



Interim Management Report
at 30th September 2016

This document has been translated into English for the convenience of readers outside of Italy. The original Italian version remains the definitive and authoritative document.

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BOARD OF DIRECTOR AND AUDITORS

BOARD OF DIRECTORS ⁽¹⁾

GIAMPIETRO MAGNANI
Chairman ⁽²⁾ and Managing Director

LUIGI ZANELLA
Vice Chairman and Managing Director

PAOLO DAL CORTIVO
Managing Director

GIULIA DAL CORTIVO
Managing Director

MAURIZIO RIZZOLI ⁽⁴⁾
Director

THOMAS BURKHART
Director

LAMBERTO LAMBERTINI ⁽⁴⁾
Director and lead independent director

ALESSANDRA PEDROLLO ⁽⁴⁾
Independent Director

GIAN PAOLO TOSONI
Independent Director

DEBORA CREMASCO ⁽³⁾
Independent Director

STATUTORY AUDITORS ⁽¹⁾

CHIARA BENCIO LINI
Chairman

GIAN PAOLO RANOCCHI
Statutory Auditor

RENATO TENGATTINI
Statutory Auditor

AUDITORS : PKF ITALIA S.p.A.

- (1) Appointed on 29 April 2015; office expires with the shareholders' meeting for the approval of the 2017 financial statements.
- (2) Appointed on 8 July 2016; office expires with the shareholders' meeting for the approval of the 2017 financial statements.
- (3) Appointed by co-option by the Board of Directors on 19 October 2016 until the next Shareholders' Meeting.
- (4) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

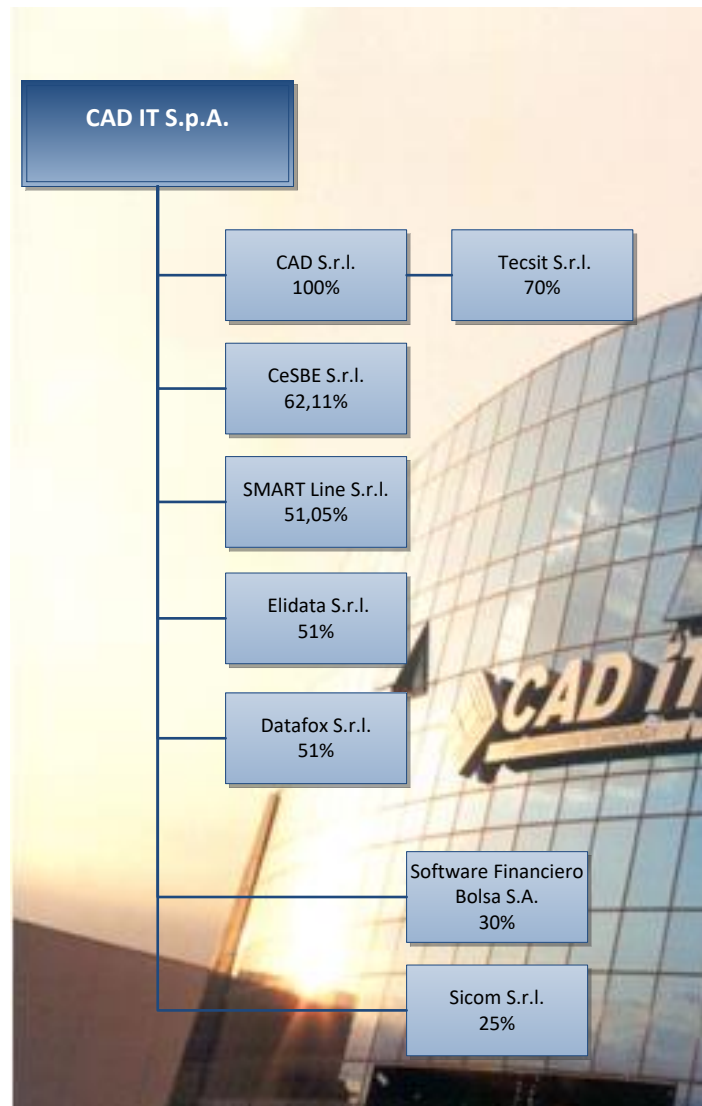
The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.

The Chairman and Managing Director, Giampietro Magnani, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.

The Vice-Chairmen Luigi Zanella, pursuant to article 20 of the company by-laws, carries out vicarious functions to those of the President in case of his absence or impediment. The managing director Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned director will have the power and faculty, with their single free signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.

The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.

The Managing Director Giulia Dal Cortivo has been delegated to matters concerning the management of the Company's employees as well as the employees of its subsidiaries CAD Srl, Cesbe Srl, Datafox Srl and Smart Line Srl; the Managing Director, Giulia Dal Cortivo, has also been entrusted with the management - as the person in charge - of CAD IT Group's legal and corporate affairs and company secretarial and administrative matters.



CAD IT Group as at 30/09/2016

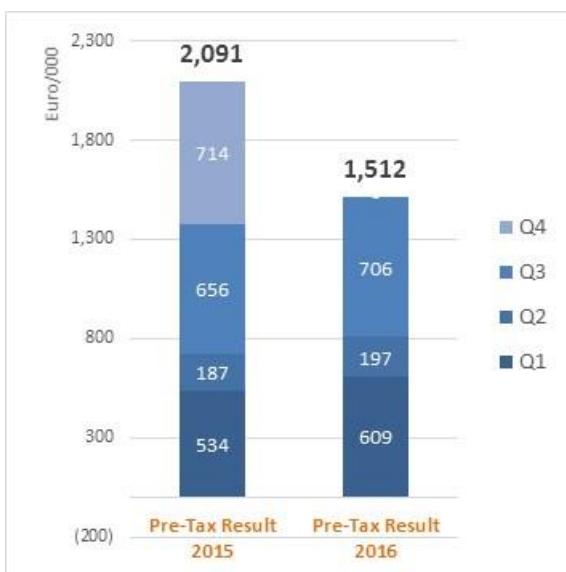
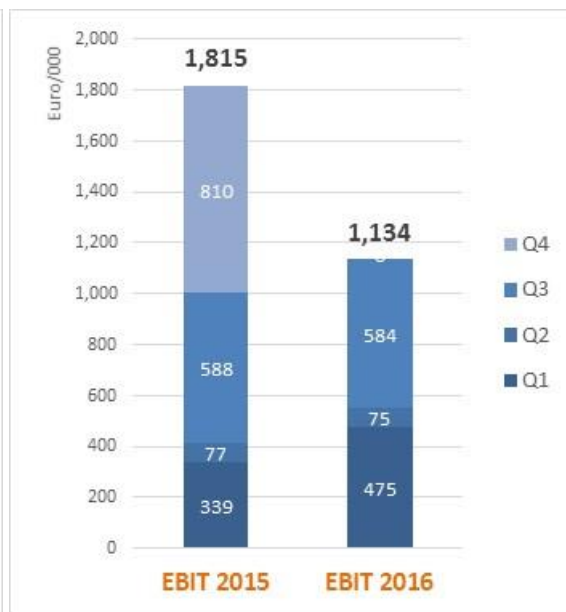
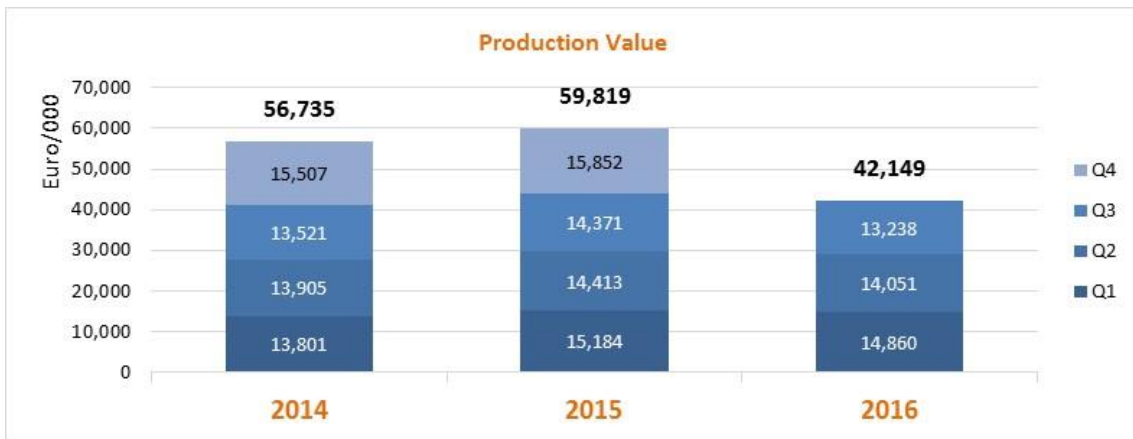
SUMMARY OF THE GROUP'S RESULTS AND DATA

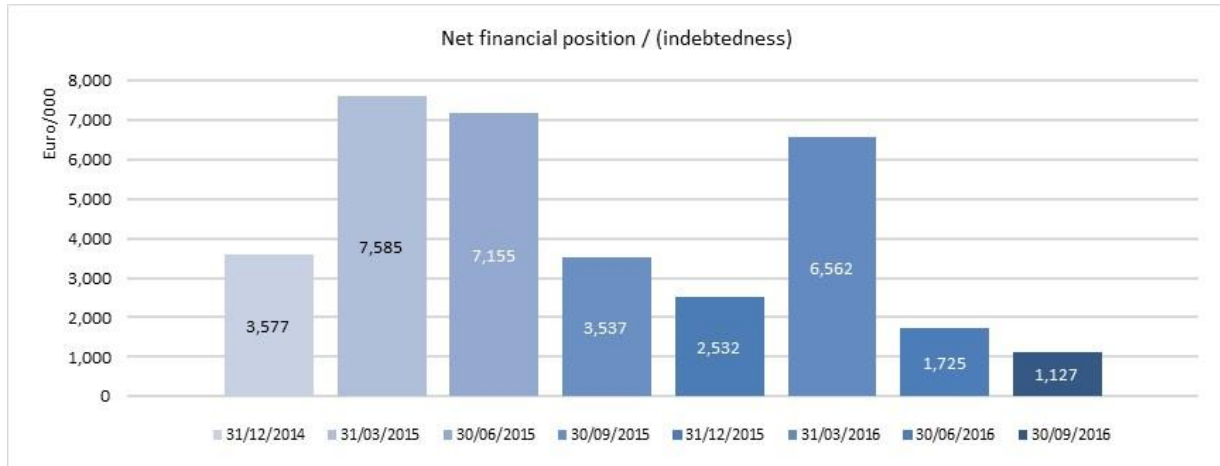
	30/09/2016		30/09/2015		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	42,149	100.0%	43,968	100.0%	(1,819)	- 4.1%
Gross operational result (EBITDA)	5,580	13.2%	5,154	11.7%	426	+ 8.3%
Operational result (EBIT)	1,134	2.7%	1,005	2.3%	129	+ 12.9%
Pre-tax result	1,512	3.6%	1,377	3.1%	135	+ 9.8%
Income taxes	(530)	(1.3%)	(518)	(1.2%)	(12)	- 2.4%
Profit (loss) for the period	981	2.3%	859	2.0%	122	+ 14.2%
Profit/(loss) for the period attributable to owners of the parent	928	2.2%	629	1.4%	299	+ 47.5%
Total comprehensive income	268		1,479		(1,211)	- 81.9%
Total comprehensive income attributable to owners of the parent	298		1,184		(886)	- 74.8%

	III Quarter 2016		III Quarter 2015		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Production value	13,238	100.0%	14,371	100.0%	(1,133)	- 7.9%
Gross operational result (EBITDA)	2,086	15.8%	2,089	14.5%	(4)	- 0.2%
Operational result (EBIT)	584	4.4%	588	4.1%	(5)	- 0.8%
Pre-tax result	706	5.3%	656	4.6%	50	+ 7.6%
Income taxes	(229)	(1.7%)	(223)	(1.5%)	(6)	- 2.8%
Profit (loss) for the period	477	3.6%	434	3.0%	44	+ 10.1%
Profit/(loss) for the period attributable to owners of the parent	406	3.1%	364	2.5%	42	+ 11.6%
Total comprehensive income	477		434		44	+ 10.1%
Total comprehensive income attributable to owners of the parent	406		364		42	+ 11.6%

	30/09/2016	31/12/2015	30/09/2015
Total Assets	84,846	83,849	85,501
Total Equity	54,615	56,023	55,249
Equity attributable to owners of the parent	52,432	53,491	52,843
Net short-term financial position/(indebtedness)	2,827	4,792	4,798
Net financial position / (indebtedness)	1,127	2,532	3,537
Employees at the end of the period (number)	648	644	633
Employees (average number in the period)	646	630	629







SUMMARY SCHEDULES

Consolidated income statement

(in thousands of Euro)

	III Quarter 2016	III Quarter 2015	Period 2016 01/01 – 30/09	Period 2015 01/01 – 30/09
Income from sales and services	12,114	13,461	38,491	40,992
Asset increases due to internal work	1,095	878	3,574	2,844
Other revenue and receipts	28	32	84	132
Purchase costs	(83)	(82)	(221)	(264)
Service costs	(2,224)	(3,272)	(7,019)	(9,564)
Other operational costs	(212)	(204)	(614)	(622)
Labour costs	(8,118)	(8,212)	(27,086)	(26,837)
Other administrative expenses	(515)	(512)	(1,628)	(1,526)
Allocation to fund and credit depreciation	(45)	(53)	(121)	(113)
Intangible fixed asset amortization	(1,323)	(1,319)	(3,930)	(3,661)
Tangible fixed asset amortization	(134)	(129)	(395)	(375)
Financial income	17	17	52	95
Financial expenses	(13)	(8)	(39)	(25)
Revaluations and depreciations	118	59	365	302
Pre-tax result	706	656	1,512	1,377
Income taxes	(229)	(223)	(530)	(518)
Profit (loss) for the period	477	434	981	859
Profit (loss) for the period attributable to:				
Non-controlling interests	71	70	54	230
Owners of the parent	406	364	928	629
Weighted average number of ordinary shares: 8,980,000				
Basic earnings per share (in €)	0.045	0.040	0.103	0.070

Consolidated statement of comprehensive income

(in thousands of Euro)

	III Quarter 2016	III Quarter 2015	Period 2016 01/01–30/09	Period 2015 01/01–30/09
Profit (loss) for the period	477	434	981	859
Other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/(losses) on defined benefit liabilities	-	-	(713)	620
Other comprehensive income that will be reclassified subsequently to profit or loss				
Gains/(Losses) on fair value of available-for-sale financial assets	-	-	-	-
Reclassification adjustments: gains realized on disposal of available-for-sale	-	-	-	-
Total Comprehensive income (loss)	477	434	268	1,479
Comprehensive income (loss) attributable to:				
- Non- controlling interests	71	70	(30)	295
- Owners of the parent	406	364	298	1,184

Consolidated Statement of financial position

(in thousands of Euro)

31/12/2015	ASSETS	30/09/2016	30/09/2015
	Non-Current Assets		
18,426	Property, plant and equipment	18,495	17,352
18,723	Intangible assets	18,441	19,025
8,309	Goodwill	8,309	8,309
371	Investments	2,206	494
-	Other financial assets available for sale	50	-
291	Other non-current credits	322	265
804	Credits due to deferred taxes	1,007	750
46,923	TOTAL NON-CURRENT ASSETS	48,829	46,194
	Current Assets		
16	Inventories	43	45
28,859	Trade receivables and other credits	28,586	29,949
1,440	Tax credits	1,549	2,006
6,610	Cash on hand and other equivalent assets	5,839	7,306
36,925	TOTAL CURRENT ASSETS	36,017	39,306
83,849	TOTAL ASSETS	84,846	85,501

31/12/2015	EQUITY AND LIABILITIES	30/09/2016	30/09/2015
	Equity		
4,670	Company capital	4,670	4,670
35,246	Reserves	35,246	35,246
13,575	Accumulated profits/losses	12,516	12,927
53,491	TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	52,432	52,843
2,203	Capital and reserves of third parties	2,129	2,175
329	Profit (loss) of third parties	54	230
2,532	Non-controlling interests	2,183	2,406
56,023	TOTAL EQUITY	54,615	55,249
	Non-current liabilities		
2,261	Financing	1,700	1,261
2,520	Deferred tax liabilities	2,520	2,933
7,444	Employee benefits and quiescence provisions	8,586	7,454
-	Expense and risk provisions	-	-
12,225	TOTAL NON-CURRENT LIABILITIES	12,806	11,648
	Current liabilities		
4,474	Trade payables	4,949	7,828
3,319	Current tax payables	2,200	2,161
1,818	Short-term financing	3,012	2,508
5,991	Other liabilities	7,265	6,108
15,601	TOTAL CURRENT LIABILITIES	17,426	18,604
83,849	TOTAL LIABILITIES AND EQUITY	84,846	85,501



Consolidated Cash Flow Statement

(in thousands of Euro)

<i>Cash Flow Statement of CAD IT Group</i>	<i>Period 2016 01/01-30/09</i>	<i>Period 2015 01/01-30/09</i>
A) OPERATING ACTIVITIES		
Profit (loss) for the period	981	859
Amortisation, revaluation and depreciation:		
- Property, plant and equipment depreciation	395	375
- Intangible fixed asset amortisation	3,930	3,661
- Revaluation of investments and financial assets available for sale	(365)	(302)
Allocations (utilization) of provisions	152	(151)
Financial performance:		
- Net financial receipts (charges)	(13)	(70)
- Profit/(loss) on foreign exchange	(2)	2
Other working capital variations	(378)	1,050
Income taxes paid	(181)	(902)
Interest paid	(36)	(24)
A) - Cash flows from (used in) operating activities	4,483	4,498
B) INVESTMENT ACTIVITIES		
Investments in activities		
- purchase of property, plant and equipment	(464)	(515)
- purchase/production of intangible assets	(3,648)	(3,004)
- purchase of investments and other assets available for sale	(300)	
- increase in other fixed assets	(57)	(16)
Disinvestment activities		
- transfers of property, plant and equipment	-	1
- transfers of assets available for sale	-	-
- decrease in other fixed assets	27	3
Cashed Interest	52	93
Cashed dividends	179	172
(B) - Cash flows from (used in) investment activities	(4,212)	(3,267)
C) FINANCING ACTIVITIES		
Medium/long term financing repayment	(561)	(248)
Medium/long term financing opening	0	1,509
Allocation of profits to directors of subsidiary companies	(20)	(9)
Dividends paid	(1,657)	(1,262)
(C) - Cash flows from (used in) financing activities	(2,237)	(10)
(A+B+C) - Total cash and other equivalent assets flows	(1,966)	1,221
Opening cash balances and equivalents	4,792	3,577
Closing cash balances and equivalents	2,827	4,798



EXPLANATORY NOTES

1. Foreword

This Interim Management Report has been drafted, in accordance with article 2.2.3, paragraph 3, letter a) of the Borsa Italiana Rules and, in line with the clarification from Borsa Italiana Notice n. 7587 of April 21, 2016, according to the provisions of the paragraph 5 of Article 154-ter of Italian Legislative Decree no. 58 of 24 February 1998, in the pre-existing wording of the coming into force of Legislative Decree no. 25 of 15 February 2016, that amended the previous Directive 2004/109/EC (the so-called Transparency Directive); this report is not an interim management statement drafted in accordance with IAS 34 "Interim Statements".

In accordance with this regulation, this interim management report gives:

- a) a general description of the Group's financial standing and financial trend in the reference period;
- b) an outline of the significant events and transactions that occurred in the reference period and their effect on the Group's financial standing.

The accounting tables shown are the same as those used for drafting the annual and six-monthly financial reports.

The interim report includes balance charts in reference to the following periods:

- profit and loss account for the interim period in question and trend compared to the same interim period (period and trend) of the previous financial year;
- balance sheet at the end of the interim period concerned, also in comparison to the figures for the same period of the previous financial year;
- cash flow statement at the interim period closure date compared to the figures for the same period of the previous financial year.

The figures representing the net financial position, compared with the figures of the previous quarter and the previous year end, and tables showing investments in intangible and tangible assets, installations and machinery relating to the intervening period between the beginning of the financial period and the closing date of the quarter, are also supplied.

This document shows the quarterly figures required on a consolidated basis, since CAD IT S.p.A is obliged to draft a consolidated balance.

Unless otherwise indicated, the monetary sums in the accounting tables and those in the notes are shown in thousands of Euro. The totals and subtotals of the statements presented are determined by rounding the sum of the point data. The percentage figures shown are calculated using the non-rounded off figures.

The Interim Management Report is not subject to auditing by the auditing company.

2. Information on CAD IT S.p.A.

CAD IT is the leader of a group that is one of the most dynamic organizations in the Italian information technology sector.

CAD IT was set up as a joint stock company under Italian law. The registered office and the administrative and main operating offices are in Via Torricelli 44/a, Verona. The company is registered in the Verona Company Register under no. 01992770238. Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares. There are no other action categories. These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws. The company is listed in the STAR segment of MTA market of the Italian stock exchange, segment conceived for mid size companies that voluntarily comply with requirements of excellence in terms of information transparency, communication, liquidity of free float and Corporate Governance, in line with best international standards.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil

Code and it is fully responsible for defining its own general and operational strategic policies. CAD IT S.p.A. manages and coordinates its own subsidiaries.

The CAD IT Group operates in Italy with its own branches and companies in Verona, Milan, Rome, Prato and Padova.

3. Activities of the Group

A dynamic and innovative company ...

The group philosophy is that every customer situation is unique and for each of them will be sought specific solution. For this reason group's technology solutions are established on component-based architectures that allow for secure, phased and progressive implementation.

With over 600 highly trained professionals employed within the company, the aim of the Group is to harness innovation and technology to help the company run better.

... with a broad and impressive customer base

CAD IT serves demanding market-leading organisations across Europe.

Its customer base includes banking groups, national authorities, local authorities, consumer goods companies, insurance companies, outsource service providers and foundations.

Each day, its technology solutions support over 200,000 end-users in over 1,000 organisations with their essential tasks in Italy, Switzerland, Germany, UK and the Czech Republic.

... operating through a dedicated company network

During the years it has widened its product range through the continual increase in new skills, a careful strategy of acquisitions and partnerships, considerable investment in research and development and constant market trend monitoring, that has always favored the issue of products in line with the changing needs and anticipating needs.

The founding of new companies and other strategic purchases have enabled the Group to improve synergies and to enter new markets, e.g. business intelligence and control and management systems for banks, insurance companies, private and public institutions, innovative solutions to interconnect financial markets, SIM (securities brokerage firm) and SGR (company asset management), ERP applications and solutions for local tax collection agencies.

... with market leading products based on reliable and flexible technology

CAD IT has proven and functionally-rich technology solutions and offers its customers true expertise in technology.

With the gained experience and consistent R&D in technology design and application development, the group has the expertise to build reliable, user-friendly and highly scalable application architecture.

Based on an independent model platform, service oriented its architectures offer customers the flexibility of phased implementation within a technology framework that is designed for today and can evolve around their changing needs. The "lego" methodology, coupled with a broad range of services, facilitates the tailoring of common technological solutions to the customer's situation.

... combining with a comprehensive set of services

The services offered are related to developed solutions in the following areas:

- project management;
- system integration;
- consultancy and training;
- customisation and change management activities;
- application monitoring & support through agreed SLA;

- multi-lingual, 24x7 Help Desk;
- regulatory support;
- application development;
- application maintenance;
- private cloud;
- business processing.

... and a laser focus on customer service

Guidelines, frameworks and specific toolsets are in place to ensure every aspect of work is linked to these needs from requirements and service planning, through solution development to deployment and support.

Software Development Centre of CAD IT supports all software releases, documentation and materials that allow to simplify the operation activities of its customers.

The Group developed a special single-point-of-contact (SPOC) Customer Support Framework for the management of support and maintenance activities including Service Desk, Incident and Problem Management, Change and Release Management.

Its main purpose is:

- to act as a single point of contact for the CAD IT software end-user;
- to manage the life cycle of user generated issues and service requests;
- to guarantee pre-agreed service levels;
- to organise and prioritise requirements;
- to keep end-users updated on progress.

... innovating together with a wide network

CAD IT invests heavily in R&D for its technology solutions.

Its capacity to innovate together with its clients is a compelling advantage. For many years now CAD IT adopted a collaborative research and development approach with customers, universities, regulatory authorities, consultancies, communities and technological and business partners.

With a growing user community of over 200,000 end-users, where customer demands and requirements constantly evolve, Group's strength is the ability to deliver solutions that respond to our client's needs and adapt to the changing market environment.

... offering constant improvement

The CAD IT Group offers solutions based on the know-how of a vast community of users and supports customers in achieving their own specific objectives with a personalised approach based on granular software components and tailor-made modular services.

Due to the inspiration we receive from our customers and believing firmly in creating stable and lengthy relations, we aim to evolve constantly by making every effort to find new methods, innovate our technology and support the professional growth of our own resources through training and experiential courses.

The Group is convinced that its commitment to understanding the customers' needs and to providing increasingly more efficient solutions is the true reason behind its managing to maintain customer satisfaction rate extremely high.

We believe that innovation does not simply end with the supply of a state-of-the-art technological solution, but is a continual process of customer support to provide solutions that evolve and adapt to changing market conditions. This is why the Group continues to provide support for all the releases and, although invites its customers to evolve, never obliges them to replace their software with updated versions.

By offering holistic services like system integration, training, consultancy, assistance and constant support, the Group is continually enriching its own know-how by increasing the added value of the solutions it offers to the customers.



FINANCE

Area Finanza, flagship product, is viewed as the gold standard on the Italian market, with about a 90% share of the Italian securities processing market, according to the estimate of the company.

Since 2006, with continuing product development, Area Finanza has now been implemented successfully internationally, at leading financial institutions in Switzerland, Germany, UK and the Czech Republic.

Area Finanza offers total automation of all processes relating to derivatives and securities in the following macro areas: Position Keeping, Custody and Administration, Corporate Actions, Order Management, Trading Rooms, Securities Master Database, Settlement, Asset Management, Reconciliations, REPOs, Know Your Customer, Financial Advice and Reporting.

Customers are banks, banking groups, insurance companies, global custodians, brokers, asset managers, IT and BPO service providers, finance companies, trust companies and banking foundations.

According to company estimates within Europe, applications for Area Finanza are the following:

- 1,000 financial institutions;
- 25,000 bank branches;
- 14,000 post office branches;
- 200,000 users;
- 25,000,000 security deposit accounts.

PUBLIC ADMINISTRATION

The Group holds a leading position in providing software solutions for Tax Collection in Italy.

Our SET suite for tax collection is the National IT solution being used by the Institutions that manage public tax collection.

Activity in this sector began in the 1980s and has been developed by constantly keeping up with the legal and functional evolutions in the management of both "voluntary" and "compulsory" tax collection.

Since 2006, in view of the ongoing decentralisation of local tax collection, CAD IT has made considerable investments in developing its FE suite for managing Taxation for Public Authorities, capitalising on its experience in Tax Collection at a central level.

FE offers avant-garde tools at the service of all types of central and local Authority for managing tax collection, from preparing "loading lists" up to payment collection and settlement. Furthermore, the FE suite includes planning and control solutions that improve the Authority's internal management, so that Public Administration can accompany the citizen through all the most important events of the public service lifecycle: from information services to the various payment means.

Customers are Authorities, Licensed Companies, Tax Collection Agents and Banking Groups that carry out Treasury and Tax collection services.

Taxation for Authorities (FE) and Tax Collection System (SET) are used throughout Italy and exclusively manage tax collection activities for the National Public Administration Service.

INDUSTRY

In addition, the Group boasts a long-standing activity in the industrial and the financial sectors and can count on the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

CAD IT is a reference point for companies producing the most famous "made in Italy" products: fashion and food. In these sectors, CAD IT aims at providing specific IT and business skills through software packages and services with high added value that ensure immediate benefits for its customers.

Customers are hundreds of companies dotted all over Italy with branches abroad and with a strong potential for internationalization. Companies that have grown with the collaboration of CAD IT in terms of modernising and reviewing their company procedures. With them were created organizational models so that decisions can be taken quickly and within economically sustainable time periods.

CAD IT, with the support of its strategic partners, is able to provide its customers with a complete range of services so that they can make the decisions that lead to creating advanced systems supported by the very best specific skills available on the market.

4. Hot topics

FINANCE DIVISION

IFRS 9

In July 2014, the IASB issued the new IFRS 9 accounting standard that legislates financial instrument classification, measurement, impairment and hedge accounting and which will replace the IAS 39 accounting standard. The IFRS 9 application range involves all debt and equity financial instruments that were already included in the IAS 39 scope. The new standard will come into force as of 01/01/2018.

The FRS 9 will have a number of new aspects compared to the current IAS 39 standard:

- new Business Model concept;
- new binding rules for classifying financial instruments in terms of the SPPI test (“Solely Payments of Principal and Interest”);
- new balance categories;
- new ways to measure financial instruments;
- new ways to calculate impairment.

These new entries in IFRS 9 will have a significant impact on Financial Institute Balances, especially in terms of a potentially considerable increase in Economic Statement volatility.

Furthermore, these new entries will also have heavy consequences on organisational procedures and company information technology systems.

In this context, CAD IT, thanks to its expertise and consolidated experience in developing IT solutions for financial instrument management, has defined its own Finance Area evolutionary strategy in order for it to be IFRS 9 compliant.

It is expected to provide the software to customers in the second half of 2016.

To optimise the quality of its offer, CAD IT has organised a work group with leading Italian financial institutions in order to compare the impacts of the new regulation as well as the relative solutions.

MiFID II – MiFIR

Banks and other investment companies operate in an environment with strict, complex and hard-to-interpret regulations. Several regulations (e.g. EMIR, BASEL III, CRD IV, IFRS 9, Market Abuse) affect the same operating processes.

In this context, the new European Union directives, MiFID II and MiFIR, will be coming into force as of 2018. This new regulation regards various operational processes and will impact on income sources such as commissions, incentives and financial product distribution.

The banks and investment companies need a comprehensive and modular MiFID II/MiFIR compliant solution that has a lesser impact on current processes and which allows large volumes of data to be managed efficiently and centrally.

CAD IT's solution for managing MiFID II and MiFIR obligations is flexible and covers all the regulatory areas: "customer protection", "markets" and "compliance".

CAD IT's solution is solid because it is based on existing products and founded on regulatory requirements shared by a work group that comprises all CAD IT's customers, including some of Europe's leading banks, and over 90% of the Italian banking market.

Master Data

After meticulous international market research into best practices and best available technologies, and following years of research and development in collaboration with a leading banking group, CAD IT has created Master Data.

A robust, dynamic and pro-active Master Data that is able to rapidly evolve and adapt its own processes! Designed to meet the needs of a banking group which, in total autonomy, wants to configure, manage and monitor processes and the specificities of each Entity.

Master Data is user-oriented thanks to an active graphic interface, fitted with dynamic module loading, real-time validation, self-completion, contextual help windows and timely messaging, that also supports the user during every data process phase, thus increasing concentration and zeroing error percentages.

Master Data is quality-centric, based on an intrinsic data quality system that enables the constant data management, offering definition and configuration autonomy in:

- data acquisition processes through workflow definition and form design;
- data checking through data dictionary;
- proper usage of the data.

Master Data is migration-oriented, a unique product that brings with it the experience of a sustainable migration process which allows:

- new and “old” data to be constantly aligned thanks to a two-directional synchronisation process;
- applications that access “old” data to progressively migrate to the new data.

Cash & Liquidity Management - Basilea III compliant

Constant evolution in the Payment System world, globalisation and high market volatility make Treasury activities more and more complex and Treasury is forced to face difficult challenges on a daily basis: risk management, uncertainties concerning the quality of information gathered, processing of reliable forecasts and satisfying the current regulatory requirements set by institutional entities (like, for example, the Basel Committee of Banking Supervision, BCBS).

Underestimating these scenarios can lead to high risk in terms of wasting resources in activities with poor added value, running into pointless expenses linked to interest rates and not achieving cash flow objectives. It is therefore necessary to find a solution that would offer the greatest number of benefits and advantages to the user. A solution that would be able to respond, at any moment, to the most important questions in terms of liquidity management:

What is the current Cash availability? Where is it? Which date does it refer to?

How much Cash availability do I need? Where and on which accounts? When will I need it?

CAD IT aims at determining factors to achieve this objective, in other words: detailed collection and management (also in real-time if possible) of all the necessary information, check functions that guarantee the quality of the data used, product adaptation to all possible operative configurations, maximum usability in order to reduce errors and increase user action effectiveness.

SPIKE, CAD IT's Cash & Liquidity Management, supports the Treasury in managing the Liquidity needed for all the Bank's or Financial Institute's activities. Adaptable to the organisational structure in terms of security/enablement and operative workflow, SPIKE interfaces with the Systems (Internal and External) that operate on liquidity, providing an overall and detailed view of the Cash trend: End of Day, Intraday and Forecast, all supported by graphics and parameterisable alert functions. There is a Funding functionality which also acts automatically, processing transaction "proposals" (giros and transfers) on the basis of rules linked, for example, to balance and average stock. The user can modify and/or confirm these proposals which, if sent to the Systems of reference, will immediately be used by the application to calculate forecasts.

Report management is an important advantage that SPIKE offers to the Liquidity Manager in order to meet accounting needs at all organisational levels as well as everything foreseen by the regulations (e.g. Central Banks, BASILEA 3, etc.). Print-outs can be produced automatically or on command by the user who, starting from all the information in the database, can manage reporting through pre-defined models or in a personalised manner. The reports can be edited on the basis of all the most commonly used layouts (pdf, csv, xls, txt, etc.).

KIDs for PRIIPs

The introduction of KIDs for all PRIIPs comes fully within the host of post-crisis European provisions aimed at strengthening retail investor protection.

PRIIPs “packaged retail investment and insurance-based investment products”, are “pre-assembled” investment and insurance products sold by the financial industry to retail customers.

KIDs “key information documents”, refer to 3-page documents, which every issuer will be obliged to submit to

the customer, containing key information on the product sold.

According to the European Union, as of January 1st 2017, every issuer will be obliged to provide the KIDs relating to products of their own issue and supply the customers with a copy, otherwise they will not be able to sell the products. The information therein should be standardized and comparable and an average retail investor should be able to understand them easily.

Until now, issuers have paid little attention to this topic, convinced that the regulation's coming into force would be deferred and that they would be able to produce an "in-house" document since it seemed to be easy to create. In reality, even if the starting date were to be postponed for a few months, the activation times would still be very tight because the KIDs will not only have to be prepared for new products, but also for those of older issue. Each KID must then be constantly monitored and, if necessary, updated and published on multiple channels.

Furthermore, issuers are now realizing that the KIDs are not just simple reports but do, in fact, contain quantitative and qualitative information that is hard to assemble, implying an in-depth knowledge of the regulation and the technical standards to be applied.

This is why issuers, particularly banks and insurance companies, are now rushing to adapt quickly to the regulation.

In order to meet the needs of its clientele, CAD IT, in collaboration with «Fairmat», a company that has been working for years on themes regarding PRIIPs, has created a software solution that will allow issuers to rapidly structure the KIDs in relation to all product types involved in the regulation.

The platform is extremely flexible and can be integrated with the necessary general data for automating the process.

Moreover, scenarios can be constructed to check the final result of the KIDs created for the Issuers' new products.

BitFinder

Bitfinder is a full text search engine that searches contents that may be present in any application, system, network or platform. BitFinder replaces the various tools that provide vertical search services on single applications with one single system able to carry out searches and group information and content from the most varied internal and external sources.

A powerful syntax allows specialised and personalised searches to be carried out for different contexts through the use of words, phrases, proximity operators, logic operators, regular weights and expressions.

Third party applications therefore have the chance to enrich their own functions by integrating BitFinder search services through the use of the API web service.

A security system based on Roles, ensures that only those effectively authorised will be able to see the information returned by the search.

The web administration module provides simple and complete management and parameterisation of all the functionalities.

Intelligo

Intelligo is a massively multi-lingual CMS (Content Management System), designed to provide total separation between the contents and their typographic or multi-media presentation. In order to manage structural and graphic aspects, it can operate in combination with the most common open source CMSs (WordPress, Drupal, Joomla). Moreover, it allows the contents themselves to be further enriched with semantic tags and micro-data according to Schema.org and RDF standards.

The content in Intelligo is pure in that it is free of font, colour or capital letters, as is its translation in one or more languages, and is a value since it can be re-used and given significance. This characteristic will provide the basis for publishing and websites in the future (multi-media publishing and semantic web), but it is now already possible to take advantage of the potential in SEO terms with Google, thus obtaining better search positioning and more effective snippets for our own web pages. Furthermore, being able to re-use "meaningful sentences" can lead to significant savings in translation costs.

Viewing the contents in Intelligo is controlled by rules that allow articles to be personalised according to user profiles, business policy management, regulations and laws, by means of an interpretation engine applied to user

questionnaires.

SOS

Banca d'Italia has reviewed the entire collection and management system for suspicious transaction alerting. This new system aims at improving the quality of the alerts by ensuring greater uniformity and completeness as well as shortening the analysis and investigation procedures. An important new factor in the way that information flows with alerting parties are exchanged is the introduction of the standard XBRL format and the use of the Banca d'Italia portal.

The SOS system is natively integrated within CAD IT's "Anti money laundering" module but can also be independently interfaced with the bank's internal systems.

CAD IT's SOS system aims at making it easier to collect and integrate the data required for executing an alert by providing access to external files such as General Data, the Single Computerised File and the "unexpected" lists in the "Gianos" procedure.

An alert follows a route that generally starts from the branch in which the minimal data is collected, then goes to the central offices responsible for inserting other additional elements and ends with the production of files in the XBRL format, ready to be sent to the UIF.

The SOS software is able to memorise each individual stage, thus ensuring that the entire operation is archived.

TDOC@Web

In a world that is becoming increasingly submerged by information, constant attention to digitalisation issues is now necessary with a view to a simple and effective re-organisation of know-how. It is therefore essential to have the tools that are able to favour data and information exchange in a structured yet flexible manner.

TDOC@Web is CAD IT's tool that allows Bank, PA Office and Company users to quickly, safely and automatically transfer large volume data flows between different platforms and, more generally, between environments where controlled flow exchanges are essential for carrying out their service.

The instrument uses standard methods like MQ Series, Thema Spazio, Posta Elettronica Certificata, Web Services, etc.

Specific additional modules manage functionalities connected to "Digital Signatures" for user identification through Smart Cards, to verify documents that have been signed digitally and to affix Digital Signatures.

The system foresees functionality through the Internet/Intranet for checking, supervising and managing the users and for standard or personalised operative flows.

EMIR: Reporting Compliance for Derivative Trades

According to the EMIR regulation, financial and non-financial counterparties must ensure that the details of any derivative contract they may have concluded as well as any subsequent modification or termination of said contract is reported to a trade repository, no later than one the working day following its the conclusion, modification or termination of the contract.

The reporting obligation will take effect as of July 2013 for derivatives on interest and credit and as of January 2014 for derivatives on all other asset classes.

CAD IT's Trade Repository Reporting allows to introduce new reporting logic into your current applications.

Trade Repository Reporting captures operations in real time from existing Front Office Systems (e.g. MUREX, Kondor+, Bloomberg, direct market connection, etc.) and from the Area Finanza Suite, elaborates the data and sends all necessary messages to the Trade Repository. The monitoring screen shows the status of all messages for all contracts.

Through CAD IT's partnership with REGIS-TR (www.regis-tr.com), the European trade repository, launched by Iberclear (BME) and Clearstream (Deutsche Boerse Group), we are able to supply a complete service.

Market Abuse Sensing

Market Surveillance Authority regulations are becoming increasingly more severe and extensive. Applying them effectively while limiting the impact in terms of cost and application complexity, is a challenge that can be faced

with automation.

CAD IT has developed a tool for Market Abuse Sensing (compliant with Italian and European laws) that is able to identify suspect transactions of market manipulation and information abuse (insider trading). The application also manages a register of interest conflicts.

The platform totally automates the processes for acquiring data for processing and has automatic search functions with a high number of variables to find potentially suspect transactions. The effectiveness of investigation into automatically identified transactions, in order to establish the soundness of the suspicion and to notify any transactions to the market surveillance authorities, is supported by a vast information workflow that allows the user easy and fast management of investigation activities.

Local Authority Treasuries

Local Authority Treasuries: software procedure for the total automated management of Local Authority Treasury and Funds for which the law imposes the figure of Treasurer or Receiver (Local Authority, Balances, documental and non-documental cash collection and payment management). The application can be integrated with Teso@Web, a product that, through Internet and by using special consultation functions, allows Local Authorities to swiftly access their own data. The SIOPE and UNIFIED TELEMATIC PUBLIC TREASURY procedures are available for Banca d'Italia reporting.

PUBLIC ADMINISTRATION DIVISION

Italian Public Administration is experiencing considerable change as a result of a similar radical transformation of the country's social network.

Immigration, globalization, computerization and integration are just some of the important topics that Public Administration is having to deal with. While these themes may represent problems, they can also provide the chance to improve the services offered to the citizens.

One of the key factors is the use of new technologies, which are the first steps towards a new millennium. Not just tablet PCs and smartphones, but also self-service terminals and call centres. Not just social networks and peer to peer, but also, and above all, company clouds and public service networks.

For this reason, CAD IT has created an integrated and multi-lingual solution to automate information services, procedures, policies, regulations and laws within large organizations and government bodies.

The CAD IT solution is based on a repository where all the information is organized in such a way that the engine interpreting the operation can recognize the citizen, carry out information filtering, even translate from and to the desired language and then provide the requested service.

With the CAD IT solution, the Public Administration office is guaranteed fewer costs and less conflict and stress for its front desk operators as well as the possibility to monitor the level of services carried out. For the citizens, the solution means a much faster, more personalized, timely and modern service.

INDUSTRY DIVISION

In the period collaboration activities with INFOR were continued.

This year once again saw CAD IT alongside VENISTAR in sponsoring the "FashionAble World 2016" event that was held in Verona on 19th May 2016: the theme of the event was "Innovation for Fashion: digital customer experience in an omni-channel world".

A day devoted to Fashion & Luxury Brands to analyse and further investigate the best Digital Customer Experience strategies to put into action in order to involve the omni-channel Customer, by creating exclusive and personalised content throughout the entire purchase procedure and increasing Brand Awareness.

5. Corporate Governance

The system of corporate governance adopted by CAD IT SpA is the traditional one.

CAD IT adheres to the Code of Conduct for listed companies issued by the Italian Stock Exchange (the "Codice di Autodisciplina"), available on the website of the Italian Stock Exchange.

In compliance to the legal obligations, the Board of Directors annually approves the Corporate governance and property asset report, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, in order to provide an adequate description of the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations. The report is published and is available for public viewing in the Investor Relations sector of the company's Internet site: www.caditgroup.com. Please refer to this document for further details on governance and the Internal Control System of CAD IT and of the Group.

6. Accounting standards and consolidation criteria

The economic, patrimonial and financial information has been drafted in accordance with the evaluation and measurement criteria as established by the International Financial Reporting Standard (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission according to the procedure in art. 6 of the European Parliament and Council Regulation (EC) no. 1606/2002 of 19th July 2002.

The accounting standards adopted are the same as those used for drafting the last annual balance with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2016.

The accounting standards adopted have been applied in the same manner throughout the periods shown and for all the Group's companies, amending the respective Financial Statement drafted in accordance with Italian accounting standards to consolidate.

Interim Management Report has been drafted in the assumption that the company will continue.

Use of estimates

The drafting of the Interim Management Report requires the company management to the formulation of evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

Accounting standards, amendments and interpretations applied since 1st January 2016

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1st January 2016 approved by the IASB and IFRIC and published in the European Community's Official Gazette. No standards approved by the European Union, the application of which will be compulsory in the future, have been adopted in advance.

7. Consolidation area

In April 2016 was acquired a 30% shareholding in the Spanish company Software Financiero Bolsa S.A.; the company is evaluated using the equity method.

The fully consolidated companies included in the financial schedules of CAD IT Group are the following:

Company name	Registered office	Share capital Euro	Percentage of investment	Percentage of investment of the Group
<i>Consolidated using the integral method</i>				
CAD IT S.p.A.	Verona	4,669,600	Parent company	
CAD S.r.l.	Verona	350,000	100.00%	100.00%
CeSBE S.r.l.	Verona	10,400	62.11%	62.11%
Elidata S.r.l.	Castiglione D'Adda (LO)	20,000	51.00%	51.00%
Smart Line S.r.l.	Verona	102,700	51.05%	51.05%
Datafox S.r.l.	Verona	99,999	51.00%	51.00%
Tecsit S.r.l. ⁽¹⁾	Roma	75,000	70.00%	70.00%
⁽¹⁾ Held through CAD S.r.l.				

Shares in associates, in which the Group has significant influence, have been evaluated using the equity method and reduced accordingly where the asset value has decreased.

Company name	Registered office	Date of reference	Quota holders' equity	Profit 01/01-30/09	Percentage of investment	Investment value of the Group
Sicom S.r.l.	Viadana (MN)	30/09/2016	2,101	1,334	25.00%	525
	Viadana (MN)	30/09/2015	1,975	1,209	25.00%	494
Software Financiero Bolsa S.A.	Madrid - Spain	30/09/2016	799	165	30.00%	240

8. The short-term situation

Although the result of the UK referendum held in June has had no significant repercussions to date on conditions in the international financial markets, the world economy nonetheless continues to expand at a moderate pace. The outlook has improved slightly in the emerging countries, though it is still uncertain in the main advanced economies; growth expectations for international trade have been revised downwards again. There are risks stemming from the geopolitical tensions stoked by the conflicts in the Middle East, the threat of terrorism, and fears that political developments in many of the advanced economies could lead to forms of isolationism.

So far the upturn in the euro area has not been significantly affected by the global uncertainty. In the spring months, however, economic activity slowed and in the near term could be affected by the weakening of global demand. Consumer price inflation is expected to rise in the coming months, following the waning effects of the decline in energy prices recorded at the end of last year; however, partly reflecting the still ample margins of spare production capacity, core inflation is showing no sign of a lasting increase and remains a source of concern. The Governing Council of the ECB will preserve the very substantial amount of monetary support that is embedded in its recent staff projections. If warranted, it will act by using all the instruments available within its mandate. Meanwhile, the Governing Council tasked the relevant committees to evaluate the options that ensure a smooth implementation of the asset purchase programme.

After stagnating in the second quarter, reflecting a drop in national demand, in the third quarter output in Italy appeared to return to moderate growth. During the summer the short-term economic indicators (in particular, industrial production

and business surveys) were at levels consistent with a small expansion in economic activity. Despite declining over the last few months, household confidence nonetheless remains high.

In the second quarter national demand curbed economic activity for the first time since the end of 2014. The negative contribution due to lower growth in stocks was accompanied by a slowdown in household spending and in investment.

Foreign trade boosted GDP by 0.3 percentage points, reflecting a marked increase in exports, greater than that in imports.

In September, inflation, as measured by the twelve-month change in the harmonized index of consumer prices (HICP), returned barely positive, having remained negative since last February. The change in oil prices mitigated the fall in the prices of energy products; core inflation remains low.

The Update to the Economic and Financial Document 2016, presented by the Government on 27 September, revised growth estimates for Italy downwards in line with the recent economic data and with the weakening of the international environment.

According to their consolidated quarterly financial statements the profitability of the five largest Italian banking groups was down in the first half of 2016 compared with the year-earlier period: annualized ROE fell to 3.7 per cent from 6.3 per cent in the first six months of 2015. Gross income diminished by about one fifth, partly owing to temporary factors: operating costs rose sharply (7.1 per cent) owing to the extraordinary expenses associated with the early retirement incentive schemes for part of the personnel and to contributions to the deposit guarantee and resolution funds (net of these, outgoings are virtually stationary); net interest income and other revenue decreased by 2.1 and 4.5 per cent respectively. Write-downs of loans rose by 18.7 per cent as some banks substantially increased their NPL coverage ratios.¹

For the first time in years, the Italian Ict market has started to grow again, even if by only +1%, reaching a total of Euro 64.9 billion in 2015. The growth rate of Italian Ict is now in line with the European average. The trends are satisfying in all segments. The negative trends in network services and Tlc have also decreased. The increase in the use of cloud technology has led to a recovery in professional Ict services. However, these services are different in nature, duration and economic value than those more typical of the traditional It of the past. Clouds are becoming increasingly more strategic. Infrastructure services (Infrastructure-as-a-Service) continue to be in demand, but "Platform-as-a-Service" and "Software-as-a-Service" clouds are increasing at a greater rate. In short, on the one hand, the cloud is becoming a development, test and up-and-running platform that is much faster than new application services, while on the other, thanks to the SaaS model, it also allows SMEs to access mission-critical applications, like Erps, as a service. In fact, the technology is going from the classic paradigm project to the service paradigm. In this new reality, part of classic consultancy services is penalised because the answers it provides are too slow or complex. However, the number of service suppliers able to help companies to take better advantage of the value of clouds is increasing. The vendors, therefore, instead of receiving considerable amounts from projects with 3 to 5-year depreciations, now have more limited and more frequent payments, spread over time. The plus sign is also back in front of the hardware world, where highly contrasting dynamics are being witnessed. The increase in the demand for network infrastructures is extremely interesting since it provides access to external services and applications. This context includes the effort of carriers to install broadband and ultra-broadband networks outside of urban areas. Traditional hardware components, like PCs (-11%) and laptops (-15%), however, are suffering.

Overall ICT market forecasts in Italy, under constant macro-economic scenarios, can see a growth of 1.5% in 2016, 1.7% in 2017 and 2.0% in 2018. Despite these encouraging figures, the rate at which digital innovation is growing in Italy is still too slow. It is happening too unevenly and is still a long way off understanding the transformation that could have a profound effect on the country, change competitive balance and speed up growth. Above all, small and medium-sized enterprises, which make up 99% of our productive network and contribute to over 50% of our GDP, as does a large part of Pa, continue to stay on the sidelines of digital evolution.²

9. Significant events of the period

In February 2016, CAD IT signed a strategic agreement with Spafid Connect, a company within the Mediobanca Group which provides application development activities and solutions with high technological content in the shareholder and corporate service sector on behalf of listed Issuers. With this ten-year agreement, Spafid Connect and CAD IT intend to promote their respective commercial relations with bank and insurance company

¹ Source: Banca D'Italia, Economic Bulletin no. 4, October 2016.

² Assinform: Assinform Report 2016 and Studio Assinform and Confindustria Digitale "Digital in Italy in 2016".

clients, in order to offer a unique and innovative service also by integrating CAD IT's Finance Area product with Spafid Connect's Issuers platform. The agreement is of strategic importance to CAD IT since, besides strengthening its own positioning on the banking and insurance market, it also creates synergies in research and development costs.

In April CAD IT acquired 30% of the capital of the Spanish company Software Financiero Bolsa and signed an agreement to increase to a majority share in 2019.

Founded in 1994 and with registered offices in Madrid, SFB is the leader in Spain in the supply of front, middle and back office software solutions with which settlement instructions amounting to over 50% of trading volumes negotiated on the Madrid Stock Exchange are processed daily.

SFB closed its 2015 financial period with revenues of Euro 4.8 million, a net profit equal to Euro 1.1 million and with a Net Financial position in credit by Euro 2.4 million.

For the 30% acquisition of SFB's capital were paid in cash Euro 250 thousand at the first closing. Payment of the definitive price will take place after the closure of the 2018 balance (second closing) and will be calculated on the basis of the results that SFB achieves over the 2016-2018 financial periods, with a minimum value of Euro 1,650 thousand. At the second closing, CAD IT will have the option to acquire further shareholdings to a controlling share of 51%, or up to 100% of the capital depending on the right of SFB's current shareholders to exercise a PUT on the remaining 49%. CAD IT will have alternatively opportunity to exercise a PUT option to assign again the 30% share capital acquired to the sellers, renouncing to the amount of Euro 250 thousand already paid.

With this deal, CAD IT further strengthens its presence on the financial software market in Europe and confirms its active interest in expanding onto the Spanish market, offering with SFB highly innovative products already in use at 90% of Italian banks and at Swiss, German, British and Czech Republic customers.

This agreement provides CAD IT with important opportunities to increase revenues due to:

- SFB's considerable commercial and technical presence in Spain and Portugal;
- SFB's existing customer portfolio consisting of about 40 financial institutions to whom CAD IT's products, complementary to those of SFB, could be offered;
- cross selling opportunities with SFB products to CAD IT customers;
- the credibility of both brands on the market.

On 28th April 2016, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2015 and decided the distribution of an ordinary dividend of Euro 0.15 per share. The dividend will be paid from 11th May 2016. Dividend payment resulted in a cash outlay of Euro 1,347 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website).

On 8th July 2016, the CAD IT Board of Directors examined and acknowledged Giuseppe Dal Cortivo's renunciation of his position as President and Managing Director of the CAD IT S.p.A. Board, and nominated Giampietro Magnani as its President (previously Vice President of the Company). Giuseppe Dal Cortivo informed the Company that, as a consequence of the Public Prosecutor's on-going investigations in Rome, he believes it appropriate to suspend his position as President and Managing Director of the CAD IT S.p.A. Board, until the events that have led to his being investigated as the Company's legal representative for crimes of a fiscal nature, have been clarified. The indictment served to CAD IT's legal representative regards the payment of three invoices, registered in the accounts and in the annual statements for taxation years 2010, 2012 and 2013. The total amount of the three invoices is equal to Euro 194 thousand (excluding VAT) for aggregate costs sustained by the Company during those financial periods of more than 150 million Euros. The Company, in acknowledging Giuseppe Dal Cortivo's decision, and convinced of the correctness of his actions, hopes that this question can be resolved as soon as possible, entrusting in the work of the Magistracy. CAD IT Group has been operating on the market for almost forty years, it has never been subject to criminal disputes, it currently employs about 650 people and has national and international customers of primary standing.

Activities regarding the development and sale of new products for both traditional and new types of clients continued throughout the period.



10. Management results and comments on the most significant components in the quarter

	III Quarter 2016		III Quarter 2015		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	12,114	91.5%	13,461	93.7%	(1,347)	(10.0%)
Asset increases due to internal work	1,095	8.3%	878	6.1%	217	24.7%
Other revenue and receipts	28	0.2%	32	0.2%	(4)	(11.3%)
Production value	13,238	100.0%	14,371	100.0%	(1,133)	(7.9%)
Purchase costs	(83)	(0.6%)	(82)	(0.6%)	(1)	(1.3%)
Service costs	(2,224)	(16.8%)	(3,272)	(22.8%)	1,047	32.0%
Other operational costs	(212)	(1.6%)	(204)	(1.4%)	(8)	(4.0%)
Added value	10,719	81.0%	10,813	75.2%	(95)	(0.9%)
Labour costs	(8,118)	(61.3%)	(8,212)	(57.1%)	94	1.1%
Other administrative expenses	(515)	(3.9%)	(512)	(3.6%)	(3)	(0.5%)
Gross operational result - EBITDA	2,086	15.8%	2,089	14.5%	(4)	(0.2%)
Allocation to fund and credit depreciation	(45)	(0.3%)	(53)	(0.4%)	8	15.7%
Intangible fixed asset amortization	(1,323)	(10.0%)	(1,319)	(9.2%)	(5)	(0.3%)
Tangible fixed asset amortization	(134)	(1.0%)	(129)	(0.9%)	(5)	(3.9%)
Operational result - EBIT	584	4.4%	588	4.1%	(5)	(0.8%)
Financial income	17	0.1%	17	0.1%	0	2.6%
Financial expenses	(13)	(0.1%)	(8)	(0.1%)	(5)	(59.6%)
Ordinary result	587	4.4%	597	4.2%	(9)	(1.6%)
Revaluations and depreciations	118	0.9%	59	0.4%	59	99.6%
Pre-tax result	706	5.3%	656	4.6%	50	7.6%
Income taxes	(229)	(1.7%)	(223)	(1.5%)	(6)	(2.8%)
Profit/(loss) for the period	477	3.6%	434	3.0%	44	10.1%
Profit/(loss) for the period attributable to:						
Non-controlling interests	71	0.5%	70	0.5%	1	2.0%
Owners of the parent	406	3.1%	364	2.5%	42	11.6%

The CAD IT Group closed the third quarter of 2016 with results and profit margins showing an improvement compared to the same period of previous year. Net profit of the quarter was Euro 477 thousand compared to Euro 434 thousand of the same quarter of previous year.

The value of production in the third quarter amounting to Euro 13,238 thousand, a decrease (-7.9%) compared to the same quarter of previous year (Euro 14,371 thousand), mainly includes revenues from sales and services of Euro 12,114 thousand (-10.0% compared to Euro 13,461 thousand of the third quarter of 2015) as well as the increase in fixed assets for internal works of Euro 1,095 thousand (an increase compared to Euro 878 thousand in the same period of 2015) for the use of resources in the development of new procedures and the Group's own software.

The added value of Euro 10,719 thousand, a slight decrease compared to the same quarter of previous year (Euro 10,813 thousand) reaches a margin of 81.0% on the value of production (75.2% in the third quarter of 2015). Service costs of Euro 2,224 thousand, decreased by 32.0% compared to the third quarter of 2015 (equal to Euro 3,272 thousand), mainly due to the lower use of external collaborations dedicated to the activities on customers. Labour costs of Euro 8,118 thousand recorded a slight decrease, compared to Euro 8,212 thousand in the third quarter of 2015, mainly due to the decrease of working overtime and the increase of use vacation. The average number of employees during the quarter was 648 employees (compared to 633 employees in the same quarter of 2015).

Other administrative costs came in the third quarter to Euro 515 thousand, compared to Euro 512 thousand in the previous third quarter.

The EBITDA Gross Operational Result stood at Euro 2,086 thousand (equal to 15.8% of the value of production), substantially in line with the third quarter of 2015 (Euro 2,089 thousand, equal to 14.5% of the value of production).

Amortization contributions for the third quarter amounted to Euro 1,323 thousand for intangible assets and Euro 134 thousand for tangible assets, compared to Euro 1,319 thousand and Euro 129 thousand of the same quarter of 2015.

Il risultato operativo EBIT del periodo è positivo per 584 migliaia di euro, sostanzialmente invariato rispetto a 588 migliaia di euro del terzo trimestre del 2015.

The result of the financial management recorded revenue of Euro 17 thousand and financial expense for Euro 13 thousand, compared to Euro 17 and 8 thousand in the third quarter of last year.

The ordinary result was positive for Euro 587 thousand, compared to Euro 597 thousand in the third quarter of 2015.

The revaluations and depreciations of the period refer to the share of profit of associates, calculated with the equity method, amounting to Euro 118 thousand (Euro 59 thousand in the third quarter of 2015).

Income before taxes of third quarter was positive for Euro 706 thousand (equal to 5.3% of the value of production), compared to the same period of the previous year of Euro 656 thousand (4.6% of the value of production).

Taxes impact on income for Euro 229 thousand, compared to Euro 223 thousand in the third quarter of 2015, resulting in a profit for the period of Euro 477 thousand, an improvement compared to Euro 434 thousand in the third quarter of 2015.

The result of the quarter attributable to owners of CAD IT was positive for Euro 406 thousand compared to Euro 364 thousand in the third quarter of 2015; the result attributable to minority interest is positive for Euro 71 thousand, Euro 70 thousand in 2015.

The figures summarizing earnings from sales and services, subdivided according to the business line and compared to the corresponding amounts of the same periods of previous year, are shown below.

Income from sales and services	3° Quarter 2016		3° Quarter 2015		Period 2016 01/01 – 30/09		Period 2015 01/01 – 30/09	
	€/000	%	€/000	%	€/000	%	€/000	%
Finance	11,782	97.3%	13,235	98.3%	37,570	97.6%	40,198	98.1%
Manufacturing	332	2.7%	226	1.7%	921	2.4%	794	1.9%
Total	12,114		13,461		38,491		40,992	



11. Management results and comments on the most significant components – first 9 months

	Period 01/01 - 30/09/2016		Period 01/01 - 30/09/2015		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	38,491	91.3%	40,992	93.2%	(2,501)	(6.1%)
Asset increases due to internal work	3,574	8.5%	2,844	6.5%	730	25.7%
Other revenue and receipts	84	0.2%	132	0.3%	(47)	(36.1%)
Production value	42,149	100.0%	43,968	100.0%	(1,819)	(4.1%)
Purchase costs	(221)	(0.5%)	(264)	(0.6%)	43	16.4%
Service costs	(7,019)	(16.7%)	(9,564)	(21.8%)	2,544	26.6%
Other operational costs	(614)	(1.5%)	(622)	(1.4%)	7	1.2%
Added value	34,294	81.4%	33,518	76.2%	776	2.3%
Labour costs	(27,086)	(64.3%)	(26,837)	(61.0%)	(248)	(0.9%)
Other administrative expenses	(1,628)	(3.9%)	(1,526)	(3.5%)	(102)	(6.7%)
Gross operational result - EBITDA	5,580	13.2%	5,154	11.7%	426	8.3%
Allocation to fund and credit depreciation	(121)	(0.3%)	(113)	(0.3%)	(8)	(7.3%)
Intangible fixed asset amortization	(3,930)	(9.3%)	(3,661)	(8.3%)	(268)	(7.3%)
Tangible fixed asset amortization	(395)	(0.9%)	(375)	(0.9%)	(20)	(5.3%)
Operational result - EBIT	1,134	2.7%	1,005	2.3%	129	12.9%
Financial income	52	0.1%	95	0.2%	(43)	(45.4%)
Financial expenses	(39)	(0.1%)	(25)	(0.1%)	(14)	(57.0%)
Ordinary result	1,147	2.7%	1,075	2.4%	72	6.7%
Revaluations and depreciations	365	0.9%	302	0.7%	62	20.7%
Pre-tax result	1,512	3.6%	1,377	3.1%	135	9.8%
Income taxes	(530)	(1.3%)	(518)	(1.2%)	(12)	(2.4%)
Profit/(loss) for the period	981	2.3%	859	2.0%	122	14.2%
Profit/(loss) for the period attributable to:						
Non-controlling interests	54	0.1%	230	0.5%	(177)	(76.7%)
Owners of the parent	928	2.2%	629	1.4%	299	47.5%

The CAD IT group closed the first nine months of 2016 with positive results and profit margins, an improvement compared to the same period in 2015. In fact, despite the decrease in income from sales and services, contextual decline in service costs allows the maintenance of positive results and a slight increase in profit margins.

The value of production for the period, a decrease (-4.1%) compared to the previous year, mainly includes revenues from sales and services to the amount of Euro 38,491 thousand, decreased by 6.1% compared to Euro 40,992 thousand in the first nine months of 2015, and increases in fixed assets for internal works of Euro 3,574 thousand (an increase compared to Euro 2,844 thousand in the same period of 2015) for the use of resources in the development of new procedures and the Group's own software.

The added value of Euro 34,294 thousand showed an increase compared to Euro 33,518 thousand of previous period (+2.3%), with a 81.4% marginality on the value of production (76.2% in the first nine months of 2015).

Purchase costs to the value of Euro 221 thousand showed a decrease compared to Euro 264 thousand in the same period of 2015.

Service costs of Euro 7,019 thousand, decreased by 26.6% compared to the first nine months of 2015 (equal to Euro 9,564 thousand), mainly due to the lower use of external collaborations dedicated to the activities on customers. Service costs mainly include external collaboration costs (Euro 4,107 thousand, compared to Euro

6,264 thousand in the first nine months of 2015), travelling expenses and fee reimbursement (Euro 688 thousand, compared to Euro 980 thousand in the first nine months of 2015) and other service costs (Euro 2,225 thousand, compared to Euro 2,319 thousand in the first nine months of 2015).

Operating costs, a decrease of Euro 7 thousand during the period, include costs for leases and rentals (Euro 473 thousand, compared to Euro 518 thousand in the first nine months of 2015) and other operating expenses (Euro 142 thousand, compared to Euro 104 thousand in the first nine months of 2015), these latter mainly consisting of municipal tax on real estate and other taxes and fees.

Labour costs of Euro 27,086 thousand recorded a slight increase, compared to Euro 26,837 thousand in the first nine months of 2015. The increase in labour costs is mainly due to the increase in the average number of employees in the group, partially offset by the reduction in overtime. The average number of employees during the period was 646 employees (compared to 629 employees in the same period of 2015).

The other administrative expenses increased in the first nine months and amounted to Euro 1,628 thousand (Euro 1,526 thousand in the same period of 2015) and mainly consist of director and manager fees (Euro 1,196 thousand, compared to Euro 1,139 thousand in the first nine months of 2015) as well as their relative contributory costs and of telephone and connectivity expenses (Euro 249 thousand, compared to Euro 232 thousand in the first nine months of 2015).

The gross operating margin (EBITDA) was positive for Euro 5,580 thousand (Euro 5,154 thousand in the same period of 2015), with a margin of 13.2% on Production Value, an improvement compared to 11.7% in the same period of 2015.

The depreciation for the period amounted to Euro 3,930 thousand for intangible assets and Euro 395 thousand for tangible assets, compared to Euro 3,661 thousand and Euro 375 thousand in the same period 2015. The amortization of intangible assets increased compared to the previous period due to the beginning of the amortization schedules of software procedures, concluded in previous years, which have become available for use and for sale.

The EBIT operational result for the period was in credit by Euro 1,134 thousand, an increase compared to Euro 1,005 thousand in the first nine months of 2015.

The result of the financial management recorded revenue of Euro 52 thousand and financial expense for Euro 39 thousand, compared to 95 and 25 thousand euro in the first nine months of last year.

The ordinary result was positive for Euro 1,147 thousand compared to Euro 1,075 thousand in the first nine months of 2015.

The revaluations and depreciations of the period refer to the share of profit of associates, calculated with the equity method, amounting to Euro 365 thousand (Euro 302 thousand in the first nine months of 2015).

Income before taxes and minority interests was positive for Euro 1,512 thousand (equal to 3.6% of the value of production), compared to the same period of the previous year of Euro 1,377 thousand (3.1% of the value of production).

Income taxes amounted to Euro 530 thousand, compared to Euro 518 thousand in the first nine months of 2015, resulting in a profit for the period of Euro 981 thousand, an improvement compared to Euro 859 thousand in the first nine months of 2015.

The result for the first nine months attributable to owners of CAD IT was positive for Euro 928 thousand compared to Euro 629 thousand in the same period of 2015; the result attributable to minority interest was also positive for Euro 54 thousand, a decrease compared to Euro 230 thousand in 2015.

12. Net financial position

The net financial position of the Group as at 30th September 2016 was in credit by Euro 1,127 thousand, compared to Euro 3,537 thousand at 30th September 2015.

In particular, the net short-term financial position amounted to Euro 2,827 thousand, while the net financial position is positive for Euro 1,127 thousand, due to the presence of long-term loans for Euro 1,700 thousand. Cash-on-hand bank accounts and cash amounted to Euro 3,105 thousand and capitalization insurance policies (contractually available on 20-day prior request without any significant tax expenses) came to Euro 2,734 thousand.

Short-term debts towards banks of Euro 3,012 thousand were made up of overdrawn accounts and advances subject to final payment and of current portion of medium/long term loans.

(in thousands of Euro)

<i>Net consolidated financial position</i>	<i>30/09/2016</i>	<i>30/06/2016</i>	<i>31/12/2015</i>	<i>30/09/2015</i>
Cash-on-hand and at bank	3,105	3,091	3,926	4,639
Capitalization insurance policies	2,734	2,717	2,684	2,667
Payables due to banks current portion	(3,012)	(2,110)	(1,818)	(2,508)
Net short-term financial position/(indebtedness)	2,827	3,699	4,792	4,798
Medium/long-term loans	(1,700)	(1,974)	(2,261)	(1,261)
Net medium/long-term financial position/(indebtedness)	(1,700)	(1,974)	(2,261)	(1,261)
Net financial position/(indebtedness)	1,127	1,725	2,532	3,537

As shown in the cash flow statement, operational management activities, during the first nine months of 2016, generated a positive cash flow of Euro 4,483 thousand, in line with a positive cash flow of Euro 4,498 thousand in the first nine months of 2015.

Investment activity management took Euro 4,212 thousand, an increase compared to Euro 3,267 thousand used in the same period of previous year. Specifically Euro 3,648 thousand were invested in intangible assets and Euro 464 thousand in tangible assets, while Euro 179 thousand were collected as dividends and Euro 52 thousand as interest income.

Lastly, financing activities absorbed Euro 2,237 thousand (compared to Euro 10 thousand in the previous period), mainly due to payment of dividends (Euro 1,657 thousand) and to repayment of portions of medium/long term financing (Euro 561 thousand).

Please refer to Consolidated Cash Flow Statement for more cash flow details.

13. Research and development

CAD IT Group dedicates a significant part of its activities and resources to conceive, create and develop their own software, which will either be licensed out to clients or directly used for product development and the provision of service to its customers.

In particular, activities for the realization of new modules to increase the functional and/or technological development of the considerable range of software installed, with the purpose of consolidating traditional business, diversifying the Group's offer with new products and towards those sectors bordering on the ones in which it is already present and to new markets abroad, are still underway.

An important development project concerns the evolution of the *Suite Area Finanza*, made up of independent and integrated modules that can each carry out their own specific activities and interface with others to ensure high standards of efficiency in the management of data, avoiding duplication, in perspective of simplifying the product and the method of release. The evolutions allow to make the Suite even more attractive for the international market.

Development and innovation activities for the Suite is particularly intense with the aim to improve user experience and create new functions or modules required by the national and international markets, like, for example:

- Easy Action, a new generation, comprehensive platform for the controlled end-to-end management of

corporate actions and income.

- **Position Keeping:** module dedicated to recording the events/movements and able to update the positions in real time, manage the process of completing tasks for each event (taking care to enable the modules of competence for settlement, taxation, corporate actions), make accounting records and prepare reports of supervision.

CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example further wave provided by Target 2 Securities).

Another important ongoing development project regards the new General Data (Anagrafe Generale) product, a modern, technologically avant-garde, flexible and versatile solution, which will make it easy to adjust to constant variations in regulations and in the commercial or operative needs of banking institutions. Considering the centrality and criticality of the process, which is one of the primary data sources for the entire banking information system, thanks to the tools being developed, CAD IT will be able to offer gradual data migration within its implementation projects, which will include a period of co-existence and synchronisation between the old and new data system, in order to allow integration and interfacing with the system's other processes as well as standardisation of the data to be transferred into the new data file.

Activity in the production of specialized modules for the business intelligence (Managerial Information System) area is also continuing, especially in regard to risks, fraud and long-distance control.

The product has been developed and enhanced with a new Dashboard, acquiring a new highly end-user connotation, characterized by a very timely look & feel, flexible and easy to use, while the editors dedicated to administrators and technicians are separated and specialized.

14. Investments and assets

The figures accumulated in investments in intangible and tangible assets, made during the third quarter by companies of the Group included in the consolidation area amount to Euro 1,480 thousand, compared to Euro 1,007 thousand in the same period of 2015. Investments made in the first nine months conversely amount to Euro 4,112 thousand, compared to Euro 3,519 thousand in the same period of previous year.

(in thousands of Euro)

Summary of investments	3° Quarter	3° Quarter	Period 2016	Period 2015	Year
	2016	2015	01/01 - 30/09	01/01 - 30/09	2015
Intangible fixed assets	27	12	74	160	165
Assets under development and payments on account	1,095	878	3,574	2,844	3,856
Property, Plant and equipment	357	116	464	515	1,708
Total investments in tangible and intangible fixed assets	1,480	1,007	4,112	3,519	5,729

The voice assets under development relates to investments in development of software procedures under construction both for sale and for in-company use. Particularly ongoing intangible asset costs mainly refer to the use of the Group's internal resources for the development of its own software which will either be licensed out to clients or used for the Group's activities. The amount of investment derives from strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, tools and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

During the first nine months of the financial period, the item "Intangible fixed assets" and "Property, Plant and equipment" varied as follows:

(in thousands of Euro)

<i>Intangible fixed assets</i>	<i>Industrial patents and similar rights</i>	<i>Licences, trademarks</i>	<i>Assets under development and payments on account</i>	<i>Other intangible fixed assets</i>	<i>Total</i>
Purchase or production cost	39,362	4,017	7,679	15	51,073
Previous years revaluations	-	-	-	-	-
Previous years depreciation and write-downs	(28,496)	(3,839)	-	(15)	(32,350)
Adjustments to previous years write-downs	-	-	-	-	-
Opening value	10,866	178	7,679	0	18,723
Variations in consolidation area	-	-	-	-	-
Purchases/increases	-	74	3,574	-	3,648
Transfers	4,320	-	(4,320)	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	-	-
Disposals	-	-	-	-	-
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(3,844)	(86)	-	-	(3,930)
Adjustments to write-downs for the period	-	-	-	-	-
Total intangible fixed assets	11,342	166	6,933	0	18,441

During the quarter, significant software development projects for which there was ongoing investment were ended and therefore the incurred costs were reclassified from the voice "assets under development", to the voice "patent rights and intellectual property", for a value of Euro 4,320 thousand.

(in thousands of Euro)

<i>Property, plant and equipment</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and commercial equipment</i>	<i>Other tangible fixed assets</i>	<i>Assets under development</i>	<i>Total</i>
Purchase or production cost	10,406	4,238	34	4,921	-	19,599
First time adoption revaluation	8,439	-	-	-	-	8,439
Previous years depreciation and write-downs	(1,865)	(3,356)	(31)	(4,360)	-	(9,612)
Adjustments to previous years write-downs	-	-	-	-	-	-
Opening value	16,979	883	3	561	-	18,426
Variations in consolidation area	-	-	-	-	-	-
Purchases	10	352	-	102	-	464
Transfers	-	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	-	-	43	-	43
Disposals	-	-	-	(43)	-	(43)
Revaluations for the period	-	-	-	-	-	-
Depreciation and write-downs for the period	(130)	(124)	(1)	(140)	-	(395)
Adjustments to write-downs for the period	-	-	-	-	-	-
Total tangible fixed assets	16,860	1,110	2	523	-	18,495



15. Personnel

The number of CAD IT Group staff, at the end of the quarter increased by 4 units compared to the end of 2015 financial period. Information on the actual number employees is reported below:

Category of Employees	Labour force at 30/09/2016	Labour force at 31/12/2015	Labour force at 30/09/2015
Management	20	19	19
White-collars and cadres	574	584	584
Blue-collars	1	1	1
Apprentices	53	40	29
Total	648	644	633

The average number of employees in the quarter was 648 units, an increase compared to the same reference quarter of the year 2015 (633 units).

Category of Employees	Average number III Quarter 2016	Average number III Quarter 2015	Average number period 01/01-30/09/16	Average number period 01/01-30/09/15	Average number year 2015
Management	20	19	20	20	19
White-collars and cadres	575	582	578	579	580
Blue-collars	1	1	1	1	1
Apprentices	53	31	47	29	30
Total	648	633	646	629	630

The Group dedicates particular attention to professional staff training by means of internal training and updating courses. The main training areas were: updating in new programming languages and systems management, health and safety at work, foreign languages (English), company organization and managerial training.

16. Significant events since 30th September 2016

On 19th October 2016 the CAD IT S.p.A. Board of Directors acknowledged Giuseppe Dal Cortivo's resignation from his position as Non Executive Director of CAD IT and at the same time, in accordance with art. 18 of the Company By-laws and art. 2386 of the Italian Civil Code, on prior favourable consent of the Board of Auditors and the Nominating and Remuneration Committee, the Board also nominated, by co-option, the lawyer Debora Cremasco, with experience in the corporate and financial sector, as Non-Executive Independent Director.

Giuseppe Dal Cortivo, already suspended from his functions, communicated his wish to resign in order to protect the interests of the Company and the market in general in view of the Rome Public Prosecutor's investigations to which he is still subject.

The Board of Directors and Board of Auditors, on acknowledging Giuseppe Dal Cortivo's decision, would like to express their unanimous and sincere thanks for the valuable contribution and enormously beneficial commitment that he has made over the years in carrying out his functions and, certain of the correctness of his actions, sincerely hope that the judicial events in question will soon be favourably resolved.

17. Foreseeable development in the management

The development strategies adopted for the current year aim at meeting the priorities that the Italian and European banks are now being obliged to face. In fact, financial institutions are now finding themselves having to deal with the constant need to adjust their procedures and structures in order to quickly acknowledge new norms and regulations introduced at an international, European and national level as well as to try and improve



results and margins in order to manage the current market context that is now beginning to show signs of recovery.

The principal norms that the banks will have to face in the immediate future involve: the adoption of a "rolling" model in relation to increases in dilutive capital, the EU 1286/2014 Regulation regarding the KID (Key Information Document) which aims at increasing transparency on packaged retail and insurance-based investment products (the so-called "PRIIP"), modifications to the IFRS 9 accounting standards, Market Abuse, Data Quality, Notifications (Puma 2), Basel III, MiFID II, T2S.

For the purposes of an efficient, timely and coordinated development in the procedures in order to adjust to the new regulations, CAD IT has set up a series of "work groups" in collaboration with its customers to further study the new specifications.

As regards pursuing improved margins, the financial institutions are constantly trying to contain costs and extend their business areas. CAD IT also puts itself forward as a strategic partner for its customers on these fronts with innovative software like the new Oder Hub and General Data systems which are able to take advantage of new technologies that lead to achieving high standards of efficiency in terms of data and process management, with significant reductions in processing times and costs.

Lastly, in order to provide financial institutions with support in their business area and business volume expansion strategies, CAD IT offers a Framework for the new generation Digital Bank and, thanks to significant experience and references matured in the field of solutions for financial promoters, also places its skills at the disposal of those financial institutions that want to innovate and promote their own offers and networks.

In addition to the mentioned opportunities the main strategic objectives of the company and the Group are to maintain and further develop its leadership position in the Italian banking sector, increase its customer portfolio in the insurance and local tax collection sectors, further distribute new products relating to business intelligence, promote its software for the industrial sector at medium/large-sized companies.

The Group is also continuing to pursue its efforts to expand towards the European and international markets, which could also be supported and accelerated by the recent acquisition of the shareholding in the Spanish company Software Financiero Bolsa S.A., as well as by the optimal references it has obtained from its existing foreign customers and by the internationalization procedures for which the large Italian and European banking groups are advocating.

The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, through technical or commercial collaboration agreements and by taking on or acquiring holdings in order to create activities that are complimentary and synergic to existing ones.

Considering current strategies and in response to the current general situation, the Board of Directors has placed maximum attention on market needs in order to lead the Group's management and development strategies in the right direction and to maintain high levels of efficiency so that favourable economic results can be achieved in the future.

On behalf of the Board of Directors
The Chairman
//s// Giampietro Magnani



DECLARATION IN ACCORDANCE WITH ARTICLE 154-BIS, SECOND PARAGRAPH, OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998

The undersigned, Michele Miazzi, manager in charge of drafting CAD IT S.p.A. accounting documents, hereby declares, in accordance with article 154-bis, second paragraph, of the Revenue Office "Testo Unico" (Leg. Dec. 58/1998), that the accounting information in this Interim Management Report corresponds to the documentary results, books and accounting registers.

Verona, 10 November 2016

Manager in charge of drafting
the CAD IT S.p.A. accounting documents
//s// Michele Miazzi



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