



**BANCA CARIGE'S BOARD OF DIRECTORS APPROVES
PRELIMINARY CONSOLIDATED¹ RESULTS AS AT 31 DECEMBER 2016**

APPOINTMENT OF A DIRECTOR

- **GROWTH IN GROSS OPERATING INCOME Y/Y (+9.9%)**
- **SHARP DECREASE IN OPERATING EXPENSES: EUR 80.4 MLN IN COST SAVINGS (-13.2% Y/Y)**
- **GROSS EUR 70.0 MLN IN CONTRIBUTIONS AND OTHER BANKING SYSTEM CHARGES**
- **4Q NET OPERATING INCOME ON SAME LEVELS AS IN 3Q16; Y/Y REDUCTION (-9.6%) AS A RESULT OF DELEVERAGING AND DE-RISKING**
- **CONTROL OVER NON-PERFORMING LOANS FURTHER STRENGTHENED: 45.4% COVERAGE OF NPLs AND 63.0% COVERAGE OF BAD LOANS, CLOSE TO SYSTEM'S TOP LEVEL**
- **LIQUIDITY: LCR AT 124% VS SREP TARGET OF 90%**
- **CAPITAL: PHASED-IN CET1r AT 11.3% AND LEVERAGE RATIO AT 7.9% (ESTIMATES)**
- **NET PROFIT (LOSS) ATTRIBUTABLE TO THE PARENT COMPANY -EUR 297.3 MLN, AFTER RECOGNITION OF LOAN LOSSES FOR AN AMOUNT OF EUR 467.9 MLN**

STRATEGIC INITIATIVES

- **EXECUTION OF STRATEGIC PLAN ON TRACK: (A) TRANSFER OF ICT ACTIVITIES BASED ON FACILITY MANAGEMENT AGREEMENTS, (B) TRADE UNION AGREEMENT, (C) MERGER OF BANCA CARIGE ITALIA INTO BANCA CARIGE (D) CLOSURE OF APPROXIMATELY 40 BRANCHES (E) MANAGEMENT STRENGTHENING (CFO AND CCO)**

¹ Approved following the entry into force of the harmonised requirements for statistical and prudential supervisory reporting (CO.REP and FIN.REP). This voluntary disclosure of preliminary results was prepared for the foregoing purposes and extended in scope to better illustrate the results of the Group to the market.

- **SECURITISATION OF A FIRST BAD LOAN PORTFOLIO IS AT AN ADVANCED STRUCTURING STAGE AS PER 2016-2020 STRATEGIC PLAN GUIDANCE**
- **STRATEGIC PLAN IS BEING UPDATED, WITH APPROVAL DUE BY 28 FEBRUARY**

Genoa, 10 February 2017 – Banca Carige's Board of Directors has approved the Group's preliminary consolidated results as at 31 December 2016. During the last quarter of the year, the Group actively pursued the implementation of the Strategic Plan approved on 29 June 2016, particularly by focusing on operating cost curbing initiatives and a preliminary analysis of the NPL portfolio in view of the planned carve-out initiatives.

Profit and loss results for the Carige Group

Gross operating income, reflective of the performance of the Group's operations, was up 9.9% Y/Y following the introduction of the initiatives scheduled to increase administrative cost efficiency and the implementation of activities to curb personnel expenses.

In consideration of the major loan write-downs taken in the first half of the year and the recognition of banking system contributions and DTA fees, the income statement for the financial year 2016 posts a net loss of EUR 297.3 mln.

More specifically, with rates continuing to fall and funding and lending volumes on a downturn (only partially offset by a decrease in the average cost of funding), Net Interest Income (EUR 299.4 mln) was down 9.5% compared to the financial year 2015. The drop in funding and lending and the current market cycle are a cause of reduced net fee and commission income (EUR 241.1 mln; -8.6%). The EUR 75.0 mln contribution of Net income from trading/valuation of financial assets (Finance) was 14.4% lower than last year when it included higher non-recurring components (gross EUR 29.4 mln from disposal of

the investment in the Central Institute of Italian Cooperative Banks (ICBPI) in 2015; EUR 12.1 mln from disposal of the equity investments held in CartaSi and Visa Europe in 2016).

Cost-curbing actions were reflected in a 13.2% reduction in operating expenses Y/Y (EUR 530.3 mln): the most vigorous actions were directed at reducing core administrative expenses (EUR 183.1 mln; -11.5%) and personnel expenses (EUR 296.1 mln), which were down 16.4% partly as a result of non-recurring items, net of which the reduction is still 5.2%. The cost/income ratio was down to 81.0% from the 84.4% level in the previous year.

Impairment losses on balance-sheet loans to customers totalled EUR 470.4 mln (EUR 319.3 mln in 2015) partly on account of the extensive thematic review conducted by the ECB in the first half of the year on exposures outstanding at the end of 2015, which led to a significant increase in the NPL coverage.

Among other major items, the negative net result includes the recognition of EUR 21.2 mln in provisions for risks and charges, EUR 19.9 mln in impairment losses on goodwill and gross EUR 70.0 mln (EUR 50.5 mln net) in DTA fees (EUR 27.7 mln gross), contributions and other banking system charges (ordinary and extraordinary contributions to the Resolution Fund for an amount of EUR 26.5 mln and to the Deposit Guarantee Scheme for EUR 9.1 mln; impairment losses on the Atlante fund and the voluntary scheme under the Italian Deposit Protection Fund for an amount of EUR 6.7 mln).

Key capital indicators for the Carige Group

During the year, after the major outflow registered in the first quarter partly in the wake of dynamics unfolding in the banking system, direct funding from retail and corporate customers fell to EUR 15.8 bn as at 31 December 2016 (EUR 18.1 bn as at 31/12/2015 and

EUR 16.4 bn as at 31/3/2016 and 30/9/2016). The institutional/wholesale funding component (EUR 3.8 bn as at 31/12/2016) was down by EUR 1.5 bn Y/Y due to the repayment of nominal EUR 423 mln in subordinated debt maturing in June 2016 and EUR 1,180 mln in covered bonds coming to maturity in November. As a combined result of the above, total direct funding amounted to EUR 19.6 bn as at 31 December 2016 (EUR 23.5 bn at the end of 2015).

Indirect funding, which was positively affected by direct deposits invested in asset management products, increased to EUR 21.5 bn in the last quarter (EUR 21.2 bn in September 2016 and EUR 21.9 bn in December 2015), in connection with the positive trend registered in bancassurance products (+8.3% Y/Y; +3.4% in Q4).

On the credit side, the financial year was characterised by the deleveraging of loans to customers, down from EUR 22.8 bn to EUR 21.1 bn, whereas the reduction in the institutional component (from EUR 1.7 bn to EUR 0.6 bn) is accounted for by the drop in lower-yielding repos.

The government bond portfolio (EUR 2.0 bn) maintains a low risk profile in terms of both sizing (83.8% of own funds vs. an Italian system average of 164.9%) and duration (3.2 years). Net of the stake held in the Bank of Italy, 97.2% of the securities portfolio consists of Italian Government bonds.

Capital ratios² were affected by the negative components arising from major loan write-downs taken and banking system charges incurred during the period: Phased-in CET1 ratio 11.3%; Phased-in TCR ratio: 13.8%; Phased-in Leverage ratio: 7.9%.

² Pending official reporting, the capital ratios were calculated based on operational estimates.

Despite strains in funding markets and the repayment of major bond issuances coming to maturity – for a total amount of EUR 2 bn – during the year, the liquidity profile remains adequate, with the LCR at 124% as at 31 December 2016, broadly in excess of the 90% SREP target.

The NPL portfolio increased by approximately EUR 510 mln, reaching a pre-provision total of EUR 7.3 bn; in net terms, the portfolio remained essentially unaltered at around EUR 4 bn (EUR 3.9 bn at end 2015) in relation to the increase in loan loss provisions (+EUR 387.1 mln) reflective of the outcome of the ECB's thematic review conducted in the first part of 2016.

The increase in NPL coverage from 42.9% to 45.4% is also to be observed with regard to the bad loan portfolio, with coverage close to the system's top level: 63.0% (60.4% at the end of 2015) as compared to the Italian system average³ of 59%; likewise high and increasing are the coverage ratios for unlikely-to-pay and past-due exposures, respectively at 27.5% and 16.4% (25.3% and 14.9% as at December 2015).

Giving effect to the 2016-2020 Strategic Plan, the Group worked on the structuring of a bad loan securitisation transaction in the last quarter of the year, in addition to focusing on the pursuit of increased efficiency. Noteworthy among the initiatives are the migration of the Group's data processing system and databases to the datacentres of CEDACRI, with which a facility management agreement was signed; the conclusion of negotiations with the trade unions for a review of the Company's Supplementary Labour Agreement, the merger of Banca Carige Italia and the closure of about 40 branches; on-boarding of new CFO and new CCO.

³ Source: Bank of Italy, Financial Stability Report no. 2 - November 2016

Appointment of a Director

Following resignation of Director Giampaolo Provaggi, the Board of Directors coopted the lawyer, Mr. Massimo Pezzolo, to serve as member of the Bank's Board of Directors pursuant to art. 2386 of the Italian Civil Code.

In compliance with the provisions of IAS 8 (Accounting standards, changes in accounting estimates and errors), the Bank recomputed:

- balance-sheet data as at 1 January 2015 and 31 December 2015, and income statement balances for 2015, in order to correctly recognise the amortised cost of certain bond issuances;
- balance-sheet data as at 31 December 2015 and income statement balances for 2015, for proper recognition of the discounting-related component of loan loss provisions.

After tax, the foregoing adjustments entailed an overall EUR 24.1 mln reduction of equity as at 1/1/2015, a EUR 25.9 mln reduction of profit (loss) for the year 2015 and a EUR 50.0 mln reduction of equity as at 31/12/2015 with respect to previously communicated balances.

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.

The Banca Carige Group's preliminary consolidated results as at 31 December 2016 will be presented to the financial community in a conference call via live audio webcast scheduled for 10 February at 17.45 (CET).

Dial in numbers and other details to access the conference call can be found on the Bank's corporate website (www.gruppocarige.it) under 'Investor Relations'.

Provided below are breakdown tables, including the consolidated Balance Sheet and Income Statement and the reclassified consolidated Income Statement relating to the voluntary disclosure of preliminary results.

The voluntary disclosure does not represent the consolidated financial statements pursuant to the international accounting standards, IAS/IFRS. The Draft Full-Year Report as at 31 December 2016 is set to be approved by the Board of Directors on 28 February 2017 and may therefore be subject to changes including as a result of events occurring after the publication of this press release. The consolidated Full-Year Report as at 31 December 2016 will be made available to the public following approval on 28 February 2017, in due time for filing under the law, together with the Independent Auditors' Report.

INVESTOR RELATIONS & RESEARCH

tel. +39 010 579 4877

fax +39 010 579 4875

e-mail: investor.relations@carige.it

EXTERNAL RELATIONS

tel. +39 010 579 3380

fax +39 010 579 2731

e-mail: relazioni.esterne@carige.it

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Preliminary amounts in EUR/mln

	Situation as at		Change	
	31/12/2016	31/12/2015(*)	absolute	%
RECLASSIFIED INCOME STATEMENT				
Net interest income	299.4	330.8	(31.4)	(9.5)
Net fee and commission income	241.1	263.8	(22.8)	(8.6)
Income from Finance ⁽¹⁾	75.0	87.6	(12.6)	(14.4)
Other operating income ⁽²⁾	39.1	41.6	(2.4)	(5.9)
NET OPERATING INCOME	654.6	723.8	(69.2)	(9.6)
Personnel expenses	(296.1)	(354.2)	58.1	(16.4)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(51.1)	(49.6)	(1.5)	3.1
Core administrative expenses ⁽³⁾	(183.1)	(207.0)	23.9	(11.5)
OPERATING EXPENSE	(530.3)	(610.7)	80.4	(13.2)
GROSS OPERATING PROFIT	124.3	113.1	11.2	9.9
Net impairment losses/reversals on loans ⁽⁴⁾	(467.9)	(318.7)	(149.2)	46.8
Profits (losses) on disposal or repurchase of loans	(0.0)	(0.0)	0.0	(93.8)
Net impairment losses/reversals on other financial activities ⁽⁵⁾	8.6	14.4	(5.8)	(40.5)
NET OPERATING PROFIT	(335.1)	(191.2)	(143.8)	75.2
Net provisions for risks and charges	(21.2)	(10.1)	(11.1)	...
Profits (losses) on investments in associates and companies subject to joint control and on disposal of investements ⁽⁶⁾	6.4	6.7	(0.2)	(3.3)
Impairment on goodwill	(19.9)	(57.1)	37.2	(65.1)
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	(369.7)	(251.8)	(117.9)	46.8
Taxes ⁽⁷⁾	118.5	78.7	39.8	50.6
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) after tax	(30.3)	(28.2)	(2.1)	7.4
DTA fees after tax	(20.1)	-	(20.1)	...
Profit (loss) after tax from discontinued operations	-	71.2	(71.2)	(100.0)
NET PROFIT (LOSS) FOR THE YEAR	(301.7)	(130.1)	(171.6)	...
Minority interest	(4.4)	(2.5)	(1.9)	73.6
NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	(297.3)	(127.6)	(169.7)	...

(*) 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) 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)

Preliminary amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	4Q2016	3Q2016(*)	2Q2016(*)	1Q2016(*)	4Q2015(*)	3Q2015(*)	2Q2015(*)	1Q2015(*)
Net interest income	69.4	70.3	76.8	82.9	87.5	74.4	81.4	87.5
Net fee and commission income	56.4	59.0	65.1	60.5	67.4	66.2	68.5	61.7
Income from Finance ⁽¹⁾	13.4	16.8	29.8	15.0	51.5	13.3	17.6	5.1
Other operating income ⁽²⁾	10.5	11.2	8.0	9.4	9.2	11.3	11.6	9.5
NET OPERATING INCOME	149.8	157.4	179.6	167.7	215.6	165.2	179.1	163.9
Personnel expenses	(70.0)	(82.9)	(61.2)	(82.1)	(94.3)	(85.0)	(88.2)	(86.6)
Net adjustments to/ recoveries on property and equipment, and on intangible assets	(18.1)	(10.1)	(11.7)	(11.3)	(12.4)	(11.4)	(12.4)	(13.4)
Core administrative expenses ⁽³⁾	(51.3)	(41.7)	(44.0)	(46.1)	(61.3)	(44.2)	(51.0)	(50.4)
OPERATING EXPENSE	(139.4)	(134.6)	(116.9)	(139.5)	(168.0)	(140.6)	(151.6)	(150.4)
GROSS OPERATING PROFIT	10.4	22.8	62.8	28.3	47.6	24.6	27.6	13.4
Net impairment losses/reversals on loans ⁽⁴⁾	(83.5)	(72.6)	(222.0)	(89.8)	(120.3)	(65.1)	(54.9)	(78.5)
Profits (losses) on disposal or repurchase of loans	0.0	(0.0)	-	-	(0.0)	0.1	-	(0.1)
Net impairment losses/reversals on other financial activities ⁽⁵⁾	4.9	(1.1)	2.7	2.1	7.1	(0.4)	2.2	5.4
NET OPERATING PROFIT	(68.2)	(51.0)	(156.5)	(59.4)	(65.6)	(40.8)	(25.1)	(59.7)
Net provisions for risks and charges	(17.4)	(3.5)	(0.8)	0.6	(6.0)	(2.8)	(1.3)	0.1
Profits (losses) on investments in associates and companies subject to joint control and on disposal of investements ⁽⁶⁾	(0.2)	4.3	0.0	2.3	(0.2)	2.7	1.5	2.6
Impairment on goodwill	-	-	(19.9)	-	(57.1)	-	-	-
PROFIT (LOSS) BEFORE TAX FROM OPERATIONS	(85.8)	(50.1)	(177.2)	(56.5)	(129.0)	(40.9)	(24.9)	(56.9)
Taxes ⁽⁷⁾	30.6	19.0	47.4	21.4	30.8	23.0	5.9	19.0
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante) afi	(17.1)	(6.6)	-	(6.7)	(28.2)	-	-	-
DTA fees after tax	(2.5)	(2.5)	(15.1)	-	-	-	-	-
Profit (loss) after tax from discontinued operations	-	-	-	-	(1.1)	0.0	80.5	(8.2)
NET PROFIT (LOSS) FOR THE PERIOD	(74.8)	(31.1)	(129.8)	(35.1)	(99.2)	(17.9)	61.4	(46.2)
Minority interest	(1.5)	(0.6)	(0.4)	(1.9)	(2.2)	(0.4)	0.2	(0.1)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	(73.3)	(30.5)	(129.4)	(33.2)	(97.0)	(17.4)	61.2	(46.2)

(*) 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 *(preliminary amount in EUR/000)*

	31/12/2016	31/12/2015(*)	Change	
			absolute	%
10 - CASH AND CASH EQUIVALENTS	297,412	324,395	(26,983)	-8.3
20 - FINANCIAL ASSETS HELD FOR TRADING	7,681	15,065	(7,384)	-49.0
40 - FINANCIAL ASSETS AVAILABLE FOR SALE	2,319,613	3,803,770	(1,484,157)	-39.0
60 - LOANS TO BANKS	1,958,763	1,220,489	738,274	60.5
70 - LOANS TO CUSTOMERS	18,251,446	21,439,988	(3,188,542)	-14.9
80 - HEDGING DERIVATIVES	39,233	54,730	(15,497)	-28.3
100 - EQUITY INVESTMENTS	94,236	92,536	1,700	1.8
120 - PROPERTY AND EQUIPMENT	761,274	783,816	(22,542)	-2.9
130 - INTANGIBLE ASSETS	56,653	78,062	(21,409)	-27.4
<i>of which:</i>				
- goodwill	-	19,942	(19,942)	-100.0
140 - TAX ASSETS	2,067,158	2,158,967	(91,809)	-4.3
a) current	985,651	1,187,871	(202,220)	-17.0
b) deferred	1,081,507	971,096	110,411	11.4
b1) of which pursuant to Law no. 214/2011	617,757	647,443	(29,686)	-4.6
160 - OTHER ASSETS	265,828	307,988	(42,160)	-13.7
TOTAL ASSETS	26,119,297	30,279,806	(4,160,509)	-13.7

LIABILITIES AND SHAREHOLDERS' EQUITY *(preliminary amounts in EUR/000)*

	31/12/2016	31/12/2015(*)	Change	
			absolute	%
10 - DUE TO BANKS	3,468,322	2,824,957	643,365	22.8
20 - DUE TO CUSTOMERS	13,710,209	15,536,566	(1,826,357)	-11.8
30 - SECURITIES ISSUED	5,443,294	7,358,365	(1,915,071)	-26.0
40 - FINANCIAL LIABILITIES HELD FOR TRADING	2,064	4,824	(2,760)	-57.2
50 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS	459,197	557,795	(98,598)	-17.7
60 - HEDGING DERIVATIVES	259,037	220,628	38,409	17.4
80 - TAX LIABILITIES	34,334	18,303	16,031	87.6
(a) current	19,788	6,735	13,053	...
(b) deferred	14,546	11,568	2,978	25.7
100 - OTHER LIABILITIES	438,197	922,239	(484,042)	-52.5
110 - EMPLOYEE TERMINATION INDEMNITIES	65,769	72,235	(6,466)	-9.0
120 - ALLOWANCES FOR RISKS AND CHARGES:	106,171	324,830	(218,659)	-67.3
a) post-employment benefits	37,179	244,932	(207,753)	-84.8
b) other allowances	68,992	79,898	(10,906)	-13.6
140 - VALUATION RESERVES	(158,040)	(198,017)	39,977	-20.2
170 - RESERVES	(392,732)	(856,518)	463,786	-54.1
180 - SHARE PREMIUM RESERVE	175,954	811,949	(635,995)	-78.3
190 - SHARE CAPITAL	2,791,422	2,791,422	-	-
200 - TREASURY SHARES	(15,572)	(15,572)	-	-
210 - NON-CONTROLLING INTERESTS (+/-)	28,961	33,398	(4,437)	-13.3
220 - PROFIT (LOSS) FOR THE YEAR (+/-)	(297,290)	(127,598)	(169,692)	...
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,119,297	30,279,806	(4,160,509)	-13.7

(*) 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"

BALANCE SHEET

Restatement of opening balances in compliance with IAS 8

ASSETS (EUR/000)

	1/1/2015	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	1/1/2015 Restated
10 - CASH AND CASH EQUIVALENTS	329,394			329,394
20 - FINANCIAL ASSETS HELD FOR TRADING	67,762			67,762
40 - FINANCIAL ASSETS AVAILABLE FOR SALE	3,037,414			3,037,414
60 - LOANS TO BANKS	754,732			754,732
70 - LOANS TO CUSTOMERS	23,682,831			23,682,831
80 - HEDGING DERIVATIVES	201,525			201,525
100 - EQUITY INVESTMENTS	92,482			92,482
120 - PROPERTY AND EQUIPMENT	769,760			769,760
130 - INTANGIBLE ASSETS	116,148			116,148
<i>of which:</i>				
- <i>goodwill</i>	57,145			57,145
140 - TAX ASSETS	2,032,517	3,198		2,035,715
<i>a) current</i>	1,034,463	1,269		1,035,732
<i>b) deferred</i>	998,054	1,929		999,983
- <i>of which under Law no. 214/2011</i>	753,312			753,312
150 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	6,854,768			6,854,768
160 - OTHER ASSETS	370,227			370,227
TOTAL ASSETS	38,309,560	3,198	-	38,312,758

LIABILITIES AND SHAREHOLDERS' EQUITY (EUR/000)

	1/1/2015	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	1/1/2015 Restated
10 - DUE TO BANKS	1,877,094			1,877,094
20 - DUE TO CUSTOMERS	17,332,987			17,332,987
30 - SECURITIES ISSUED	8,121,888	27,329		8,149,217
40 - FINANCIAL LIABILITIES HELD FOR TRADING	11,667			11,667
50 - FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	964,726			964,726
60 - HEDGING DERIVATIVES	515,252			515,252
80 - TAX LIABILITIES	24,421			24,421
<i>(a) current</i>	12,891			12,891
<i>(b) deferred</i>	11,530			11,530
90 - LIABILITIES ASSOCIATED WITH GROUPS OF ASSETS HELD FOR SALE	6,474,615			6,474,615
100 - OTHER LIABILITIES	640,768			640,768
110 - EMPLOYEE TERMINATION INDEMNITIES	82,588			82,588
120 - ALLOWANCES FOR RISKS AND CHARGES	446,011			446,011
<i>a) post-employment benefits</i>	393,563			393,563
<i>b) other allowances</i>	52,448			52,448
140 - VALUATION RESERVES	(190,025)			(190,025)
170 - RESERVES	(426,348)	(24,131)		(450,479)
180 - SHARE PREMIUM RESERVE	368,856			368,856
190 - SHARE CAPITAL	2,576,863			2,576,863
200 - TREASURY SHARES (-)	(20,283)			(20,283)
210 - MINORITY INTERESTS (+/-)	52,071			52,071
220 - PROFIT (LOSS) FOR THE YEAR (+/-)	(543,591)			(543,591)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	38,309,560	3,198	-	38,312,758

BALANCE SHEET

Restatement of closing balances in compliance with IAS 8

ASSETS (EUR/000)

	31/12/2015	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	31/12/2015 Restated
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
<i>of which:</i>				
- goodwill	19,942			19,942
140 - TAX ASSETS	2,145,389	4,151	9,427	2,158,967
<i>a) current</i>	1,186,602	1,269		1,187,871
<i>b) deferred</i>	958,787	2,882	9,427	971,096
- of which under Law no. 214/2011	647,443		2,697	647,443
160 - OTHER ASSETS	307,988			307,988
TOTALE DELL'ATTIVO	30,298,856	4,151	(23,201)	30,279,806

LIABILITIES AND SHAREHOLDERS' EQUITY (EUR/000)

	31/12/2015	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	31/12/2015 Restated
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 AND LOSS	557,795			557,795
60 - HEDGING DERIVATIVES	220,628			220,628
80 - TAX LIABILITIES	18,303			18,303
<i>(a) current</i>	6,735			6,735
<i>(b) deferred</i>	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
<i>a) post-employment benefits</i>	244,932			244,932
<i>b) other allowances</i>	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 - MINORITY INTERESTS (+/-)	33,398			33,398
220 - PROFIT (LOSS) FOR THE YEAR (+/-)	(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

(Preliminary amounts in EUR/000)

	2016	2015(*)	Change	
			absolute	%
10 - INTEREST AND SIMILAR INCOME	580,432	681,703	(101,271)	- 14.9
20 - INTEREST AND SIMILAR EXPENSE	(281,006)	(350,879)	69,873	- 19.9
30 - NET INTEREST INCOME	299,426	330,824	(31,398)	- 9.5
40 - FEE AND COMMISSION INCOME	276,730	310,054	(33,324)	- 10.7
50 - FEE AND COMMISSION EXPENSE	(35,675)	(46,209)	10,534	- 22.8
60 - NET FEE AND COMMISSION INCOME	241,055	263,845	(22,790)	- 8.6
70 - DIVIDENDS AND SIMILAR INCOME	14,077	15,349	(1,272)	- 8.3
80 - NET PROFIT (LOSS) ON TRADING	18,459	(2,533)	20,992	...
90 - NET PROFIT (LOSS) FROM HEDGING	(2,384)	(4,697)	2,313	- 49.2
100 - PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	48,810	79,544	(30,734)	- 38.6
<i>a) loans</i>	(3)	(48)	45	- 93.8
<i>b) financial assets available for sale</i>	40,302	76,723	(36,421)	- 47.5
<i>d) financial liabilities</i>	8,511	2,869	5,642	...
110 - PROFITS (LOSSES) FROM FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	(3,993)	(137)	(3,856)	...
120 - NET INTEREST AND OTHER BANKING INCOME	615,450	682,195	(66,745)	- 9.8
130 - NET LOSSES/REVERSALS ON IMPAIRMENT OF:	(466,017)	(304,300)	(161,717)	53.1
<i>a) loans</i>	(467,897)	(318,694)	(149,203)	46.8
<i>b) financial assets available for sale</i>	(7,563)	(1,796)	(5,767)	...
<i>d) other financial transactions</i>	9,443	16,190	(6,747)	- 41.7
140 - NET INCOME FROM BANKING ACTIVITIES	149,433	377,895	(228,462)	- 60.5
170 - NET INCOME FROM BANKING AND INSURANCE ACTIVITIES	149,433	377,895	(228,462)	- 60.5
180 - ADMINISTRATIVE EXPENSES:	(592,051)	(660,606)	68,555	- 10.4
<i>a) personnel expenses</i>	(296,072)	(354,157)	58,085	- 16.4
<i>b) other administrative expenses</i>	(295,979)	(306,449)	10,470	- 3.4
190 - NET PROVISIONS FOR RISKS AND CHARGES	(21,177)	(10,069)	(11,108)	...
200 - NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(26,501)	(21,764)	(4,737)	21.8
210 - NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(24,617)	(27,810)	3,193	- 11.5
220 - OTHER OPERATING INCOME/EXPENSE	88,662	98,839	(10,177)	- 10.3
230 - OPERATING EXPENSES	(575,684)	(621,410)	45,726	- 7.4
240 - PROFITS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL	6,596	6,644	(48)	- 0.7
260 - IMPAIRMENT ON GOODWILL	(19,942)	(57,145)	37,203	- 65.1
270 - GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	(148)	25	(173)	...
280 - PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(439,745)	(293,991)	(145,754)	49.6
290 - TAXES ON INCOME FROM CONTINUING OPERATIONS	138,041	92,634	45,407	49.0
300 - PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	(301,704)	(201,357)	(100,347)	49.8
310 - PROFITS (LOSSES) AFTER TAX DISCONTINUED OPERATIONS	-	71,216	(71,216)	- 100.0
320 - NET PROFIT (LOSS)	(301,704)	(130,141)	(171,563)	...
330 - MINORITY INTERESTS	(4,414)	(2,543)	(1,871)	73.6
340 - NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	(297,290)	(127,598)	(169,692)	...

(*) With respect to published accounts, the balances of previous year are reflective of changes from the application of provisions of IAS 8

CONSOLIDATED INCOME STATEMENT

Restatement of prior period accounts in compliance with IAS 8

(EUR/000)

	2015	IAS 8 Correction to bonds	IAS 8 Correction to NPL discounting	2015 Restated
10 - INTEREST AND SIMILAR INCOME	681,703			681,703
20 - INTEREST AND SIMILAR EXPENSE	(347,271)	(3,608)		(350,879)
30 - NET INTEREST INCOME	334,432	(3,608)	-	330,824
40 - FEE AND COMMISSION INCOME	310,054			310,054
50 - FEE AND COMMISSION EXPENSE	(46,209)			(46,209)
60 - NET FEE AND COMMISSION INCOME	263,845	-	-	263,845
70 - DIVIDENDS AND SIMILAR INCOME	15,349			15,349
80 - NET PROFIT (LOSS) FROM TRADING	(2,533)			(2,533)
90 - NET PROFIT (LOSS) FROM HEDGING	(4,697)			(4,697)
100 - PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	79,544	-		79,544
<i>a) loans</i>	(48)			(48)
<i>b) financial assets available for sale</i>	76,723			76,723
<i>d) financial liabilities</i>	2,869			2,869
110 - PROFITS (LOSSES) ON FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	(137)			(137)
120 - NET INTEREST AND OTHER BANKING INCOME	685,803	(3,608)	-	682,195
130 - NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(271,672)	-	(32,628)	(304,300)
<i>a) loans</i>	(286,066)		(32,628)	(318,694)
<i>b) financial assets available for sale</i>	(1,796)			(1,796)
<i>d) other financial transactions</i>	16,190			16,190
140 - NET INCOME FROM BANKING ACTIVITIES	414,131	(3,608)	(32,628)	377,895
170 - NET INCOME FROM BANKING AND INSURANCE ACTIVITIES	414,131	(3,608)	(32,628)	377,895
180 - ADMINISTRATIVE EXPENSES:	(660,606)	-	-	(660,606)
<i>a) personnel expenses</i>	(354,157)			(354,157)
<i>b) other administrative expenses</i>	(306,449)			(306,449)
190 - NET PROVISIONS FOR RISKS AND CHARGES	(10,069)			(10,069)
200 - NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(21,764)			(21,764)
210 - NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(27,810)			(27,810)
220 - OTHER OPERATING INCOME/EXPENSE	98,839			98,839
230 - OPERATING EXPENSES	(621,410)	-	-	(621,410)
240 - PROFITS (LOSSES) ON INVESTMENTS IN ASSOCIATES AND COMPANIES SUBJECT TO JOINT CONTROL	6,644			6,644
260 - IMPAIRMENT ON GOODWILL	(57,145)			(57,145)
270 - PROFITS (LOSSES) ON DISPOSAL OF INVESTMENTS	25			25
280 - PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	(257,755)	(3,608)	(32,628)	(293,991)
290 - TAXES ON INCOME FROM CONTINUING OPERATIONS	82,255	952	9,427	92,634
300 - PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS	(175,500)	(2,656)	(23,201)	(201,357)
310 - PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS	71,216			71,216
320 - NET PROFIT (LOSS) FOR THE YEAR	(104,284)	(2,656)	(23,201)	(130,141)
330 - MINORITY INTERESTS	(2,543)			(2,543)
340 - NET PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE PARENT COMPANY	(101,741)	(2,656)	(23,201)	(127,598)

FINANCIAL HIGHLIGHTS OF THE BANCA CARIGE GROUP

Preliminary amounts in EUR/mln

	Situation as at		Change	
	31/12/2016	31/12/15(*)	absolute	%
BALANCE SHEET FIGURES				
Total assets	26,119.3	30,279.8	(4,160.5)	(13.7)
Direct deposits (a)	19,612.8	23,452.8	(3,840.0)	(16.4)
Indirect deposits (b)	21,487.9	21,854.7	(366.8)	(1.7)
- o.w. Assets under Management	10,864.2	11,044.6	(180.4)	(1.6)
- o.w. Assets under Custody	10,623.7	10,810.1	(186.4)	(1.7)
Overall funding (a+b)	41,100.7	45,307.5	(4,206.8)	(9.3)
Loans to customers ⁽¹⁾	21,713.0	24,513.9	(2,800.9)	(11.4)
Securities portfolio ⁽²⁾	2,326.7	3,815.1	(1,488.4)	(39.0)
Group's shareholders' equity	2,103.7	2,405.7	(301.9)	(12.6)
RECLASSIFIED INCOME STATEMENT FIGURES	31/12/2016	31/12/15(*)		
Net operating income	654.6	723.8	(69.2)	(9.6)
Operating expenses	(530.3)	(610.7)	80.4	(13.2)
Gross operating profit	124.3	113.1	11.2	9.9
Net operating profit	(335.1)	(191.2)	(143.8)	75.2
Profit (loss) before tax from operations	(369.7)	(251.8)	(117.9)	46.8
Net income (loss) attributable to the Parent Company	(297.3)	(127.6)	(169.7)	...
RESOURCES (end of period)	31/12/2016	31/12/2015		
Number of branches	587	625	(38)	(6.1)
Headcount	4,873	5,034	(161)	(3.2)

(*) 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)

Income statement reclassification criteria

To provide for a more comprehensive disclosure about the results achieved, please find attached the Consolidated Income Statement, which 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. 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" and "100d. Profits (losses) on disposal or repurchase of financial liabilities" 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 49,539 thousand and EUR 57,282 thousand in 2016 and 2015, respectively);
- **"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:
 - EUR 35,593 thousand and EUR 42,160 thousand contributions to the National Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS) in 2016 and 2015 respectively, included – after tax – in "Contributions and other banking system charges";
 - *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 27,743 thousand, to be paid for both 2016 and 2015 (but fully recognised in 2016), included – after tax – in "Contributions and other banking system charges",and inclusive of tax recovery under item "220. Other operating income/expense" (EUR 49,539 thousand in 2016 and EUR 57,282 thousand in 2015);
- **"Net impairment losses/reversals on 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 impairment losses/reversals on 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:
 - write-down of the indirect shareholding in Cassa di Risparmio di Cesena, held via the Italian voluntary deposit protection fund (FITD) (EUR 1,293 thousand in 2016), included – after tax – in "Contributions and other banking system charges";
 - write-down of the stakes held in the Atlante Fund (EUR 5,386 thousand in 2016), 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 investments in associates and companies subject to joint control and disposal of investments"** includes items "240. Profits (losses) on investments in associates and companies subject to joint control" and "270. Profits (losses) on disposal of investments";
- **"Impairment on goodwill"** corresponds to item "260. Impairment on goodwill";
- **"Taxes"** corresponds to items "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 25,805 thousand and EUR 28,543 thousand contributions to the National Resolution Fund (SRF) and the Deposit Guarantee Scheme (DGS) in 2016 and 2015, respectively, after tax;
 - write-down of the indirect shareholding in Cassa di Risparmio di Cesena, held via the Italian voluntary deposit protection fund (FITD) (EUR 937 thousand in 2016, after tax);
 - write-down of the stakes held in the Atlante Fund (EUR 3,605 thousand in 2016, after tax);
- **"DTA fees"** corresponds to *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 20,114 thousand, to be paid for both 2016 and 2015 (fully recognised in 2016), after tax;
- **"Profit (loss) after tax from discontinued operations"** corresponds to item "310. Profit (loss) after tax from discontinued operations";
- **"Minority interests"** corresponds to item "330. Minority interests".