentaktiengesellschaft für Langfristige Investoren TGV	Investmentaktiengesellschaft für Langfristige Investoren TGV	20,20%	21,19%
BNY Mellon Service Kapitalanlage - Gesellschaft mbH	Frankfurter Aktienfonds für Stiftungen	5,03%	5,27%
Own shares (included the shares purchased by the subsidiaries)		4,69%	N/A

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS													EXECUTIVE COMMITTEE		REMUNERATION COMMITTEE		CONTROL AND RISK COMMITTEE		COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES[3]	
Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Exec.	Non-exec.	Indip. Code	Indip. TUF	Numbers of other offices[2]	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Marco Pescarmona ● ◊	1970	05-dic-05	apr-14	Appr. of annual report 2016	Only	X				3	8/8	5/5	M						
CEO	Alessandro Fracassi ◊	1969	05-dic-05	apr-14	Appr. of annual report 2016	Only	X				2	8/8	5/5	C						
Director	Anna Maria Artoni	1967	23-apr-14	apr-14	Appr. of annual report 2016	Only		X	X	X	3	8/8			5/5	M				
Director	Fausto Boni	1965	25-mag-06	apr-14	Appr. of annual report 2016	Only		X			2	8/8								
Director	Chiara D. M. Burberi	1967	23-apr-14	apr-14	Appr. of annual report 2016	Only		X	X	X	3	8/8					4/5	M		
Director	Andrea Casalini	1962	30-apr-08	apr-14	Appr. of annual report 2016	Only		X	X	X	3	8/8			5/5	C			0/0	C
Director	Matteo De Brabant	1974	21-apr-11	apr-14	Appr. of annual report 2016	Only		X	X	X	3	4/8			5/5	M				
Director	Daniele Ferrero ○	1970	07-ago-08	apr-14	Appr. of annual report 2016	Only		X	X	X	5	5/8					4/5	C		
Director	Alessandro Garrone	1963	25-mag-06	apr-14	Appr. of annual report 2016	Only		X		X	2	6/8								
Director	Klaus Gummerer	1985	13-nov-12	apr-14	Appr. of annual report 2016	Only		X	X	X	0	8/8							0/0	M
Director	Valeria Lattuada	1970	23-apr-14	apr-14	Appr. of annual report 2016	Only		X	X	X	0	7/8							0/0	M
Director	Marco Zampetti	1970	06-giu-07	apr-14	Appr. of annual report 2016	Only		X			8	8/8					5/5	M		

DIRECTORS CEASED DURING THE RELEVANT YEAR

No directors ceased to hold the office during the relevant year

Required shareholding for the submission of the list on the occasion of the last appointment: 4.5%

Number of meetings done during the relevant year:	CdA	8		E.C.	5	R.C.	5	C.R.C.	5	C.T.R.P.	0

● *This symbol indicates the Executive Director in charge of overseeing the Internal Control System.*
◊ *This symbol indicates the main managers of the Issuer.*
○ *This symbol indicates the Lead Indipendent Director.*
[1]*Date of first appointment for each director means the date when the director was appointed for the first time (ever) in the Board of Directors of the Issuer.*
[2]*In this column you can find the number of other offices as director or statutory auditor held by the members of the Board of Directors in other Italian or foreign listed companies, in financial, bank, insurance or significant sized companies.*
(*) *In this column you can find the attendance of the directors at the meetings respectively of the Board of Directors and of the committees (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).*
(**) *In this column you can find the role of directors in the committee: "C": chairman; "M": member.*

Legend:
E.C.: executive committee
R.C.: Remuneration and Share Incentive Committee
C.R.C.: Control and Risk Committee
C.T.R.P.: committee for transactions with related parties

TABLE 2A – OTHER OFFICES AS OF DECEMBER 31, 2016

Director	Companies in which the office is held	Office held
Marco Pescarmona*	Alma Ventures S.A.	Director
	Guderian S.p.A.	Sole Director
	Equitalia S.p.A.	Director
Alessandro Fracassi*	Alma Ventures S.A.	Director
	Casper S.r.l.	Sole Director
Anna Maria Artoni	Artoni Group S.p.A.	Sole Director
	Italmobiliare S.p.A.	Director
	Prelios S.p.A.	Director
Fausto Boni	EatalyNet S.p.A.	Director
	Bemyeye S.r.l.	Director
Chiara Burberi	Aviva Italia Holding S.p.A.	Director
	Prima Industrie S.p.A.	Director
	ePRICE S.p.A.	Director
Andrea Casalini	Amplifon S.p.A.	Director
	Assist S.p.A.	Director
	Eataly Net S.r.l.	Executive Director
Matteo De Brabant	Jakala Group S.p.A.	Executive Director
	Seri Jakala S.r.l.	Vice Chairman
	Alkemy S.r.l.	Director
Daniele Ferrero	Venchi S.p.A.	Chairman
	IDeA SGR S.p.A.	Director
	Eataly S.r.l.	Director
	Four Partners S.r.l.	Director
	Doc Generali S.p.A.	Director
Alessandro Garrone	ERG S.p.A.	Executive Vice Chairman
	Banca Passadore & C. S.p.A.	Director
Klaus Gummerer	N/A	N/A
Valeria Lattuada	N/A	N/A
Marco Zampetti	MutuiOnline S.p.A.**	Director
	CreditOnline Mediazione Creditizia S.p.A.**	Director
	Centro Finanziamenti S.p.A.**	Director
	Innovazione Finanziaria SIM S.p.A.**	Director
	Money360.it S.p.A.**	Director
	United Ventures One S.p.A. Sicaf	Standing Statutory Auditor
	United Ventures S.p.A. SGR	Standing Statutory Auditor
	BIM Fiduciaria S.p.A.	Director

** For the other offices of the Executive directors inside the companies held by Gruppo MutuiOnline S.p.A. please refer to Table 2B*
*** Companies held by Gruppo MutuiOnline S.p.A.*

TABLE 2B – OFFICES OF THE EXECUTIVE DIRECTORS IN THE OTHER COMPANIES OF THE GROUP AS OF DECEMBER 31, 2016

Company	Alessandro Fracassi	Marco Pescarmona
7Pixel S.r.l.	Director	Chairman
Centro Finanziamenti S.p.A.	Chairman	-
Centro Istruttorie S.p.A.	Chairman	Executive Director
Centro Processi Assicurativi S.r.l.	Chairman	Executive Director
CercAssicurazioni.it S.r.l.	Director	Chairman
CESAM S.r.l.	Chairman	Executive Director
CreditOnline Mediazione Creditizia S.p.A.	Executive Director	Chairman
Effelle Ricerche S.r.l.	-	-
EuroServizi per i Notai S.r.l.	Executive Director	Executive Director
Finprom S.r.l.	-	-
Generale Servizi Amministrativi S.r.l.	Executive Director	-
Innovazione Finanziaria SIM S.p.A.	Director	Chairman
IN.SE.CO. S.r.l.	Chairman	Executive Director
Klikkapromo S.r.l.	Executive Director	Chairman
Mikono S.r.l.	Chairman	Executive Director
Money360.it S.p.A.	Executive Director	Chairman
MutuiOnline S.p.A.	Executive Director	Chairman
PP&E S.r.l.	Executive Director	Chairman
Quinservizi S.p.A.	Chairman	Executive Director
Segugio.it S.r.l.	Executive Director	Chairman
Segugio Servizi S.r.l.	Director	Executive Director
ShoppyDoo S.L.U.	-	-
Zoorate S.r.l.	-	Director

TABLE 3 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Indip. Code	(*)	Other offices[2]
Chairman	Fausto Provenzano	1960	25-mag-06	27-apr-15	Approval annual report 2017	Only	X	11/11	25
Active member	Paolo Burlando	1962	25-mag-06	27-apr-15	Approval annual report 2017	Only	X	10/11	25
Active member	Francesca Masotti	1969	28-ago-08	27-apr-15	Approval annual report 2017	Only	X	10/11	14
Substitute member	Gianluca Lazzati	1954	27-apr-15	27-apr-15	Approval annual report 2017	Only	n.a.	n.a.	n.a.
Substitute member	Maria Concetta Russano	1965	27-apr-15	27-apr-15	Approval annual report 2017	Only	n.a.	n.a.	n.a.

STATUTORY AUDITORS CEASED DURING THE RELEVANT YEAR

No statutory auditors ceased to hold the office during the relevant year

Required shareholding for the submission of lists by minority shareholders for the election of one or more members (pursuant to art. 148 of TUF): 4.5%

Number of meetings done during the relevant year: 11

[1] *Date of first appointment for each statutory auditor means the date when the statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer*

[2] *In this column you can find the number of other offices as director or as statutory auditor held by the person concerned pursuant to art. 148-bis of TUF and the related national provisions of enactment contained in CONSOB Issuer Regulations. The complete list of other offices is published on CONSOB website pursuant to art. 144-quinquiesdecies of CONSOB Issuer Regulations.*

(*) *In this column you can find the attendance of the statutory auditor at the meetings of the Board of Statutory Auditors (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).*

6. REPORT OF THE BOARD OF STATUTORY AUDITORS

<u>Gruppo MutuiOnline S.p.A.</u>

Registered office: Via F. Casati 1/A – 20124 Milan

Share capital: Euro 1,000,000.00 fully paid-up

Company registry – Milan office, N. 05072190969

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE ANNUAL SHAREHOLDERS' MEETING

(Art. 153 of Law Decree 24/2/1998 n. 58 and Art. 2429, par. 2, civil code)

Kind shareholders,

this report refers to the execution of the functions and activities attributed to this board of statutory auditors in compliance with art. 149 and following of Law Decree 24/02/1998 n. 58; it follows the base scheme suggested by CONSOB with communication n. 1025564 of April 6, 2001, and subsequent amendments.

The supervision required by law has been regularly performed, observing both the principles of conduct of the board of statutory auditors in listed companies issued by the National Council of Accounting Experts, and the recommendations and communications of CONSOB.

* * *

1.0. Reflections on the most significant economic and financial operations and facts carried out by the Company and their compliance with the law and the articles of association

Gruppo MutuiOnline S.p.A. is the holding company of a group of financial services firms, active in the Italian market for the distribution of retail credit and insurance products and in the Italian market for the provision of outsourcing services for the origination of loans by banks and financial intermediaries, as well as, starting from 2015, in e-commerce price comparison.

The Company, during the financial year ended December 31, 2016, has correctly carried out its activity of direction and coordination of the operating subsidiaries.

In the initial part of the Director's Report on Operations for 2016, the directors provide detailed and complete information on the type of activities carried out by the controlled companies, organized by business specialization, and on the corporate structure of the Group (par. 2.2 Group Organization), as well as on the organizational changes that have taken place in 2016.

The board of statutory auditors, with the sole purpose of recapitulating and making its Report self-standing, reminds that the business of the Group is structured in two divisions, (a) the Broking Division, which operates in the distribution of mortgages and consumer credit and insurance products, as well as, starting from 2015, in e-commerce price comparison and (b) the BPO (Business Process Outsourcing) Division that operates as an outsourcer of commercial and processing activities for retail mortgages and employee loans, of mass not-motor insurance claims management services and of services linked to the asset management industry.

Besides those described by the Directors in their "Report on Operations", there are no other operations of specific relevance that require to be mentioned or commented here, nor we have to highlight manifestly imprudent or risky operations, in potential conflict of interest, against with the resolutions of the shareholders' meeting or such to endanger the integrity of the shareholders' equity.

Just for recollection, as the directors have already commented in this respect in their report we remind that:

- on July 27, 2016, subsidiary 7Pixel S.r.l. has acquired a stake of 26.40% of the share capital of the company Zoorate S.r.l. for a consideration of Euro 271 thousand. Zoorate S.r.l. is a company that carries out development and marketing of technological solutions related to the collection and management of online reviews and opinions of end users on the Italian market; on September 14, 2016 7Pixel S.r.l. subscribed a capital increase of the same Zoorate S.r.l. for an amount of Euro 300 thousand after which 7Pixel S.r.l. reached a stake of 40% of the company's share capital; it also signed an investment agreement that provides, among other things, the forward purchase of the remaining 60% of Zoorate S.r.l. after the approval of the 2020 financial report. The directors have analyzed the existence or otherwise of control over Zoorate in order to prepare consolidated financial statements; the examination showed that Zoorate is not controlled by the parent company, so the shareholding was consolidated in the financial statements at December 31, 2016 with the equity method.
- revenues for the year ended 31 December 2016 were Euro 138,069 thousand, with an increase of 14.4% over the previous year;
- the operating profit (EBIT) grew from € 32.0 million in 2015 to € 35.2 million in 2016 (+ 10.0%), EBITDA grew from € 37.8 million in 2015 to € 42.5 million in 2016 (+ 12.4%); finally, the net income for the year grew from € 23.5 million to € 24.8 million (+5.5%);
- the Net Financial Position as of December 31, 2016 is positive for € 7.9 million, while it was was negative for € 9.2 million as of December 31, 2015;
- headcount is also growing, going up from 1,260 FTEs in 2015 to 1,368 FTEs in 2016, of which 992 in Italy and 376 in Romania.

With respect to all the points mentioned and, more generally, to the overall operations, the board of statutory auditors recognizes that during the financial year it has always received in a timely manner the information needed to be aware of and understand the development of the above mentioned and of the other operations which are illustrated in the Reports prepared by the board of directors.

The Board of Statutory Auditors considers that the above-mentioned corporate transactions are pursuant to the Law and to the Articles of Association, are compliant to the corporate interest, are not imprudent and risky, are not in contrast with the resolutions of the shareholders' meeting nor such to compromise the financial integrity of the company.

2.0. Unusual or atypical operations

Not occurred.

2.1. Unusual or atypical operations with related parties

Not occurred (please refer to note 38).

2.2. Unusual or atypical operations with third parties or with group companies

Not occurred.

2.3. Ordinary intra-group or related party operations

The Company, in accordance with the "Code of Conduct of Borsa Italiana S.p.A.", approved the adoption of the principles of conduct concerning the transactions with related parties. The board of directors, on November 11, 2010, adopted a "Related Parties Procedure", to comply with the Consob resolution no. 17221 of March 12, 2010, and subsequent amendments

In the financial report, in the separated and consolidated financial reports the Directors have provided adequate disclosure regarding ordinary intra-group or related party operations. These operations particularly refer to commercial transactions related to intra-group purchases and sales for direction services and interests accrued in the scope of the cash pooling activity supplied by the holding and outsourcing services supplied by some of the companies of the Group.

The board of statutory auditors has periodically verified during the financial year that intra-group transactions or related party transactions are executed in compliance with the above mentioned procedure, and, in any case, based on regular contracts prepared according to normal market standards and at arm's length conditions. The intra-group operations examined by the board of statutory auditors have been found satisfactory, in the best interest of the Company and the group controlled by the Company, as well as correctly justified and documented.

The board of statutory auditors has nothing to add to such disclosures which appear adequate.

3.0. Evaluation of the adequacy of the information provided by the Directors on atypical or unusual operations

As no atypical or unusual operations have occurred, we do not perform any evaluation.

4.0. Remarks on Auditors' qualifications

The independent auditing firm released on March 30, 2017 its own report on the separated and consolidated financial reports; the auditing firm's report does not contain any remarks or disclosures.

5.0. Denunciations pursuant to article 2408 of the civil code

Not occurred.

6.0. Complaints presented

Not occurred.

7.0. Further assignments to the Auditors

Please refer to the relevant table in note 39 of the consolidated annual report.

8.0. Assignments granted to other parties related to the Auditors

Please refer to the relevant table in note 39 of the consolidated annual report.

9.0. Opinions issued in compliance with law requirements

During financial year 2016 the board of statutory auditors issued the following opinions:

- favorable opinion on the recognition for the Chairman of the Board Marco Pescarmona and for all the board members, about subsistence of the requirements governed by art. 25 of Legislative Decree no. 1 September 1993, n. 385; (opinion issued in the meeting of the Board of Directors held on February 5, 2016)

- favorable opinion on amendments to the individual fixed remuneration of the Group to be paid to Marco Pescarmona and Alessandro Fracassi to the extent and in the manner set by the chairman of the Remuneration and Share Incentive Committee (opinion issued in the meeting of the Board of Directors held on March 14, 2016);

- favorable opinion on the approval of the remuneration and incentive plan for executive directors for the year 2016 proposed by the Remuneration and Share Incentive Committee (opinion issued in the meeting of the Board of Directors held on May 13, 2016);

- favorable opinion on the recognition to the Chairman of the Board Marco Pescarmona and to all the board members, the subsistence of the requirements governed by art. 25 of Legislative Decree no. 1 September 1993, n. 385 (opinion issued in the meeting of the Board of Directors held on July 14, 2016);

- favorable opinion on the approval of the proposal made by the Remuneration and Share Incentive Committee about the maturation of the variable remuneration partly linked to the qualitative assessment (up to 20% of the maximum potential bonus) (opinion issued in the meeting of the Board of Directors held on July 14, 2016).

The Board of Statutory Auditors has also issued its reasoned proposal in relation to the appointment of the independent auditing firm for the 2016-2024 financial years; the proposal was made on March 21, 2016 and was submitted to the shareholders' meeting of April 22, 2016.

10.0. Frequency of the meetings of the board of directors and of the board of statutory auditors

The statutory auditors, during 2017, held 11 meetings and, in addition, participated to 8 meetings of the Board of Directors, to 5 meetings of the Control and Risk Committee, to 5 meetings of the Remuneration and Share Incentive Committee and to 1 ordinary shareholders' meeting.

11.0. Remarks on compliance with the principles of fair administration

The Board of Statutory auditors has informed itself and supervised on the respect of the principles of fair administration. This has occurred through the participation to the meetings of the Board of Directors and to the meetings, also informal, of the Control and Risk Committee, one-on-one meetings with the Directors, direct observation and inquiries, collection of information from the managers in charge of business functions, meetings with the Auditing Firm also aimed at reciprocal exchange of relevant data and information according to article 150, paragraph 2, of the Consolidated Law on Finance.

The activity of the Board of Statutory Auditors has been aimed at controlling the legitimacy of the management choices of the Directors and their compliance, in the formation process, with criteria of economic and financial logic, according to the best practice advices. Furthermore, this activity was performed without any control on the appropriateness and profitability of the same choices.

The Board of Statutory Auditors has verified that typical and usual operations, as well as the most significant ones, were not extraneous to the company's objectives, in contrast with the Articles of Association or in conflict of interest, even if only potential, and also that they could not compromise the integrity of the Company's capital or, anyway, be patently imprudent or risky. The Board of Statutory Auditors has also verified that they were not executed in contrast with the resolutions of the governing bodies or harmful to the rights of individual shareholders or minorities.

We have also made sure that the decisions of the Board of Directors on the most significant operations were assisted by the usual inquiries, in-depth analyses, control, possible acquisition of opinion and valuation of independent advisors, suggested by the best practice regarding the economic and financial correctness and their coherence with the interest of the Company.

There were no remarks regarding the respect of the principles of fair administration.

12.0. Remarks on the adequacy of the organizational structure

The Board of Statutory auditors has acquired information and supervised on the adequacy of the organizational structure of the Company through direct observations, interviews, collection of information from the business functions of the company, and meetings with the subjects in charge of internal and external auditing.

During the financial year, the Board of Statutory auditors has supervised, together with the independent auditor and the Control and Risk Committee, on the possibility of organizational/managerial problems that could derive from defects of organization; no instances worth mentioning in this report have arisen.

The organizational structure is periodically updated for the requirements from time to time expressed; the statutory auditors are periodically informed about the changes in the most important positions.

The assessment of the organizational structure has confirmed, overall, its reliability.

The system of powers in force is based on a split by nature of the different kinds of acts and operations as well as by means of maximum amounts for the implementation of the various types of acts of management.

13.0. Remarks on the adequacy of the internal control system

The Board of Statutory auditors has supervised on the adequacy of the internal control system, directly by means of meetings with the Group's CFO as well as the manager in charge of the internal control system, and with the head of internal audit, of the participation to the meetings, also informal, of the Control and Risk Committee and of periodic meetings with the independent auditing firm, concluding that the system has not displayed any significant problems or other facts worth highlighting in this report.

Regular meetings of the Board of Statutory Auditors with the CFO and with the Control and Risk Committee have allowed the Board to effectively follow the evolution of this business function and the results of the activities performed. These meetings also allowed the statutory auditors to coordinate with the Control and Risk Committee itself the execution of their own functions of "Committee for Internal Control and Audit" assumed following the enforcing of article 19 of the legislative decree n. 39/2010 and, specifically, supervise (i) on the financial information process and (ii) on the efficacy of the internal control, internal audit and risk management systems.

From the analyses and the controls performed, relative to the areas and the business functions interested by the activity, we derive a judgment of overall fairness and reliability of the internal control system.

In practice, we have not identified any relevant weaknesses of the system, therefore, even in its process of continuous evolution and improvement, the system has proven to be reliable.

During the financial year, the statutory auditors were also appointed Supervisory Body pursuant to legislative decree 231/01; this resolution was adopted by the board of directors of the holding held on May 11, 2012. During the following months the same resolution was adopted also by the subsidiaries. We remind that the appointment of the Board of Statutory Auditors as Supervisory Body was confirmed by the Board of Directors of the Issuer on March 14, 2016

A specific paragraph of the report on operations shows the main risk factors that affect the Company; in addition, the report on corporate governance gives full disclosure on the activities performed to manage the risks related to the financial reports, particularly referring to the provisions of the Law 262/05.

14.0. Remarks on the adequacy of the accounting management system

The Issuer, during the financial year 2016, performed for the other Italian companies of the Group all the accounting and administrative services. The assessment of the system is positive; specifically, we believe that the accounting system is able to correctly represent business activity.

The accounting management system, as a whole, has proven reliable: in particular, we consider the accounting management system capable to correctly represent the results of operations.

The Board of Statutory Auditors is regularly kept up to date on the functioning of the existing system by the manager in charge of the accounting department.

15.0. Remarks on the adequacy of instructions to controlled companies (art. 114 TUF)

The board of statutory auditors has been informed of the instructions given to controlled companies pursuant to article 114, paragraph 2, Unified Code of Finance and has found them satisfactory for the purpose of the fulfillment of legal obligations.

The deliberate continuity in the names of the components of the boards of directors and of the boards of statutory auditors of the Group companies facilitates, in fact, those control functions by providing timely information and coordination of the instructions given by the controlling company.

16.0. Relevant facts emerged during the meetings with the independent auditing firm (art. 150 TUF and art. 19 D. Lgs. 39/2010)

During the financial year under review, we have had regular interactions both with the outgoing independent auditing firm and with the incoming one; with both a fruitful relationship of data and information exchange has taken place also, and above all, considering the function assumed by the statutory auditors, directly following the entry into force of article 19 of legislative decree n. 39/2010, as “Committee for Internal Control and Audit”

The relationship with both the independent auditing firms has taken place both through formal meetings also with the participation of the Company and with informal contacts between individual Statutory Auditors and representatives of the independent auditing firm in charge, during which we dwelled particularly upon (i) the legal audit activities on the annual and consolidated accounts and (ii) the aspects related to the independence of the auditing firm, referring particularly to the services supplied different from the audit.

Also with respect to the preparatory activities for the separate annual report and the consolidated financial statements, no facts have been found worth mentioning in this report; in particular, the auditing firm has not informed the Board of Statutory Auditors of any criticalities or weaknesses relevant enough to affect the reliability of the process leading to the preparation of the financial statements.

Finally, the statutory auditors acknowledge that the independent auditing firm presented to the Control and Risk Committee the opinion pursuant to article 19 co. 3 of the legislative decree 39/2010, highlighting that during the audit activities no fundamental issues or significant deficiencies of the internal control system related to the financial information process emerged.

17.0. Adhesion to the Code of Conduct

The Company has adhered to the principles established by Code of Conduct sponsored by Borsa Italiana S.p.A. and the Board of Directors on March 14, 2017 has approved the annual report on corporate governance and on ownership structure.

Just as a reminder, we point out that (i) within the Board of Directors operate, with advisory responsibilities, the Control and Risk Committee, the Remuneration and Share Incentive Committee and the Committee for Transactions with Related Parties; regarding role, tasks and functioning we refer to the specific paragraph of the Report of the Board of Directors on Corporate Governance; (ii) within the Board of Directors also operates the executive committee with specific operative powers; the executive committee is now composed of two executive directors, Marco Pescarmona and Alessandro Fracassi; (iii) the Board of Directors has identified in the Chairman of the Board the director in charge of overseeing the functionality of the internal control system; (iv) the Board of Directors identified Daniele Ferrero as lead independent director; (v) the Company has set up specific procedures relating to:

- transactions with related parties;
- the functioning of ordinary, extraordinary and special shareholders' meeting; regulations for shareholders' meetings;
- adoption of the "Handbook on market and privileged information abuse" containing, among other things, the procedure for outside communication of confidential price sensitive information, updated based on the regulations on the subject of "market abuse";
- the information duties concerning financial transactions performed by "relevant subjects" (new procedure on internal dealing) also keeping into account the regulations on the subject of "market abuse".

The Board of Statutory Auditors has verified the exact application of the criteria adopted by the Board of Directors to assess the independence of its non-executive members as well as the exact application of the relevant verification procedures.

The Board of Statutory Auditors, in the meeting of September 14, 2016, verified the independence requirements of its members; that assessment was communicated to the Board of Directors at its meeting on November 10, 2016.

Following these checks, no objections were raised by the Board of Statutory Auditors.

18.0. Final remarks on supervisory activity

The Board of Statutory Auditors has confirmed the existence, in general, of an appropriate an adequate organizational structure of the Company, such as to ensure the respect of regulations and the exact and timely execution of any related duties.

Such overall control – as reported above – has also been coordinated and integrated with:

- specific contributions and activities aimed at verifying the respect of the law and of the articles of association;
- the participation to the meetings of the governing bodies of the Company;
- the acquisition of information relating the controls and the supervision performed by the auditing firm and the activity directly performed as Supervisory Body pursuant to legislative decree 231/01;
- the collection of further information in meetings – also occasional – with the Directors, the administrative, finance and control function, the head of the internal audit function, the Control and Risk Committee and the managers in charge of the various business functions;
- the analysis, performed together with the Company, of any new regulations or communications issued by CONSOB of interest to the Company.

In this way, we have been able to verify the presence of the organizational and technical pre-requisites for the respect, in practice, of the articles of association, laws and regulations that control the functioning of the bodies and business activities of the Company.

19.0. Possible proposals to be presented to the Shareholders' meeting (art. 153 TUF)

The Board of Statutory auditors confirms that it has overseen the application of the laws and regulations regarding the preparation of the 2016 annual report of the Company as well as of the 2016 consolidated annual report and regarding their filing and on the respect of the duties of the Directors and the independent auditing firm on this subject.

The annual report submitted to your examination and the consolidated financial report reflect the operations of the Company in 2016 and contain an exhaustive analysis of the situation and of the operating result, as well as a description of the main risks and uncertainties to which the Company and the Group are exposed, with a unified description of the financial and economic situation, illustrated in detail by the Board of Directors in the "Report on Operations" and in the "Illustrative Notes"; the "Report on Operations" is consistent with the consolidated annual report.

* * *

Based on the controls directly performed and the information exchanged with the independent auditing firm, also taking into account its Report which provides an unqualified opinion, taking into account that the Directors have not taken advantage of the exemption from article 2423, paragraph 4, of the civil code, we have neither remarks nor proposals concerning the Financial Statements, the Report on Operations and the proposed allocation of the income of the year which, as a consequence and for what concerns us, are subject to your approval.

Milan, March 31, 2017

FOR THE BOARD OF STATUTORY AUDITORS

Fausto Provenzano	Chairman of the board of statutory auditors
Paolo Burlando	Active statutory auditor
Francesca Masotti	Active statutory auditor

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Independent auditor's report in accordance with articles 14 and 16 of legislative decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Gruppo MutuiOnline, which comprise the balance sheet as at December 31, 2016, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity and the statement of cash flow, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Gruppo MutuiOnline as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

Other matters

The consolidated financial statements of Gruppo MutuiOnline S.p.A. for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2016.

Report on other legal and regulatory requirements

Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Structure with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by law, on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Structure as provided for by article 123-bis, paragraph 4 of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements. The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the Report on Operations and of the Report on Corporate Governance and the Company's Structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on Corporate Governance and the Company's Structure are consistent with the consolidated financial statements of Gruppo MutuiOnline as at December 31, 2016.

Milan, March 31, 2017

EY S.p.A.
Signed by: Lorenzo Secchi, Partner

This report has been translated into the English language solely for the convenience of international readers.

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Independent auditor's report in accordance with articles 14 and 16 of legislative decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Gruppo MutuiOnline S.p.A., which comprise the balance sheet as at December 31, 2016, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity and the statement of cash flow, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Gruppo MutuiOnline S.p.A. as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with article 9 of Legislative Decree n. 38, dated 28 February 2005.

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Other matters

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Opinion on the consistency of the Report on Operations and of specific information of the Report on Corporate Governance and the Company's Structure with the financial statements

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Milan, March 31, 2017

EY S.p.A.
Signed by: Lorenzo Secchi, Partner

This report has been translated into the English language solely for the convenience of international readers.

8. DECLARATION PURSUANT TO ART. 154-BIS PAR. 5 OF LEGISLATIVE DECREE 58/1998

The undersigned Marco Pescarmona and Francesco Masciandaro, respectively chairman of the Board of Directors and manager in charge of preparing the accounting documents of Gruppo MutuiOnline S.p.A., hereby certify, taking into account the provision of art. 154-bis, paragraph 3 and 4, of Law Decree n. 58 dated February 24, 1998:

- the adequacy in relation to the features of the company; and

- the actual application of the administrative and accounting procedures for the preparation of the annual report and the consolidated annual report as of and for the year ended December 31, 2016.

In this respect no relevant issues have arisen, such as anomalies or problems that could alter the information presented in this document or such modify the judgment of its readers.

Besides, we certify that:

1. the annual report and the consolidated annual report:

   1.1 correspond to the results of the accounting books and book entries;

   1.2 are prepared in accordance with IFRS, understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2016 and published in the EU regulations as of this date;

   1.3 are appropriate to give a true and fair representation of the financial and economic situation of the Issuer and of all the companies included in the scope of consolidation.

2. The directors' report on operations contains a reliable analysis about the state and the results of the operations, as well as a situation of the Issuer and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, March 14, 2017

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

The Manager in charge of preparing the accounting statements
(Dr. Francesco Masciandaro)