PRESS RELEASE

BANCA CARIGE

THIRD QUARTER 2017:
DERISKING AND LAUNCH OF CAPITAL STRENGTHENING STRATEGY

- ~ 1 BN DERISKING OF NPLs, WITH FULL DECONSOLIDATION OF THE FIRST TRANCHE OF GACS-BACKED BAD LOANS
- COVERAGE OF RESIDUAL NON-PERFORMING LOANS (EUR 6.3 BN) AT 47.0% (INCLUDING WRITE-OFFS); BAD LOAN COVERAGE AT 67.5%
- ONGOING MONITORING OF LIQUIDITY RISK: LCR AT 125% VS SREP REQUIREMENT OF 90% AND NSFR ABOVE 100%
- THE PARENT COMPANY'S SHARE OF NET PROFIT (LOSS) FOR THE THIRD QUARTER (-EUR 55.5 MLN) SHOWED A REBALANCING OF OPERATING INCOME AND OPERATING EXPENSE ITEMS, RESULTING IN A POSITIVE GROSS OPERATING PROFIT OF EURO 5.4 MLN
- 9M CONSOLIDATED NET PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY AMOUNTS TO A NEGATIVE EUR 210.4 MLN, AFTER RECOGNITION OF APPROXIMATELY GROSS EUR 84.0 MLN IN CHARGES RELATED TO THE DECONSOLIDATION OF THE FIRST TRANCHE OF BAD LOANS, EUR 46.9 MLN IN BANKING SYSTEM CHARGES AND DTA FEES, AND EUR 22.7 MLN IN PROVISIONS FOR RISKS AND CHARGES
- AS OF THE THIRD QUARTER, THE NEW MANAGEMENT HAS BEEN GIVING EFFECT TO THE GUIDELINES APPROVED BY THE BoD ON 3 JULY 2017 AND CONFIRMED BY THE BUSINESS PLAN APPROVED ON 13 SEPTEMBER 2017

- LME ON SUBORDINATED DEBT COMPLETED SUCCESSFULLY AND AHEAD OF TIME FOR A NOMINAL AMOUNT OF EUR 510 MLN
- PRELIMINARY SALE AND PURCHASE AGREEMENT SIGNED FOR BUILDING IN MILAN AT AN OVERALL SALE PRICE OF EUR 107.5 MLN
- POTENTIAL BUYERS ARE BEING SHORTLISTED FOR THE OTHER ASSET DISPOSALS IDENTIFIED IN THE DERISKING AND CAPITAL STRENGTHENING PLAN
- PREPARATION AND FORTHCOMING EXECUTION IN NOVEMBER OF THE CAPITAL INCREASE AUTHORISED BY THE SHAREHOLDERS' EXTRAORDINARY MEETING OF 28 SEPTEMBER 2017

Genoa, 31 October 2017 – Banca Carige's Board of Directors has approved the Group's consolidated results as at 30 September 2017. In the quarter just ended, the Group focused its activities on the disposal of the non-core assets identified in the new Business Plan, activating all the preparatory measures for their disposal. In parallel, the Group continued its NPL derisking process, deconsolidating the first EUR 938.3 mln bad loan portfolio and giving due course to all activities required for the disposal of a second bad loan portfolio ('sofferenze') for an amount of EUR 1.4 bn, together with the bad loan management platform.

Liquidity, which maintains a stable profile, continued to be attentively managed during the period. As at 30 September, the *Liquidity Coverage Ratio* (LCR) was 125%, with cash and unencumbered eligible assets totalling EUR 1.8 bn, after repayment of EUR 333.0 mln in retail bonds during the quarter.

Direct funding from customers (retail and corporate) totalled EUR 15.6 bn as at 30 September 2017, up 1.6% Q/Q (-EUR 0.1 bn compared to 31 December 2016) on the back of a good performance in current accounts. Indirect funding, totalling EUR 21.3 bn (-EUR 0.2 bn compared to 31 December 2016), was likewise on an uptrend Q/Q (+0.9%), sustained by the good performance of Asset Management growing to EUR 11.4 bn (+2.1% and +5.2% in the quarter and 9 months, respectively), driven by mutual funds (+2.5%) and insurance products (+2.3%) during the quarter.

The *deleveraging* effort in lending is being mitigated, with total loans amounting to EUR 19.4 bn, down 8.5% from 31 December 2016 primarily as a result of the deconsolidation of a bad loan portfolio in August. In parallel, the granting of new mortgage loans continued, for an amount of EUR 352.0 mln to households (EUR 332.0 in the first 9 months of 2016) and EUR 453.0 mln to businesses (EUR 607.0 as at September 2016).

During the quarter, the Group finalised the securitisation of a EUR 938.3 mln bad loan portfolio (Gross Book Value as at the cut-off date of 31 August 2016), pursuant to art.58 of Legislative Decree no. 385/1993 and articles 1 and 4 of Italian Law no. 130/99, deconsolidating it in full and obtaining the GACS guarantee from the Government.

The stock of Non-Performing Exposures (NPE) thus fell by approximately EUR 1.0 bn to EUR 6.3 bn and maintained a high level of coverage (47.0% including write-offs).

Net of the disposal, the bad loan portfolio settled at less than gross EUR 3.0 bn (EUR 1.0 bn net), with coverage rising to 67.5% when including write-offs, from 64.7% at the end of 2016; UTPs continued to decline and stood at EUR 3.2 bn gross (EUR 2.3 bn net), with coverage rising to 28.5% including write-offs, as compared to 27.7% as at December 2016.

If the P&L effects of deconsolidation of the bad loan portfolio (EUR 84.0 mln) are factored in, the annualised cost of credit is 229 bps (267 bps throughout 2016).

Attentive cost management contributed to a rebalanced gross operating performance which returned to a positive territory settling at EUR 5.4 mln: operating expenses for the first nine months of the year totalled EUR 383.9 mln (-0.6% compared to the same period of the previous year; -6.2% normalised net of non-recurring items). In particular, personnel expenses were down from their normalised amount for the first nine months of 2016 (-8.0% to EUR 225.7 mln) and held stable compared to the second quarter of 2017 (+0.5% to EUR 74.0 mln). A sharp decrease was also registered in core administrative expenses (net of banking system charges and DTA fees), down 4.5% on 3Q16 and 15.9% on 2Q17.

Although the deleveraging policy in the third quarter continued, particularly in the mid-to-long term segment, its impact on Net Interest Income was limited, with NII up to EUR 59.9 mln (+2.7% on Q2). As for the trend in funding/lending, AuM fees and commissions gained momentum and were up 6.0% Y/Y, whereas the total fee and commission income for the nine-month period amounted to EUR 181.2 mln and was down 1.1% Y/Y. The contribution from trading/valuation of financial assets (Finance) to profit or loss (EUR 1.2 mln in the quarter) is reflective of the low risk profile of the government bond portfolio in terms of both sizing (EUR 1.7 bn) and duration (3 years); at the same time, a gradual improvement in the AFS reserve was obtained (EUR 25.0 mln negative as against -EUR 28.0 mln in the previous quarter).

The Parent Company's share of consolidated net profit (loss) for the 9 months came to -EUR 210.4 mln (-EUR 55.5 mln in the quarter), after recognition of approximately gross EUR 84.0 mln in charges related to the deconsolidation of the first tranche of bad loans, EUR 46.9 mln in banking system charges and DTA fees, and EUR 22.7 mln in provisions for risks and charges.

The phased-in CET1 ratio is 10.4%[1] (10.9% as a sum of the capital gain and release of RWAs arising from the disposal of the building in corso Vittorio Emanuele, Milan) and includes the net positive RWA effect from deconsolidation of the bad loan portfolio. The CET1 Ratio is higher than both the regulatory limits and the 9% minimum threshold required by the ECB under the SREP process for 2017, but lower than the recommended threshold (inclusive of Pillar 2 Guidance) of 11.25%. The *phased-in Total Capital Ratio* (TCR) settled at 12.4%[1], proving higher than the regulatory limit, but lower than the 12.5% SREP threshold for 2017. The capital strengthening actions, set out in the new Business Plan and well on track to completion, will make it possible to restore the recommended levels. The Leverage Ratio is 6.5%[1], continuing to be amongst the highest in the Italian banking system.

Capital strengthening

On 28 September 2017, the Extraordinary Shareholders' Meeting, having acknowledged the authorisation received from the European Central Bank, resolved to vest the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, with the power to increase the share capital by an aggregate amount of up to EUR 560 mln (inclusive of share premium) in divisible form, of which up to EUR 500 mln with inclusion of the rights of option and up to EUR 60 mln with exclusion or limitation of the rights of option possibly to be reserved for one or more categories of holders of subordinated financial instruments included in the scope of the LME - Liability Management Exercise, vesting the Board of Directors with the authority to determine the procedures, terms and conditions for the Capital Increase.

[1] Pending official reporting, the capital ratios were calculated based on operational estimates.

The liability management exercise conducted by the Bank was successfully completed in October, in light of the meetings of noteholders expressing themselves favourably to the consent solicitation which will be binding on all holders of the subordinated Notes included in the scope of the transaction. The LME is accordingly deemed to have been carried out on the total nominal value of EUR 510 mln, with settlement remaining subject to the successful outcome of the Capital Increase.

Asset disposals

As part of the asset disposal process, which today saw the signing by the Bank of the preliminary Sale and Purchase Agreement for the building in Corso Vittorio Emanuele II, Milan, with the real estate fund "Fondo Immobiliare Antirion Global Comparto Core" managed by the asset management company "Antirion SGR", counterparties submitting non-binding offers are being shortlisted for the disposal of the other assets identified in the Business Plan, with closing expected by end-2017/early 2018

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Banca Carige S.p.A. announces that it will publish the Banca Carige Group's Interim Report as at 30 September 2017, inclusive of the Independent Auditors' Report.

The Interim Report as at 30 September 2017 will be made available at the Bank's registered office, on the Bank's corporate website www.gruppocarige.it (under Investor relations - Financial Statements) and on the authorised storage portal eMarket Storage (www.emarketstorage.com).

In relation to the request for information to be provided to the public pursuant to art. 114, paragraph 5 of the Consolidated Law on Finance (TUF), as contained in the Communication received from Consob on 15 March 2017, considering that the new Business Plan was approved on a date (13 September 2017) close to the end of the three-month reporting period (30 September 2017), the Bank assessed that the deviation of end-of-period actual data versus Plan forecasts was not significant and accordingly did not include such information in its financial disclosure.

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After approval of the 2017-2020 Business Plan and in light of the progress made in the disposal of the company assets identified in the Plan, the Group considered that both the Milan Head Office building and Creditis met the requirements to be classified as "Non-current assets held for sale and discontinued operations" under IFRS 5. Therefore, the annexed accounting statements include, where necessary, a restatement of balance-sheet and income statement balances for the prior periods (the restatement is graphically represented by an "r" at the end of the reference period).

Please note that, upon preparation of the 2016 Financial Statements, the Bank restated the balances of financial year 2015 in accordance with the provisions of IAS 8 (Accounting standards, changes in accounting estimates and errors), in order to:

- correctly recognise the amortised cost of certain outstanding securities subject to micro fair value hedging against interest rate risk; and
- correct errors in the calculation of loan losses relating to the discounting of expected recoveries on certain loans.

A restatement of the balances of similar items for the first nine months of 2016 was accordingly required.

After tax, the foregoing adjustments entailed an overall EUR 50.0 mln reduction of equity as at 1 January 2016, a EUR 20.9 mln positive P&L effect on the first nine months of 2016 and an overall EUR 29.1 mln reduction of equity as at 30 September 2016, with respect to the balances communicated during the presentation of the financial results for the first nine months of 2016.

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It is noted that, following amendments made to the Italian Consolidated Law on Finance (Testo Unico della Finanza, TUF), additional periodic financial disclosures as at 31 March and 30 September are published on a voluntary basis and consist in a press release and an explanatory presentation, which are made available on the Group's website (www.gruppocarige.it), in the Investor Relations section.

As at 30 September 2017, in consideration of the extraordinary transactions set forth in the new Business Plan approved on 13 September 2017, the additional periodic financial disclosures also include, on a non-recurring basis, an information document (the "Interim Financial Report"), inclusive of the Interim Consolidated Financial Statements, which was prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34) and submitted to the Independent Auditors' limited review, to be published shortly on the Group's website, in the Investor Relations section.

Declaration of the Manager responsible for preparing the Company's financial reports pursuant to art. 154-bis, para. 2 of Legislative Decree no. 58/1998 (Consolidated Law on Finance)

Pursuant to Article 154-bis, paragraph 2, of the Italian Consolidated Law on Finance, the Manager responsible for preparing Banca Carige S.p.A.'s financial reports, Mr. Mauro

Mangani, declares that the accounting information contained in this Press Release corresponds to the underlying documentary evidence, books and accounting records.

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For breakdown purposes, provided below are the consolidated Balance Sheet and Income Statement and the reclassified consolidated Income Statement.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

	Situation as at		Change	
RECLASSIFIED INCOME STATEMENT	9M2017	9M2016r(*)	absolute	%
Net interest income	180.9	199.5	(18.6)	(9.3)
Net fee and commission income	181.2	183.2	(2.1)	(1.1)
Net income from trading/valuation of financial assets (Finance) (1)	19.9	61.5	(41.6)	(67.6)
Other operating income(2)	20.4	28.0	(7.7)	(27.3)
NET OPERATING INCOME	**402.4**	**472.3**	**(69.9)**	**(14.8)**
Personnel expenses	(225.7)	(225.9)	0.2	(0.1)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(27.8)	(32.6)	4.8	(14.8)
Core administrative expenses(3)	(130.5)	(127.6)	(2.9)	2.3
OPERATING EXPENSE	**(383.9)**	**(386.1)**	**2.2**	**(0.6)**
GROSS OPERATING PROFIT	**18.4**	**86.2**	**(67.8)**	**(78.6)**
Net losses/recoveries on impairment of loans(4)	(175.1)	(382.5)	207.4	(54.2)
Profits (losses) on disposal or repurchase of loans	(111.5)	(0.0)	(111.5)	…
Net losses/recoveries on impairment of other financial assets(5)	3.1	3.7	(0.6)	(16.7)
NET OPERATING PROFIT	**(265.0)**	**(292.6)**	**27.6**	**(9.4)**
Net provisions for risks and charges	(22.7)	(3.4)	(19.3)	…
Profits (losses) on equity investments and on disposal of investements(6)	5.8	6.6	(0.8)	(12.6)
Impairment on goodwill	-	(19.9)	19.9	(100.0)
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	**(281.9)**	**(309.3)**	**27.4**	**(8.9)**
Taxes(7)	81.9	93.5	(11.6)	(12.4)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) after tax	(25.7)	(13.3)	(12.4)	93.4
DTA fees after tax	(7.6)	(17.6)	10.0	(57.1)
Profit (loss) after tax from discontinued operations	18.9	19.7	(0.8)	(4.2)
NET PROFIT (LOSS) FOR THE PERIOD	**(214.4)**	**(226.9)**	**12.6**	**(5.5)**
Non-controlling interests	(4.0)	(3.0)	(1.0)	34.9
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(210.4)**	**(224.0)**	**13.6**	**(6.1)**

r(*) With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IFRS 5 "Non-current assets held for sale and discontinued operations" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

(1) Includes income statement items 70, 80, 90, 100(b), 100(c), 100(d) and 110
(2) Income statement item 220 net of tax recoveries
(3) Income statement item 180(b) net of banking system charges, DTA fees and tax recovered from customers
(4) Income statement item 130(a) (net losses on impairment of loans to banks and customers)
(5) Includes income statement items 130(b) and 130(d)
(6) Includes income statement items 240 and 270
(7) Item 290 of the income statement net of the tax effects relating to the components under Contributions and other banking system charges and DTA fees

QUARTERLY TREND
RECLASSIFIED CONSOLIDATED INCOME STATEMENT
(see reclassification criteria at the end of this document)

Amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	3Q2017	2Q2017r	1Q2017r	4Q2016r	3Q2016r(*)
Net interest income	59.9	58.4	62.6	59.5	60.4
Net fee and commission income	59.1	60.3	61.8	56.1	58.7
Net income from trading/valuation of financial assets (Finance) (1)	1.2	3.2	15.5	13.4	16.8
Other operating income(2)	5.9	6.5	8.0	10.9	11.1
NET OPERATING INCOME	**126.1**	**128.5**	**147.8**	**139.9**	**147.0**
Personnel expenses	(74.0)	(73.6)	(78.1)	(69.9)	(82.8)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(8.1)	(10.0)	(9.6)	(17.9)	(9.9)
Core administrative expenses(3)	(38.6)	(49.5)	(42.4)	(50.3)	(40.4)
OPERATING EXPENSE	**(120.7)**	**(133.1)**	**(130.1)**	**(138.2)**	**(133.1)**
GROSS OPERATING PROFIT	**5.4**	**(4.6)**	**17.7**	**1.7**	**13.9**
Net losses/recoveries on impairment of loans(4)	42.3	(141.9)	(75.6)	(87.3)	(72.2)
Profits (losses) on disposal or repurchase of loans	(111.5)	-	-	0.0	(0.0)
Net losses/recoveries on impairment of other financial assets(5)	3.5	(4.6)	4.2	4.9	(1.1)
NET OPERATING PROFIT	**(60.3)**	**(151.1)**	**(53.6)**	**(80.7)**	**(59.5)**
Net provisions for risks and charges	(5.4)	(16.3)	(1.0)	(17.4)	(3.4)
Profits (losses) on equity investmentsand on disposal of investements(6)	0.0	4.9	0.9	(0.2)	4.3
Impairment on goodwill	-	-	-	-	-
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	**(65.7)**	**(162.5)**	**(53.8)**	**(98.3)**	**(58.5)**
Taxes(7)	18.7	46.6	16.6	33.0	21.1
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) after tax	(13.2)	(4.8)	(7.8)	(17.1)	(6.6)
DTA fees after tax	(2.5)	(2.5)	(2.5)	7.5	(2.5)
Profit (loss) after tax from discontinued operations	6.6	6.0	6.3	5.7	6.3
NET PROFIT (LOSS) FOR THE PERIOD	**(56.0)**	**(117.2)**	**(41.2)**	**(69.1)**	**(40.2)**
Non-controlling interests	(0.5)	(3.4)	(0.1)	(1.4)	(0.6)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(55.5)**	**(113.8)**	**(41.1)**	**(67.7)**	**(39.6)**

r Redetermined partly on the basis of operational data, for the quarterly trend to reflect the restatement of yearly comparative balances pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

(*) Redetermined partly on the basis of operational data, for the quarterly trend to reflect the restatement of yearly comparative balances pursuant to IAS 8 "Accounting standards, changes in accounting estimates and errors"

(1) Includes income statement items 70, 80, 90, 100(b), 100(c), 100(d) and 110
(2) Income statement item 220 net of tax recoveries
(3) Income statement item 180(b) net of contributions and other banking system charges (SRF and DGS), DTA fees and tax recoveries
(4) Income statement item 130(a) (net losses on impairment of loans to banks and customers)
(5) Includes income statement items 130(b) and 130(d) net of banking system charges (Voluntary scheme and Atlante)
(6) Includes income statement items 240 and 270
(7) Item 290 of the income statement net of the tax effects relating to the components under Contributions and other banking system charges and DTA fees

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR/000)*

		30/09/2017	31/12/2016	Change absolute	%
10	CASH AND CASH EQUIVALENTS	277,873	297,412	(19,539)	-6.6
20	FINANCIAL ASSETS HELD FOR TRADING	9,383	7,683	1,700	22.1
40	FINANCIAL ASSETS AVAILABLE FOR SALE	2,078,308	2,319,613	(241,305)	-10.4
60	LOANS TO BANKS	2,657,408	1,958,763	698,645	35.7
70	LOANS TO CUSTOMERS	16,674,630	18,246,327	(1,571,697)	-8.6
80	HEDGING DERIVATIVES	48,317	39,233	9,084	23.2
100	EQUITY INVESTMENTS	97,131	94,235	2,896	3.1
120	PROPERTY AND EQUIPMENT	741,714	761,274	(19,560)	-2.6
130	INTANGIBLE ASSETS	46,702	56,654	(9,952)	-17.6
140	TAX ASSETS	1,967,948	2,063,984	(96,036)	-4.7
	a) current	*894,963*	*985,651*	*(90,688)*	*-9.2*
	b) deferred	*1,072,985*	*1,078,333*	*(5,348)*	*-0.5*
	b1) of which pursuant to Law no. 214/2011	*527,498*	*617,758*	*(90,260)*	*-14.6*
150	NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	632,536	-	632,536	...
160	OTHER ASSETS	302,341	265,826	36,515	13.7
	TOTAL ASSETS	**25,534,291**	**26,111,004**	**(576,713)**	**-2.2**

LIABILITIES AND SHAREHOLDERS' EQUITY *(EUR/000)*

		30/09/2017	31/12/2016	Change absolute	%
10	DUE TO BANKS	4,201,790	3,468,322	733,468	21.1
20	DUE TO CUSTOMERS	13,887,071	13,710,208	176,863	1.3
30	SECURITIES ISSUED	4,002,056	5,443,294	(1,441,238)	-26.5
40	FINANCIAL LIABILITIES HELD FOR TRADING	1,296	2,064	(768)	-37.2
50	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	374,241	459,198	(84,957)	-18.5
60	HEDGING DERIVATIVES	227,304	259,037	(31,733)	-12.3
80	TAX LIABILITIES	52,193	20,464	31,729	...
	(a) current	*38,619*	*5,918*	*32,701*	*...*
	(b) deferred	*13,574*	*14,546*	*(972)*	*-6.7*
90	LIABILITIES ASSOCIATED TO NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	240,848	-	240,848	...
100	OTHER LIABILITIES	432,459	438,198	(5,739)	-1.3
110	EMPLOYEE TERMINATION INDEMNITIES	61,148	65,769	(4,621)	-7.0
120	ALLOWANCES FOR RISKS AND CHARGES:	120,089	106,171	13,918	13.1
	a) post-employment benefits	*34,338*	*37,179*	*(2,841)*	*-7.6*
	b) other allowances	*85,751*	*68,992*	*16,759*	*24.3*
140	VALUATION RESERVES	(148,189)	(158,100)	9,911	-6.3
170	RESERVES	(684,475)	(392,732)	(291,743)	74.3
180	SHARE PREMIUM RESERVE	175,954	175,954	-	-
190	SHARE CAPITAL	2,791,422	2,791,422	-	-
200	TREASURY SHARES	(15,572)	(15,572)	-	-
210	NON-CONTROLLING INTERESTS (+/-)	25,072	29,044	(3,972)	-13.7
220	PROFIT (LOSS) FOR THE PERIOD (+/-)	(210,416)	(291,737)	81,321	-27.9
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**25,534,291**	**26,111,004**	**(576,713)**	**-2.2**

CONSOLIDATED BALANCE SHEET

Restatement of the opening balances of previous year in compliance with IAS 8

ASSETS *(EUR/000)*

		01/01/2016	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	01/01/2016 corrected
10	CASH AND CASH EQUIVALENTS	324,395	-	-	324,395
20	FINANCIAL ASSETS HELD FOR TRADING	15,065	-	-	15,065
40	FINANCIAL ASSETS AVAILABLE FOR SALE	3,803,770	-	-	3,803,770
60	LOANS TO BANKS	1,220,489	-	-	1,220,489
70	LOANS TO CUSTOMERS	21,472,616	-	(32,628)	21,439,988
80	HEDGING DERIVATIVES	54,730	-	-	54,730
100	EQUITY INVESTMENTS	92,536	-	-	92,536
120	PROPERTY AND EQUIPMENT	783,816	-	-	783,816
130	INTANGIBLE ASSETS	78,062	-	-	78,062
	of which:				
	- goodwill	*19,942*	-	-	*19,942*
140	TAX ASSETS	2,145,389	4,151	9,427	2,158,967
	a) current	*1,186,602*	*1,269*	-	*1,187,871*
	b) deferred	*958,787*	*2,882*	*9,427*	*971,096*
	b1) of which pursuant to Law no. 214/2011	*647,443*	-	*2,697*	*650,140*
160	OTHER ASSETS	307,988	-	-	307,988
	TOTAL ASSETS	**30,298,856**	**4,151**	**(23,201)**	**30,279,806**

LIABILITIES AND SHAREHOLDERS' EQUITY *(EUR/000)*

		01/01/2016	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	01/01/2016 corrected
10	DUE TO BANKS	2,824,957	-	-	2,824,957
20	DUE TO CUSTOMERS	15,536,566	-	-	15,536,566
30	SECURITIES ISSUED	7,327,427	30,938	-	7,358,365
40	FINANCIAL LIABILITIES HELD FOR TRADING	4,824	-	-	4,824
50	FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	557,795	-	-	557,795
60	HEDGING DERIVATIVES	220,628	-	-	220,628
80	TAX LIABILITIES	18,303	-	-	18,303
	(a) current	*6,735*	-	-	*6,735*
	(b) deferred	*11,568*	-	-	*11,568*
100	OTHER LIABILITIES	922,239	-	-	922,239
110	EMPLOYEE TERMINATION INDEMNITIES	72,235	-	-	72,235
120	ALLOWANCES FOR RISKS AND CHARGES:	324,830	-	-	324,830
	a) post-employment benefits	*244,932*	-	-	*244,932*
	b) other allowances	*79,898*	-	-	*79,898*
140	VALUATION RESERVES	(198,017)	-	-	(198,017)
170	RESERVES	(832,387)	(24,131)	-	(856,518)
180	SHARE PREMIUM RESERVE	811,949	-	-	811,949
190	SHARE CAPITAL	2,791,422	-	-	2,791,422
200	TREASURY SHARES	(15,572)	-	-	(15,572)
210	NON-CONTROLLING INTERESTS (+/-)	33,398	-	-	33,398
220	PROFIT (LOSS) FOR THE PERIOD (+/-)	(101,741)	(2,656)	(23,201)	(127,598)
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**30,298,856**	**4,151**	**(23,201)**	**30,279,806**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

		9M2017	9M2016(r)	Change absolute	Change %
10 -	INTEREST AND SIMILAR INCOME	354,572	412,240	(57,668)	- 14.0
20 -	INTEREST AND SIMILAR EXPENSE	(173,681)	(212,773)	39,092	- 18.4
30 -	**NET INTEREST INCOME**	**180,891**	**199,467**	**(18,576)**	**- 9.3**
40 -	FEE AND COMMISSION INCOME	204,836	208,661	(3,825)	- 1.8
50 -	FEE AND COMMISSION EXPENSE	(23,662)	(25,415)	1,753	- 6.9
60 -	**NET FEE AND COMMISSION INCOME**	**181,174**	**183,246**	**(2,072)**	**- 1.1**
70 -	DIVIDENDS AND SIMILAR INCOME	10,625	14,077	(3,452)	- 24.5
80 -	NET PROFIT (LOSS) FROM TRADING	8,126	7,743	383	4.9
90 -	NET PROFIT (LOSS) FROM HEDGING	(922)	(1,994)	1,072	- 53.8
100 -	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	(108,266)	43,387	(151,653)	...
	a) loans	*(111,481)*	*(4)*	*(111,477)*	...
	b) financial assets available for sale	*1,411*	*36,330*	*(34,919)*	*- 96.1*
	d) financial liabilities	*1,804*	*7,061*	*(5,257)*	*- 74.5*
110 -	PROFITS (LOSSES) FROM FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	(1,117)	(1,682)	565	- 33.6
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**270,511**	**444,244**	**(173,733)**	**- 39.1**
130 -	NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(192,548)	(378,783)	186,235	- 49.2
	a) loans	*(175,071)*	*(382,490)*	*207,419*	*- 54.2*
	b) financial assets available for sale	*(13,658)*	*(716)*	*(12,942)*	...
	d) other financial transactions	*(3,819)*	*4,423*	*(8,242)*	...
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**77,963**	**65,461**	**12,502**	**19.1**
170 -	**NET INCOME FROM BANKING AND INSURANCE ACTIVITIES**	**77,963**	**65,461**	**12,502**	**19.1**
180 -	ADMINISTRATIVE EXPENSES:	(416,846)	(432,826)	15,980	- 3.7
	a) personnel expenses	*(225,661)*	*(225,863)*	*202*	*- 0.1*
	b) other administrative expenses	*(191,185)*	*(206,963)*	*15,778*	*- 7.6*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(22,681)	(3,392)	(19,289)	...
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(11,355)	(14,436)	3,081	- 21.3
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(16,432)	(18,196)	1,764	- 9.7
220 -	OTHER OPERATING INCOME/EXPENSE	54,756	64,807	(10,051)	- 15.5
230 -	**OPERATING EXPENSES**	**(412,558)**	**(404,043)**	**(8,515)**	**2.1**
240 -	PROFITS (LOSSES) ON EQUITY INVESTMENTS	5,767	6,596	(829)	- 12.6
260 -	IMPAIRMENT ON GOODWILL	-	(19,942)	19,942	- 100.0
270 -	GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	33	38	(5)	- 13.2
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(328,795)**	**(351,890)**	**23,095**	**- 6.6**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	95,499	105,211	(9,712)	- 9.2
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(233,296)**	**(246,679)**	**13,383**	**- 5.4**
310 -	PROFITS (LOSSES) AFTER TAX DISCONTINUED OPERATIONS	*18,901*	*19,731*	(830)	- 4.2
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(214,395)**	**(226,948)**	**12,553**	**- 5.5**
330 -	NON-CONTROLLING INTERESTS	(3,979)	(2,950)	(1,029)	34.9
340 -	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**(210,416)**	**(223,998)**	**13,582**	**- 6.1**

(r) With respect to published accounts, 9M2016 balances are reflective of changes from the application of provisions of both IFRS 5 "Non-current assets held for sale and discontinued operations" and IAS 8 "Accounting policies, changes in accounting estimates and errors"

CONSOLIDATED INCOME STATEMENT

Restatement of 9M16 accounts in compliance with IFRS 5 and IAS 8

(EUR/000)

		9M 2016 published	IFRS 5	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	9M2016 corrected and restated
10 -	INTEREST AND SIMILAR INCOME	443,555	(31,315)	-	-	412,240
20 -	INTEREST AND SIMILAR EXPENSE	(210,392)	799	(3,180)	-	(212,773)
30 -	**NET INTEREST INCOME**	**233,163**	**(30,516)**	**(3,180)**	**-**	**199,467**
40 -	FEE AND COMMISSION INCOME	210,595	(1,934)	-	-	208,661
50 -	FEE AND COMMISSION EXPENSE	(25,955)	540	-	-	(25,415)
60 -	**NET FEE AND COMMISSION INCOME**	**184,640**	**(1,394)**	**-**	**-**	**183,246**
70 -	DIVIDENDS AND SIMILAR INCOME	14,077	-	-	-	14,077
80 -	NET PROFIT (LOSS) FROM TRADING	7,743	-	-	-	7,743
90 -	NET PROFIT (LOSS) FROM HEDGING	(1,994)	-	-	-	(1,994)
100 -	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	43,288	-	99	-	43,387
	a) loans	*(4)*	-	-	-	*(4)*
	b) financial assets available for sale	*36,330*	-	-	-	*36,330*
	d) financial liabilities	*6,962*	-	*99*	-	*7,061*
110 -	PROFITS (LOSSES) FROM FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	(1,682)	-	-	-	(1,682)
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**479,235**	**(31,910)**	**(3,081)**	**-**	**444,244**
130 -	NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(413,325)	1,914	-	32,628	(378,783)
	a) loans	*(417,032)*	*1,914*	-	*32,628*	*(382,490)*
	b) financial assets available for sale	*(716)*	-	-	-	*(716)*
	d) other financial transactions	*4,423*	-	-	-	*4,423*
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**65,910**	**(29,996)**	**(3,081)**	**32,628**	**65,461**
170 -	**NET INCOME FROM BANKING AND INSURANCE**	**65,910**	**(29,996)**	**(3,081)**	**32,628**	**65,461**
180 -	ADMINISTRATIVE EXPENSES:	(437,296)	4,470	-	-	(432,826)
	a) personnel expenses	*(226,110)*	*247*	-	-	*(225,863)*
	b) other administrative expenses	*(211,186)*	*4,223*	-	-	*(206,963)*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(3,742)	350	-	-	(3,392)
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(14,461)	25	-	-	(14,436)
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(18,545)	349	-	-	(18,196)
220 -	OTHER OPERATING INCOME/EXPENSE	65,375	(568)	-	-	64,807
230 -	**OPERATING EXPENSES**	**(408,669)**	**4,626**	**-**	**-**	**(404,043)**
240 -	PROFITS (LOSSES) ON EQUITY INVESTMENTS	6,596	-	-	-	6,596
260 -	IMPAIRMENT ON GOODWILL	(19,942)	-	-	-	(19,942)
270 -	GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	38	-	-	-	38
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(356,067)**	**(25,370)**	**(3,081)**	**32,628**	**(351,890)**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	108,186	5,639	813	(9,427)	105,211
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(247,881)**	**(19,731)**	**(2,268)**	**23,201**	**(246,679)**
310 -	PROFITS (LOSSES) AFTER TAX DISCONTINUED OPERATIONS	-	19,731	-	-	19,731
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(247,881)**	**-**	**(2,268)**	**23,201**	**(226,948)**
330 -	NON-CONTROLLING INTERESTS	(2,950)	-	-	-	(2,950)
340 -	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**(244,931)**	**-**	**(2,268)**	**23,201**	**(223,998)**

FINANCIAL HIGHLIGHTS OF THE BANCA CARIGE GROUP

Amounts in EUR/mln

	Situation as at		Change	
BALANCE SHEET FIGURES	30/09/2017	31/12/2016r	absolute	%
Total assets	25,534.3	26,111.0	(576.7)	(2.2)
Direct deposits (a)	18,263.4	19,388.2	(1,124.8)	(5.8)
Indirect deposits (b)	21,281.4	21,487.9	(206.5)	(1.0)
- o.w. Assets under Management	*11,429.3*	*10,864.2*	*565.1*	*5.2*
- o.w. Assets under Custody	*9,852.1*	*10,623.7*	*(771.6)*	*(7.3)*
Overall funding (a+b)	39,544.7	40,876.1	(1,331.3)	(3.3)
Loans to customers(1)	16,406.5	17,720.8	(1,314.3)	(7.4)
Securities portfolio(2)	2,351.1	2,326.7	24.5	1.1
Group's share capital and reserves	2,119.1	2,401.0	(281.8)	(11.7)
RECLASSIFIED INCOME STATEMENT FIGURES	9M2017	9M2016r(*)		
Net operating income	402.4	472.3	(69.9)	(14.8)
Operating expenses	(383.9)	(386.1)	2.2	(0.6)
Gross operating profit	18.4	86.2	(67.8)	(78.6)
Net operating profit	(265.0)	(292.6)	27.6	(9.4)
Profit (loss) before tax from operations	(281.9)	(309.3)	27.4	(8.9)
Net Profit (Loss) attributable to the Parent Company	(210.4)	(224.0)	13.6	(6.1)
ALTERNATIVE PERFORMANCE MEASURES(3)	9M2017	9M2016r(*)		
Cost income	95.4%	81.7%		
ROE	-9.9%	-9.3%		
Adjusted ROE	-9.3%	-8.8%		
	30/09/2017	31/12/2016r		
Net bad loans/Loans to customers(1)	6.2%	7.5%		
RESOURCES (end of period)	30/09/2017	31/12/2016		
Number of branches	529	587	(58)	(9.9)
Headcount	4,715	4,873	(158)	(3.2)

r With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IFRS 5 "Non-current assets held for sale and discontinued operations"

(*) With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IAS 8 "Accounting policies, changes in accounting estimates and errors"

(1) Net of debt securities classified as L&R and after value adjustments

(2) Balance sheet items 20 (net of derivatives), 40, 60 (only for L&Rs) and 70 (only for L&Rs)

(3) With reference to Alternative Performance Measures (APM) consideration was given to the ESMA Guidelines on Alternative Performance Measures, which were published on 5 October 2015 and entered into force on 3 July 2016. An APM is understood as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Reported below is the reference for the calculation method of selected APMs:

- Cost income ratio: ratio of operating expenses (items 180, 200 and 210 of the Income Statement net of tax recoveries contained in item 220, of contributions to single resolution found and deposit guarantee schemes and DTA fees alignment) to net operating income (items 30, 60, 70, 80, 90, 100b-c-d, 110 and 220 of the Income Statement net of tax recoveries);
- ROE: ratio of Net Profit (Loss) for the period attributable to the Parent Company (item 340 of the Income Statement) to the Group's share capital and reserves (items 140, 170, 180, 190 and 200 of Balance Sheet Liabilities);
- Adjusted ROE: ratio of Net Profit (Loss) for the period attributable to the Parent Company (item 340 of the Income Statement) to the Group's share capital and reserves net of valuation reserves (items 170, 180, 190 and 200 of Balance Sheet Liabilities);
- Net bad loans/Loans to customers: ratio of net balance-sheet bad loans to customers to net loans to customers (item 70 of the Balance Sheet Assets net of debt securities classified as L&R).

Income statement reclassification criteria

The attached Consolidated Income Statement was reclassified in order to enhance the understandability of operating income, pursuant to the following operating criteria (where indicated, "items" correspond to the items of the Consolidated Income Statement prepared in accordance with the criteria set by the Bank of Italy):

- "**Net Interest Income**" corresponds to item "30. Net Interest income";
- "**Net fee and commission income**" corresponds to item "60. Net fee and commission income";
- "**Net income from trading/valuation of financial assets (Finance)**" includes items "70. Dividends and similar income", "80. Net profit (loss) from trading", "90. Net profit (loss) from hedging", "100b. Profits (losses) on disposal or repurchase of financial assets available for sale", "100c. Profits (losses) on disposal or repurchase of financial assets held to maturity", "100d. Profits (losses) on disposal or repurchase of financial liabilities" and "110. Profits (losses) on financial assets/liabilities designated at fair value" of the Consolidated Income Statement;
- "**Other operating income**" corresponds to item "220. Other operating income/expense", net of tax recovery included in core administrative expenses (EUR 34,393 thousand in 9M17 and EUR 36,782 thousand in 9M16);
- "**Personnel expenses**" corresponds to item "180a. Administrative expenses – personnel expenses";
- "**Net adjustments to/recoveries on property and equipment, and intangible assets**" corresponds to items "200. Net adjustments to/recoveries on property and equipment" and "210. Net adjustments to/recoveries on intangible assets
- "**Core administrative expenses**" corresponds to "180b. Administrative expenses – other administrative expenses", net of:
  - Gross EUR 15,914 thousand and gross EUR 18,340 thousand in contributions to the Single Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS) in 9M17 and 9M16 respectively, included – after tax – in "Contributions and other banking system charges";
  - *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 10,418 thousand in 9M17 and EUR 24,277 thousand in 9M16,

  and inclusive of tax recovery under item "220. Other operating income/expense" (EUR 34,393 thousand in 9M17 and EUR 36,782 thousand in 9M16);
- "**Net losses/recoveries on impairment of loans**" corresponds to item "130a. Net losses/recoveries on impairment of loans:
- "**Profits (losses) on disposal or repurchase of loans**" corresponds to item "100a. Profits (losses) on disposal or repurchase of loans";
- "**Net losses/recoveries on impairment of other financial assets**" includes items "130b. Net losses/recoveries on impairment of financial assets available for sale" and "130d. Net losses/recoveries on impairment of other financial transactions", net of the:
  - write-down of the stakes held in the Atlante Fund (EUR 10,609 thousand in 9M17), included – after tax – in "Contributions and other banking system charges";
  - write-down of the indirect shareholding in Cassa di Risparmio di Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato held via the Italian voluntary deposit protection fund (FITD) (EUR 2,508 thousand in 9M17), included – after tax – in "Contributions and other banking system charges";
  - write-down of the outstanding commitment to the Voluntary Scheme (EUR 7,449 thousand in 9M17), included – after tax – in "Contributions and other banking system charges";
- "**Net provisions for risks and charges**" corresponds to item "190. Net provisions for risks and charges";
- "**Profits (losses) on equity investments and disposal of investments**" includes items "240. Profits (losses) on equity investments" and "270. Profits (losses) on disposal of investments";
- "**Impairment on goodwill**" corresponds to item "260. Impairment on goodwill";
- "**Taxes**" corresponds to item "290. Taxes on income from continuing operations", net of tax effects relating to both "DTA fees" and the components under "Contributions and other banking system charges", specified below;
- "**Contributions and other banking system charges** " includes:
  - EUR 11,538 thousand and EUR 13,296 thousand in contributions to the Single Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS) in 9M17 and 9M16 respectively, after tax;
  - write-down of the stakes held in the Atlante Fund (EUR 7,100 thousand in 9M17, after tax);
  - write-down of the indirect shareholding in Cassa di Risparmio di Cesena, Cassa di Risparmio di Rimini and Cassa di Risparmio di San Miniato held via the Italian voluntary deposit protection fund (FITD) (EUR 1,679 thousand in 9M17, after tax);
  - write-down of the outstanding commitment to the Coluntary Scheme (EUR 5,401 thousand in 9M17, after tax);
- "**DTA fees**" corresponds to Deferred Tax Asset (DTA) fees convertible into tax credits, amounting to EUR 7,553 thousand in 9M17 and EUR 17,601 thousand in 9M16, after tax;
- "**Profit (loss) after tax from discontinued operations**" corresponds to item "310. Profit (loss) after tax from discontinued operations";
- "**Non-controlling interests**" corresponds to item "330. Non-controlling interests".

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