PRESS RELEASE

CONSOLIDATED RESULTS AS AT 30 JUNE 2018[1]
CONVENING OF THE ORDINARY SHAREHOLDERS' MEETING

- NET ACCOUNTING RESULT AS AT 30 JUNE 2018: -EUR 20.5 MLN
- NORMALISED PROFIT (LOSS) NET OF ONE-OFF EFFECTS FROM PAST LEGACY AT OPERATING BREAK EVEN (+EUR 20.2 MLN)
- GROSS OPERATING PROFIT +51.8% VS. 1H2017
- UNRELENTING COST DISCIPLINE: CORE OPERATING EXPENSES -12.3%
- FUNDING UP BY APPROX. EUR 1 BN IN 1H18 (DIRECT AND INDIRECT COMPONENTS COMBINED)
- COST OF CREDIT AT 82 BPS (53 BPS NORMALISED FOR DISPOSALS/WRITE-OFFS), IN LINE WITH PLAN FORECASTS, WITH OVERALL COVERAGE AT 52.0%
- UTP DERISKING CONTINUES: DISPOSALS/WRITE-OFF ARRANGEMENTS FINALISED FOR A TOTAL OF EUR 127.0 MLN AND BINDING OFFERS RECEIVED ON 400.0 MLN WORTH OF POSITIONS, WITH CLOSING EXPECTED IN 3Q18
- 2017-2020 BUSINESS PLAN EXECUTION PROGRESSES
    - CLOSING OF THE DISPOSAL OF THE NPE MANAGEMENT PLATFORM TO CREDITO FONDIARIO (APPROXIMATELY GROSS EUR 31.0 MLN)
    - CLOSING OF PARTNERSHIP WITH IBM FOR GROUP IT SYSTEM OUTSOURCING
    - AGREEMENT FOR DISPOSAL OF THE MERCHANT ACQUIRING BUSINESS SIGNED WITH NEXI
    - ADDITIONAL READILY MARKETABLE REAL ESTATE ASSETS SOLD
- CET1 RATIO AT 11.8% AND TCR AT 11.9% AS AT 30 JUNE 2018,
- PRO-FORMA CET1 RATIO AT 12.9% AND PRO-FORMA TCR AT 13.0%, WHEN INCLUDING THE ONE-OFF TRANSACTIONS BEING FINALISED
- ORDINARY SHAREHOLDERS' MEETING CONVENED FOR 20 SEPTEMBER 2018

[1] The results make reference to the Income Statement reclassified according to the criteria specified below Capital ratios are calculated on the basis of operational estimates, pending official reporting.

Genoa, 3 August 2018 – Banca Carige's Board of Directors has today approved the Group's consolidated results as at 30 June 2018. The Group closes the six-month reporting period confirming the turnaround shown in the first quarter of 2018, providing continuity to the **strategic actions identified in the 2017-2020 Business Plan** (the "Plan"):

- growth in in both direct and indirect funding;
- the revived sales and distribution effort placed its focus on high-yield funding;
- growth in lending, especially in the household and SME target segments;
- cost management discipline, with costs on a structural downtrend;
- cost of credit in line with Plan forecasts on the back of intense derisking;
- on-track execution of one-off transactions in the Plan.

Net of one-off effects from past legacy, the 1H18 result is thus at operating break-even (+EUR 20.2 mln[2]) and in line with Plan forecasts. One-off effects traceable to losses on loans granted before 2014 which were sold or written off in the second quarter of 2018 (EUR 17.6 mln net[2]) and higher provisions on risks and charges for indemnities and penalties claimed by Amissima (EUR 23.1 mln net) lead to a net accounting result of -EUR 20.5 mln (vs. a net result of -EUR 158.4 mln in the same period of 2017). Items attributable to the agreement entered into with Amissima, prudentially provisioned for in the 2016-2018 period amount in total to roughly EUR 67.0 mln.

Gross Operating Profit calculated as a difference between core operating income and expenses was positive and rose to EUR 24.8 mln (+51.8% Y/Y), thanks to revenues from sales and distribution activities -which are continuing the trend reversal that started in the first quarter- and the structural reduction in the cost base. Results achieved in **Net Interest**

[2] Operational data

Income are confirmed, both Q/Q (EUR 59.8 mln vs EUR 56.1 mln in 1Q2018, net of IFRS9 impact), and Y/Y (+2.4%). This trend is the positive result of a more targeted commercial effort and stronger organisational effectiveness leading to a roughly EUR 1.0 bn growth in total customer deposits during the six-month period and stability in loans to customers, as the pivot around which the business re-mix (products and segments) and the derisking activities embedded in the Plan are revolving.

In 1H **Net fees and commissions** performed almost in line with the same period of the previous year, totalling EUR 120.4 mln (-1.4%), with a significant contribution from assets under management: a growth by 55.0% in mutual funds, 44.0% in life and pension bancassurance and 63.0% in non-life insurance products underwritten was registered compared to the first half of 2017. The 1Q vs 2Q gap in 2018 (-5.5%) is primarily accounted for by a lower contribution from commissions on current accounts after the 'clean up' in 2Q (~16,200 accounts closed vs. ~14,900 accounts opened).

Core operating expenses, amounting to EUR 228.0 mln (-12.3% Y/Y), are reflective of the Bank's strict cost management policy, pursued through a structural reduction of personnel expenses and other core administrative expenses. On account of the approximately 400 headcount reduction, labour cost curbing measures under the trade union agreement of 16 December 2017 and, only to a partial extent, as a result of the upside from one-off transactions underway (ca. 220 FTEs estimated), **core personnel expenses** , amounting to EUR 144.4 mln, dropped 4.8% Y/Y and 3.9% Q/Q. **Other core administrative expenses**, totalling EUR 74.5 mln, fell further and to a greater extent (-15.9%) than in the first half of 2017.

Cost reduction is expected to be further boosted by the IBM-partnered management of the IT platform, which will lower the costs compared to an in-house solution by approximately EUR 40.0 mln over the Plan period and advancements in the Plan initiatives, including closure of an additional 35 branches and access to the Solidarity Fund, with the number of 490 opt-in applications having been reached and retirement windows becoming effective as of 1 July 2018.

The trend in revenues combined with cost-curbing actions allowed the Bank to reach a **cost/income** ratio of 90.2%, a notable improvement from 94.1% in 1H17. Net of the IFRS9 impact and including the positive contribution from Creditis, the pro-forma C/I would be 81.7%[3].

Annualised over the six-month period, the **cost of credit** was 82 bps (53 bps when normalised for disposals/write-off arrangements) in line with Plan forecasts thanks to the derisking activities implemented in 2017 and carried on in the second half of 2018 through UTP disposals/write-off arrangements for an amount of approximately EUR 127.0 mln (o.w. around EUR 80 mln derecognised in 2Q).

As for the remaining part of the UTP positions held for sale in 2018, 4 binding offers were received for a GBV of around EUR 400.0 mln, with closing expected by the end of the third quarter.

The derecognition of a bad loan portfolio with a GBV of up to EUR 1 bn via a GACS-backed securitisation continues, with process completion expected, as planned, by the end of the second half of 2018.

[3] The pro-forma C/I inclusive of Creditis was recalculated line by line without applying the IFRS5 and with the IFRS 9 impact being sterilised on the NII.

The **deleveraging** activities in progress as per Plan, combined with the guidelines set forth in the NPE Strategy , will allow the Bank to exceed the 2019 ECB targets as early as by the end of 2018: the estimated end-2018 gross **NPEs** will approximately amount to EUR 2.7 bn as compared to the ECB target of EUR 4.6 bn for 2018 (EUR 3.7 bn for 2019).

The Bank actively continued **executing the one-off transactions** included in the Plan, by entering into a ten-year partnership with Nexi on 3 April 2018 for the distribution of new, innovative payment products and services through the Carige Group’s distribution network. The agreement provides for the Bank's disposal of the Merchant Acquiring business to Nexi Payments S.p.A. for a consideration of up to EUR 25.0 mln. The transaction, already authorised by the Supervisory Authority, will be finalised in the third quarter of 2018.

On 10 May 2018, the Bank signed the agreement for the disposal of the bad loan management platform to Credito Fondiario, for a gross sale price of approximately EUR 31.0 mln, which formally marked the start of a ten-year partnership for the management and workout of the Group's bad loans, ensuring higher quality standards in line with best market practices.

On 30 May 2018 Banca Carige finalised the closing of the partnership for the management of the Group’s IT system with IBM, the world’s premier information infrastructure technology provider.

As of 1 June 2018, the IT structure was transferred to a Newco (Dock S.r.l.), 81% owned by IBM and 19% owned by Banca Carige.

Finally, for completion of Creditis disposal to Chenavari, the Bank is waiting for conclusion of the authorisation process by the Supervisory Authority so that it can proceed with the closing of the agreement, expected to take place in the third quarter of 2018.

Funding/lending with customers

Direct funding from retail and corporate customers totalled EUR 14.5 bn, up 3.7% compared to December 2017, driven by the good performance registered in 2Q. More specifically, funding posted a significant increase in its short-term component and in current accounts, while a downtrend was observed in the medium/long-term component due to bonds coming to maturity.

Indirect funding amounted to EUR 21.8 bn, up by approximately EUR 0.5 bn (+2.4% compared to 31 December 2017) as a result of both trends in Assets under Management (+ EUR 0.2 bn) and growth in Assets under Custody (+EUR 0.3 bn).

In particular, Assets under Management stood at EUR 11.6 bn, up 1.3% in the first half of the year and 3.1% Y/Y, as a result of the trend in life and pension bancassurance products, totalling EUR 6.0 bn (+2.5% from the start of the year), and mutual funds and open-ended collective investment schemes (SICAV), amounting to EUR 5.2 bn (+1.1% in the six-month period).

Gross loans to consumer customers and businesses (amounting to EUR 17.2 bn) are stable on December 2017. A closer look of their aggregates reveals that a gradual shift is occurring, as per Plan guidance, in the business mix of products and segments (with SMEs and households being top priority) and credit quality, as a result of continued derisking.

Credit quality

Gross non-performing on-balance-sheet loans to customers amounted to EUR 4.7 bn, down 1.2% compared to December 2017, with a gross NPE ratio of 26.8% and net NPE ratio of 15.7% (-130 bps on the end of December 2017).

In particular, gross bad loans to customers totalled EUR 1.8 bn and account for 10.3% of the aggregate. The 76.8% coverage ratio for gross bad loans including write offs (+8 p.p. on December 2017) is partly a consequence of the first-time adoption of IFRS9. Gross Unlikely-To-Pay exposures to customers, amounting to EUR 2.8 bn, were down 6.5% in the first half and their coverage is 35.1% (35.3% including write-offs), partly as a result of IFRS9 first-time adoption.

Past due exposures, consisting entirely in loans to customers, totalled EUR 84.6 mln with an 18.0% coverage.

The coverage ratio for non-performing on-balance-sheet loans to customers is 52.0% including write-offs, compared to 47.7% at the end of 2017. The foregoing coverage ratios for the various classes of risk (bad loans, unlikely-to-pay exposures and past due exposures) guarantee full compliance with the coverage targets set by the ECB and are in line with Plan targets.

Own funds and capital ratios

The phased in CET1 Ratio is 11.8%[4], higher than the 9.625% regulatory limit required by the ECB and the recommended threshold inclusive of Pillar 2 Guidance (11.175%). The phased-in Total Capital Ratio (TCR) settled at 11.9%[4], approximately 120 bps lower than

[4] The IFRS 9 fully loaded CET1 ratio is 9.9% whereas the IFRS 9 fully loaded Total Capital Ratio is 10.0%. Pending official reporting, the capital ratios were calculated based on operational estimates.

the 13.125% SREP threshold for 2018. The finalisation of the one-off deals included in the Plan drives the pro-forma phased-in CET 1 ratio as at June 2018 to 12.9% and the phased-in pro-forma TCR to 13.0% (around 12 bps below the 2018 SREP threshold, equivalent to approximately EUR 20 mln Tier 2 capital). The Leverage Ratio is 7.1%[5], continuing to be amongst the highest in the Italian banking system.

Total risk-weighted assets amounted to EUR 15.1 bn[6], stable on end of March 2018.

Liquidity management

The Group's liquidity position continues to be robust, with cash and unencumbered eligible assets rising to EUR 2.5 bn during the six-month period despite repayment of EUR 494.6 mln worth of bonds. T-LTRO funding amounts to EUR 3.5 bn with a Liquidity Coverage Ratio of 155% as at 30 June 2018. The Group's overall securities portfolio net of the equity investment in the Bank of Italy totalled EUR 1.8 bn, of which around EUR 1.5 bn is accounted for by Eurozone government bonds with a duration of 3.0 years. Italian government bonds in the portfolio amount to approximately EUR 1.3 bn and account for 72.5% of the Bank's own funds.

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Moreover, the Board of Directors decided to convene, in one call for 20 September 2018, the Ordinary Shareholders' Meeting to resolve upon:

(i) Proposals received by the shareholders POP 12 S.à.r.l. and Malacalza Investimenti S.r.l., pursuant to art. 2367 of the Italian Civil Code;

[5] Operational estimate, pending supervisory reporting data.
[6] Operational estimate, pending supervisory reporting data. Fully phased-in total risk-weighted assets is estimated at EUR 14.6 bn.

(ii) Fill the vacancies in the Board of Directors, appointing the Chair and Deputy Chair in particular, pursuant to art. 2364, para. 1(2) of the Italian Civil Code and art. 18, para. 11, of the Articles of Association, should the foregoing proposals not be approved;

(iii) Fill the vacancies in the Board of Statutory Auditors, pursuant to art. 2401 of the Italian Civil Code and art. 26 of the Articles of Association.

The Notice of Ordinary Shareholders' Meeting will be published under the terms and through the means set out by regulations in force.

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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, the end-of-period actual data for the first half of 2018 were compared to the forecasts of the revised 2018 Budget for the same period, which was prepared in continuity with the strategic guidelines of the Business Plan of September 2017, approved by the Board of Directors and forwarded to the European Central Bank in May 2018.

The EUR 32.2 mln gap observed between the result as at 30 June 2018 and the revised Budget forecasts is mainly traceable to the provisions for risks and charges in relation to the agreements entered into with Amissima in 2015, which were not included in the revised Budget, and the postponement of the disposal of Creditis, with conclusion of the authorisation by the Supervisory Authority still pending, contrary to the revised Budget forecast that the process would be completed by the end of June , with the estimated capital gain thus being accounted for in the Budget.

By comparing the end-of-period actual data as at June 2018, stripped of provisions taken on the agreements with Amissima on the assumption that the revised Budget 1H18 accounts would close net of the profit and loss impact from the expected disposal of Creditis, an essential alignment is observed between the actual and budgeted figure, as a result of a mismatch in revenues offset by cost reduction exceeding revised Budget estimates and a higher tax recovery.

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The Banca Carige Group's consolidated results as at 30 June 2018 will be presented to the financial community in a conference call via live audio webcast scheduled for today, 3 August at 14.00 (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'.

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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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ANNEXES

FINANCIAL HIGHLIGHTS OF THE BANCA CARIGE GROUP

Amounts in EUR/mln

	Situation as at			Change	
BALANCE SHEET FIGURES	30/06/2018	31/12/2017	30/06/2017	abs. 30/6-31/12	%
Total assets	24,768.8	24,919.7	25,909.4	(150.9)	(0.6)
Direct deposits (a)	17,062.2	16,858.8	18,323.7	203.4	1.2
Indirect deposits (b)	21,797.8	21,292.1	21,085.3	505.7	2.4
- o.w. *Assets under Management*	*11,550.7*	*11,397.2*	*11,198.3*	*153.5*	1.3
- o.w. *Assets under Custody*	*10,247.1*	*9,895.0*	*9,887.0*	*352.1*	3.6
Overall funding (a+b)	38,860.0	38,151.0	39,409.0	709.0	1.9
Loans to customers(1)	15,266.4	15,509.7	17,084.7	(243.3)	(1.6)
Securities portfolio(2)	2,140.1	2,298.6	2,075.8	(158.6)	(6.9)
Share capital and reserves	2,012.7	2,633.2	2,112.1	(620.5)	(23.6)
RECLASSIFIED INCOME STATEMENT FIGURES	2Q18	1Q18	2Q17	abs. 2Q18-1Q18	%
Net core operating income	117.4	135.4	128.5	(18.1)	(13.3)
Core operating expenses	(110.2)	(117.8)	(129.8)	7.5	(6.4)
Gross operating profit	7.1	17.7	(1.3)	(10.5)	(59.6)
Net operating profit	(46.0)	4.6	(147.8)	(50.5)	...
Profit (loss) before tax	(49.2)	(4.5)	(173.1)	(44.8)	...
Net profit (loss) attributable to the Parent Company	(26.9)	6.4	(113.8)	(33.3)	...
ALTERNATIVE PERFORMANCE MEASURES(3)	30/06/2018	31/12/2017	30/06/2017		
Cost income	90.2%	98.5%	94.1%		
ROE	-1.0%	-14.8%	-7.3%		
Adjusted ROE	-1.0%	-14.0%	-6.8%		
	30/06/2018	31/12/2017	30/06/2017		
Net bad loans/Loans to customers(1)	3.1%	3.9%	7.5%		
RESOURCES (end of period)	30/06/2018	31/12/2017	30/06/2017	abs. 30/6-31/12	%
Number of branches	503	529	529	(26)	(4.9)
Headcount	4,385	4,642	4,765	(257)	(5.5)

Note: The Income Statement figures for 1H18 are not fully comparable with the prior period as a result of the adoption, in 2018, of IFRS 9 and the fifth update of the Bank of Italy Circular no. 262. More specifically, some components of the original item 'net losses/recoveries on impairment of loans and other financial assets' were booked to interest income (with a negative EUR 6.6 mln impact on net interest income in the six-month period) and to provisions for risks and charges (with a negative EUR 37 thousand impact in the six-month period).

(1) For 2018: Balance Sheet item 40(b) net of debt securities at amortised cost and Balance Sheet item 20(c) (for the customer loan component only); for 2017: Balance Sheet item 70 net of debt securities classified as L&R.

(2) For 2018: Balance sheet items 20 (net of derivatives), 30 and 40 (only for debt securities measured at amortised cost); for 2017: 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, 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 are the reference values for the calculation method of selected APMs:

- Cost income ratio: ratio of core operating expenses (Income Statement items 190 (former 180), 210 and 220 (former 200 and 210) net of tax recoveries contained in item 230 (former 220), contributions to the Single Resolution Fund and Deposit Guarantee Scheme, DTA fees, non-core administrative expenses and net non-recurring adjustments to/recoveries on property and equipment and intangible assets) to net operating income (items 30, 60, 70, 80, 90, 100 (excluding 100(a)) and 110 (for the securities component only) net of non-recurring items and 230 (former 220) of the Income Statement net of tax recoveries)
- ROE: ratio of Net profit (loss) for the period attributable to the Parent Company (item 350 (former 340) of the Income Statement) to the Group's share capital and reserves (items 120, 150, 160, 170 and 180 (former 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 350 (former 340) of the Income Statement) to the Group's share capital and reserves net of valuation reserves (items 150, 160, 170 and 180 (former 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 40(a) (former 70) of the Balance Sheet Assets net of securities measured at amortised cost (for 2018) and debt securities classified as L&R (for 2017))

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

			Change	
RECLASSIFIED INCOME STATEMENT	1H18	1H17	absolute	%
Net interest income	109.2	120.9	(11.7)	(9.7)
Net fee and commission income	120.4	122.1	(1.7)	(1.4)
Core trading[1]	14.8	18.7	(3.9)	(20.9)
Other operating income[2]	8.4	14.5	(6.1)	(42.3)
NET CORE OPERATING INCOME	**252.8**	**276.3**	**(23.5)**	**(8.5)**
Core personnel expenses[3]	(144.4)	(151.7)	7.3	(4.8)
Net adjustments to/recoveries on core property and equipment, and on intangible assets[4]	(9.2)	(19.6)	10.5	(53.2)
Core administrative expenses[5]	(74.5)	(88.6)	14.1	(15.9)
CORE OPERATING EXPENSE	**(228.0)**	**(259.9)**	**31.9**	**(12.3)**
GROSS OPERATING PROFIT	**24.8**	**16.3**	**8.5**	**51.8**
Net losses/recoveries on impairment of loans[6]	(46.3)	(217.4)	171.1	(78.7)
Profits (losses) on disposal or repurchase of loans	(19.9)	-	(19.9)	...
Net losses/recoveries on impairment of other financial assets[7]	(0.0)	(0.4)	0.4	(97.5)
NET OPERATING PROFIT	**(41.4)**	**(201.5)**	**160.1**	**(79.5)**
Profits (losses) on equity investments and on disposal of investements[8]	38.1	5.8	32.3	...
Personnel expenses - severance[9]	(1.0)	-	(1.0)	...
Non-core administrative expenses[10]	(3.8)	(3.3)	(0.6)	17.3
Net provisions for risks and charges	(27.2)	(17.3)	(9.9)	57.3
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(11.5)	(18.1)	6.6	(36.6)
DTA fees	(6.9)	(6.9)	0.0	(0.2)
PROFIT (LOSS) BEFORE TAX	**(53.7)**	**(241.3)**	**187.6**	**(77.7)**
Taxes	18.6	70.6	(52.1)	(73.7)
Profit (loss) after tax from discontinued operations	15.0	12.3	2.6	21.3
NET PROFIT (LOSS) FOR THE PERIOD	**(20.2)**	**(158.4)**	**138.2**	**(87.2)**
Non-controlling interests	0.3	(3.5)	3.8	...
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(20.5)**	**(154.9)**	**134.4**	**(86.8)**

Note: The Income Statement figures for 1H18 are not fully comparable with the prior period as a result of the adoption, in 2018, of IFRS 9 and the fifth update of the Bank of Italy Circular no. 262. More specifically, some components of the original item 'net losses/recoveries on impairment of loans and other financial assets' were booked to interest income (with a negative EUR 6.6 mln impact on net interest income in the six-month period) and to provisions for risks and charges (with a negative EUR 37 thousand impact in the six-month period).

(1) Includes Income Statement items 70, 80, 90, 100 (excluding 100 (for the component relating to securities) net of non-recurring items
(2) Income statement item 230 (former 220) net of tax recoveries
(3) Income Statement item 190a (former 180(a)) net of non-recurring items (a.k.a. "severance", operational data)
(4) Income Statement items 210 and 220 (former 200 and 210) net of non-recurring items
(5) Income Statement item 190(b) (former 180(b)) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and non-recurring items associated with one-off transactions carried out during the period (with the latter being operational data)
(6) Includes Income Statement item 130(a) and, for 2018, item 110 (for loan component only) and item 140
(7) Income Statement items 130(b) (former 130(b) and 130(d)) net of certain banking system charges (Voluntary scheme and Atlante Fund)
(8) Income Statement items 250 and 280 (former 240 and 270)
(9) Operational data
(10) Non-recurring administrative expenses associated with one-off transactions carried out during the period (operational data)

QUARTERLY TREND
RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest income	53.7	55.5	52.7	59.9	58.4	62.6
Net fee and commission income	58.5	61.9	58.0	59.1	60.3	61.8
Core trading[1]	1.1	13.6	(1.6)	1.2	3.2	15.5
Other operating income[2]	4.0	4.4	5.0	5.9	6.5	8.0
NET CORE OPERATING INCOME	**117.4**	**135.4**	**114.1**	**126.1**	**128.5**	**147.8**
Core personnel expenses[3]	(70.7)	(73.6)	(71.6)	(74.0)	(73.6)	(78.1)
Net adjustments to/recoveries on core property and equipment, and on intangible assets[4]	(1.7)	(7.4)	(8.6)	(8.1)	(10.0)	(9.6)
Core administrative expenses[5]	(37.8)	(36.7)	(48.3)	(38.2)	(46.2)	(42.4)
CORE OPERATING EXPENSE	**(110.2)**	**(117.8)**	**(128.5)**	**(120.3)**	**(129.8)**	**(130.1)**
GROSS OPERATING PROFIT	**7.1**	**17.7**	**(14.4)**	**5.8**	**(1.3)**	**17.7**
Net losses on impairment of loans to banks and customers[6]	(33.2)	(13.1)	(252.4)	42.3	(141.9)	(75.6)
Profits (losses) on disposal or repurchase of financial assets at amortised cost	(19.9)	-	(210.0)	(111.5)	-	-
Net losses/recoveries on impairment of other financial assets[7]	0.0	(0.0)	(1.3)	3.5	(4.6)	4.2
NET OPERATING PROFIT	**(46.0)**	**4.6**	**(478.1)**	**(59.9)**	**(147.8)**	**(53.6)**
Non-core trading[8]	-	-	221.5	-	-	-
Profits (losses) on equity investments and on disposal of investements[9]	36.7	1.4	89.4	0.0	4.9	0.9
Personnel expenses - severance[10]	(1.0)	-	(61.5)	-	-	-
Non-core administrative expenses[11]	(2.0)	(1.8)	(6.7)	(0.4)	(3.3)	-
Non-recurring adjustments to/recoveries on property and equipment and intangible assets	-	-	(14.9)	-	-	-
Net provisions for risks and charges	(30.4)	3.2	(1.5)	(5.4)	(16.3)	(1.0)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(3.1)	(8.4)	(4.7)	(18.3)	(7.2)	(11.0)
DTA fees	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)
PROFIT (LOSS) BEFORE TAX	**(49.2)**	**(4.5)**	**(259.9)**	**(87.5)**	**(173.1)**	**(68.2)**
Taxes	15.2	3.4	73.8	24.9	49.9	20.8
Profit (loss) after tax from discontinued operations	7.5	7.5	7.2	6.6	6.0	6.3
NET PROFIT (LOSS) FOR THE PERIOD	**(26.6)**	**6.4**	**(179.0)**	**(56.0)**	**(117.2)**	**(41.2)**
Non-controlling interests	0.3	(0.0)	(1.0)	(0.5)	(3.4)	(0.1)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**(26.9)**	**6.4**	**(178.0)**	**(55.5)**	**(113.8)**	**(41.1)**

Note: The Income Statement figures for 1Q18 and 2Q18 are not fully comparable with those for prior periods as a result of the adoption, in 2018, of IFRS 9 and the fifth update of the Bank of Italy Circular no. 262.
More specifically, some components of the original item 'net losses/recoveries on impairment of loans and other financial assets' were booked to interest income (with a negative EUR 6.6 mln impact on net interest income in the six-month period) and to provisions for risks and charges (with a negative EUR 37 thousand impact in the six-month period)

(1) Includes Income Statement items 70, 80, 90, 100 (excluding 100(a) and 110 (for the component relating to securities) net of non-recurring items (LME for 2017)
(2) Income statement item 230 (former 220) net of tax recoveries
(3) Income Statement item 190a (former 180(a)) net of non-recurring items (a.k.a. "severance", operational data)
(4) Income Statement items 210 and 220 (former 200 and 210) net of non-recurring items
(5) Income Statement item 190(b) (former 180(b)) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and non-recurring items associated with one-off transactions carried out during the period (with the latter being operational data)
(6) Includes Income Statement item 130(a) and, for 2018, item 110 (for loan component only) and item 140
(7) Income Statement items 130(b) (former 130(b) and 130(d)) net of certain banking system charges (Voluntary scheme and Atlante Fund)
(8) LME for 2017
(9) Income Statement items 250 and 280 (former 240 and 270)
(10) Operational data
(11) Non-recurring administrative expenses associated with one-off transactions carried out during the period (operational data)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(Net of: Amissima, NPE disposals and write offs)

Amounts in EUR/mln

RECLASSIFIED INCOME STATEMENT	1H18 net of Amissima, NPE disposals/ write-off arrangements	Amissima	1H18 gross of Amissima, net of NPE disposals/ write-off arrangements	NPE disposals/ write-off arrangements (1)	1H18 gross of Amissima, NPE disposals/ write-off arrangements
Net interest income	109.2	-	109.2	-	109.2
Net fee and commission income	120.4	-	120.4	-	120.4
Core trading(1)	14.8	-	14.8	-	14.8
Other operating income(2)	7.9	0.5	8.4	-	8.4
NET CORE OPERATING INCOME	**252.4**	**0.5**	**252.8**	**-**	**252.8**
Core personnel expenses(3)	(144.4)	-	(144.4)	-	(144.4)
Net adjustments to/recoveries on core property and equipment, and on intangible assets(4)	(9.2)	-	(9.2)	-	(9.2)
Core administrative expenses(5)	(74.5)	-	(74.5)	-	(74.5)
CORE OPERATING EXPENSE	**(228.0)**	**-**	**(228.0)**	**-**	**(228.0)**
GROSS OPERATING PROFIT	**24.4**	**0.5**	**24.8**	**-**	**24.8**
Net losses/recoveries on impairment of loans(6)	(41.9)	-	(41.9)	(4.4)	(46.3)
Profits (losses) on disposal or repurchase of loans	-	-	-	(19.9)	(19.9)
Net losses/recoveries on impairment of other financial assets(7)	(0.0)	-	(0.0)	-	(0.0)
NET OPERATING PROFIT	**(17.6)**	**0.5**	**(17.1)**	**(24.2)**	**(41.4)**
Profits (losses) on equity investments and on disposal of investements(8)	38.1	-	38.1	-	38.1
Non-core administrative expenses(9)	(3.8)	-	(3.8)	-	(3.8)
Net provisions for risks and charges	5.1	(32.3)	(27.2)	-	(27.2)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(11.5)	-	(11.5)	-	(11.5)
DTA fees	(6.9)	-	(6.9)	-	(6.9)
PROFIT (LOSS) BEFORE TAX	**2.4**	**(31.9)**	**(29.5)**	**(24.2)**	**(53.7)**
Taxes	3.1	8.8	11.9	6.7	18.6
Profit (loss) after tax from discontinued operations	15.0	-	15.0	-	15.0
NET PROFIT (LOSS) FOR THE PERIOD	**20.5**	**(23.1)**	**(2.6)**	**(17.6)**	**(20.2)**
Non-controlling interests	0.3	-	0.3	-	0.3
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**20.2**	**(23.1)**	**(2.9)**	**(17.6)**	**(20.5)**

(1) Operational data
(2) Includes Income Statement items 70, 80, 90, 100 (excluding 100(a)), 110(a) and 250 (former 240, for the Autofiori dividend componentonly) net of non-recurring items
(3) Income statement item 230 (former 220) net of tax recoveries
(4) Income Statement item 190a (former 180(a)) net of non-recurring items (a.k.a. "severance", operational data)
(5) Income Statement items 210 and 220 (former 200 and 210) net of non-recurring items
(6) Income Statement item 190(b) (former 180(b)) net of contributions and other banking system charges (SRF and DGS), DTA fees, tax recoveries and non-recurring items associated with one-off transactions carried out during the period (with the latter being operational data)
(7) Includes Income Statement item 130(a) and, for 2018, item 110 (for the loan component only) and item 140
(8) Income Statement item 130(b) (former 130(b) and 130(d))
(9) Income Statement items 250 and 280 (former 240 and 270)
(10) Non-recurring administrative expenses associated with one-off transactions carried out during the period (operational data)

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR/000)*

IFRS 9	IAS 39		Situation as at 30/06/2018	31/12/2017
10.	**10.**	CASH AND CASH EQUIVALENTS	282,371	296,581
20.		FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	179,459	
20. a)	**20.**	FINANCIAL ASSETS HELD FOR TRADING	1,410	2,453
20. c)		OTHER FINANCIAL ASSETS MANDATORILY AT FAIR VALUE	178,049	
30.		FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	939,726	
	40.	FINANCIAL ASSETS AVAILABLE FOR SALE		2,052,898
40.		FINANCIAL ASSETS AT AMORTISED COST	19,644,972	
40. a)	**60.**	LOANS TO BANKS	3,341,991	2,934,607
40. b)	**70.**	LOANS TO CUSTOMERS	16,302,981	15,753,934
50.	**80.**	HEDGING DERIVATIVES	20,039	29,581
70.	**100.**	EQUITY INVESTMENTS	94,032	98,569
90.	**120.**	PROPERTY AND EQUIPMENT	730,804	738,442
100.	**130.**	INTANGIBLE ASSETS	41,209	35,005
110.	**140.**	TAX ASSETS	1,930,332	1,950,510
110. a)	**140. a)**	CURRENT	749,702	794,737
110. b)	**140. b)**	DEFERRED	1,180,630	1,155,773
		- of which under Law no. 214/2011		527,486
120.	**150.**	NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	617,855	608,077
130.	**160.**	OTHER ASSETS	287,967	419,047
		TOTAL ASSETS	**24,768,766**	**24,919,704**

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

IFRS 9	IAS 39		30/06/2018	31/12/2017
10.		FINANCIAL LIABILITIES AT AMORTISED COST	21,627,403	
10. a)	**10.**	DUE TO BANKS	4,565,188	4,656,624
10. b)	**20.**	DUE TO CUSTOMERS	13,597,153	12,624,541
10. c)	**30.**	SECURITIES ISSUED	3,465,062	3,885,829
20.	**40.**	FINANCIAL LIABILITIES HELD FOR TRADING	839	850
30.	**50**	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	-	348,459
40.	**60.**	HEDGING DERIVATIVES	247,455	224,971
60.	**80.**	TAX LIABILITIES	36,688	16,537
60. a)	**80. a)**	CURRENT	23,439	3,557
60. b)	**80. b)**	DEFERRED	13,249	12,980
70.	**90.**	LIABILITIES ASSOCIATED WITH GROUPS OF ASSETS HELD FOR SALE	111,596	193,808
80.	**100.**	OTHER LIABILITIES	436,786	474,579
90.	**110.**	EMPLOYEE TERMINATION INDEMNITIES	56,235	59,417
100.	**120**	ALLOWANCES FOR RISKS AND CHARGES	237,434	165,240
100. a)		COMMITMENTS AND GUARANTEES GIVEN	51,723	
100. b)	**120. a)**	POST-EMPLOYMENT BENEFITS	31,605	34,410
100. c)	**120. b)**	OTHER ALLOWANCES FOR RISKS AND CHARGES	154,106	130,830
120.	**140.**	VALUATION RESERVES	(113,578)	(140,633)
150.	**170.**	RESERVES	(1,333,634)	(684,857)
160.	**180.**	SHARE PREMIUM RESERVE	629,578	628,364
170.	**190.**	SHARE CAPITAL	2,845,857	2,845,857
180.	**200.**	TREASURY SHARES (-)	(15,572)	(15,572)
190.	**210.**	NON-CONTROLLING INTERESTS (+/-)	22,182	24,125
200.	**220.**	NET PROFIT (LOSS) FOR THE PERIOD (+/-)	(20,503)	(388,435)
		TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,768,766**	**24,919,704**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

IFRS 9	IAS 39		1H2018	1H2017 (*)
10.	10.	Interest and similar income	199,963	239,358
		o.w.: interest income calculated using the effective interest method	196,124	
20.	20.	Interest and similar expense	(90,714)	(118,415)
30.	**30.**	**NET INTEREST INCOME**	**109,249**	**120,943**
40.	40.	Fee and commission income	135,165	137,260
50.	50.	Fee and commission expense	(14,752)	(15,137)
60.	**60.**	**NET FEE AND COMMISSION INCOME**	**120,413**	**122,123**
70.	70.	Dividends and similar income	10,454	10,625
80.	80.	Net profit (loss) from trading	546	6,612
90.	90.	Net profit (loss) from hedging	778	(900)
100.	100.	Profits (losses) on disposal or repurchase of:	(18,262)	2,825
100. a)		*financial assets at amortised cost*	(19,882)	
100. b)		*financial assets at fair value through other comprehensive income*	1,039	
	100. b)	*financial assets available for sale*		1,491
100. c)	*100. d)*	*financial liabilities*	581	1,334
110.	110.	Profits (losses) on financial assets/liabilities at fair value through profit or loss	(3,943)	(456)
110. b)		*other financial assets mandatorily at fair value*	*(3,943)*	
120.	**120.**	**NET INTEREST AND OTHER BANKING INCOME**	**219,235**	**261,772**
130.	130.	Net losses/recoveries on impairment of:	(39,672)	(228,426)
130. a)		*financial assets at amortised cost*	(39,662)	
	130. a)	*loans*		(217,418)
130. b)		*financial assets at fair value through other comprehensive income*	(10)	
	130. b)	*financial assets available for sale*		(11,151)
	130. d)	*other financial transactions*		143
140.		Gains (losses) due to modifications not resulting in derecognition	(1,272)	
150.	**140.**	**NET INCOME FROM BANKING ACTIVITIES**	**178,291**	**33,346**
180.	**170.**	**NET INCOME FROM FINANCIAL AND INSURANCE ACTIVITIES**	**178,291**	**33,346**
190.	180.	Administrative expenses	(264,437)	(281,010)
190. a)	*180. a)*	*a) personnel expenses*	(145,355)	(151,687)
190. b)	*180. b)*	*b) other administrative expenses*	(119,082)	(129,323)
200.	190.	Net provisions for risks and charges	(27,198)	(17,295)
200. a)		*a) commitments and guarantees given*	*(37)*	
200. b)		*b) other net provisions*	*(27,161)*	
210.	200.	Net adjustments to/recoveries on property and equipment	(6,312)	(7,894)
220.	210.	Net adjustments to/recoveries on intangible assets	(2,876)	(11,755)
230.	220.	Other operating expense (income)	30,696	37,480
240.	**230.**	**OPERATING EXPENSES**	**(270,127)**	**(280,474)**
250.	240.	Profits (losses) on equity investments	4,257	5,767
280.	270.	Profits (losses) on disposal of investments	33,864	31
290.	**280.**	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(53,715)**	**(241,330)**
300.	290.	Taxes on income from continuing operations	18,568	70,632
310.	**300.**	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(35,147)**	**(170,698)**
320.	310.	Profit (loss) after tax from discontinued operations	14,954	12,326
330.	**320.**	**NET PROFIT (LOSS) FOR THE PERIOD**	**(20,193)**	**(158,372)**
340.	330.	Non-controlling interest	310	(3,464)
350.	**340.**	**NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY**	**(20,503)**	**(154,908)**

(*) With respect to published accounts, 1H2017 balances are reflective of changes from the application of provisions of IFRS 5 "Non-current assets held for sale and discontinued operations"

CONSOLIDATED INCOME STATEMENT

Restatement of prior year accounts in compliance with IFRS 5

(EUR/000)

		1H2017 published	IFRS 5	1H2017 restated
10 -	INTEREST AND SIMILAR INCOME	259,818	(20,460)	239,358
20 -	INTEREST AND SIMILAR EXPENSE	(119,239)	824	(118,415)
30 -	**NET INTEREST INCOME**	**140,579**	**(19,636)**	**120,943**
40 -	FEE AND COMMISSION INCOME	138,676	(1,416)	137,260
50 -	FEE AND COMMISSION EXPENSE	(15,488)	351	(15,137)
60 -	**NET FEE AND COMMISSION INCOME**	**123,188**	**(1,065)**	**122,123**
70 -	DIVIDENDS AND SIMILAR INCOME	10,625	-	10,625
80 -	NET PROFIT (LOSS) FROM TRADING	6,612	-	6,612
90 -	NET PROFIT (LOSS) FROM HEDGING	(900)	-	(900)
100 -	PROFITS (LOSSES) ON DISPOSAL OR REPURCHASE OF:	2,825	-	2,825
	b) financial assets available for sale	*1,491*	-	*1,491*
	d) financial liabilities	*1,334*	-	*1,334*
110 -	PROFITS (LOSSES) FROM FINANCIAL ASSETS/LIABILITIES DESIGNATED AT FAIR VALUE	(456)	-	(456)
120 -	**NET INTEREST AND OTHER BANKING INCOME**	**282,473**	**(20,701)**	**261,772**
130 -	NET LOSSES/RECOVERIES ON IMPAIRMENT OF:	(229,792)	1,366	(228,426)
	a) loans	*(218,784)*	*1,366*	*(217,418)*
	b) financial assets available for sale	*(11,151)*	-	*(11,151)*
	d) other financial transactions	*143*	-	*143*
140 -	**NET INCOME FROM BANKING ACTIVITIES**	**52,681**	**(19,335)**	**33,346**
170 -	**NET INCOME FROM BANKING AND INSURANCE**	**52,681**	**(19,335)**	**33,346**
180 -	ADMINISTRATIVE EXPENSES:	(283,834)	2,824	(281,010)
	a) personnel expenses	*(151,787)*	*100*	*(151,687)*
	b) other administrative expenses	*(132,047)*	*2,724*	*(129,323)*
190 -	NET PROVISIONS FOR RISKS AND CHARGES	(17,510)	215	(17,295)
200 -	NET ADJUSTMENTS TO/ RECOVERIES ON PROPERTY AND EQUIPMENT	(7,906)	12	(7,894)
210 -	NET ADJUSTMENTS TO/ RECOVERIES ON INTANGIBLE ASSETS	(11,984)	229	(11,755)
220 -	OTHER OPERATING INCOME/EXPENSE	37,785	(305)	37,480
230 -	**OPERATING EXPENSES**	**(283,449)**	**2,975**	**(280,474)**
240 -	PROFITS (LOSSES) ON EQUITY INVESTMENTS	5,767	-	5,767
270 -	GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS	31	-	31
280 -	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(224,970)**	**(16,360)**	**(241,330)**
290 -	TAXES ON INCOME FROM CONTINUING OPERATIONS	66,598	4,034	70,632
300 -	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(158,372)**	**(12,326)**	**(170,698)**
310 -	PROFITS (LOSSES) AFTER TAX DISCONTINUED OPERATIONS	-	12,326	12,326
320 -	**NET PROFIT (LOSS) FOR THE PERIOD**	**(158,372)**	**-**	**(158,372)**
330 -	NON-CONTROLLING INTERESTS	(3,464)	-	(3,464)
340 -	**NET PROFIT (LOSS) FOR THE PERIODO ATTRIBUTABLE TO THE PARENT COMPANY**	**(154,908)**	**-**	**(154,908)**

Income statement reclassification criteria

The Consolidated Income Statement was reclassified to enhance the understandability of operating income, by segregating recurring and/or core business-related items (i.e. Operating Income or Operating Expenses, depending on their sign, with their difference corresponding to Gross Operating Profit) from non-recurring and non-core business components.

The nature of profit and loss items is identified (based on both accounting and operational data) according to the following criteria:

- profit (loss) from disposal of all fixed assets (equity investments, property and equipment);
- profit and loss items associated with efficiency-raising, restructuring initiatives, etc. (e.g. charges for Redundancy Fund access, early-retirement/exit incentives – *severance* –, gains (losses) on disposal/repurchase of loans, charges linked to Business Plan adoption);
- profit and loss items not expected to recur (e.g. penalties, impairment of fixed assets, goodwill and other intangible assets, effects from regulatory and/or methodological changes, exceptional results); are considered 'non recurring'.

- contributions and other banking system charges (contributions to the Resolution Fund and the Interbank Deposit Protection Fund, valuation of the stakes held in the Atlante Fund and the voluntarily funded Interbank Deposit Protection Fund, and any other similar contributions that may become payable in the future, in addition to fees paid to continue deducting eligible deferred tax assets) are considered "non-core business related".

The application of the foregoing criteria specifically leads to the following reclassification of P&L items (where stated, the items correspond to the items of the Consolidated Income Statement prepared in accordance with the criteria set by the Bank of Italy's latest update to Circular no. 262/2005); for the quarters of 2017 please see the "Income statement reclassification criteria" contained in the press release of 9 February 2018 concerning the approval of preliminary results as at 31 December 2017):

- "**Net Interest Income**" corresponds to item "30. Net Interest income";
- "**Net fee and commission income**" corresponds to item "60. Net fee and commission income";
- "**Core trading**" 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 at fair value through other comprehensive income", "100c. Profits (losses) on disposal or repurchase of financial liabilities" and "110. Profits (losses) on financial assets/liabilities at fair value through profit or loss (for the securities component only) of the Consolidated Income Statement net of non-recurring items, referred to under "Non-core trading";
- "**Other operating income**" corresponds to item "230. Other operating expense/income", net of tax recovery included in core administrative expenses (EUR 22.3 mln in 1H18 and EUR 23.0 mln in 1H17);
- The new item "**Core personnel expenses"** corresponds to item "190a. Administrative expenses – personnel expenses" net of non-recurring items, consisting in charges for early-retirement / exit incentives and severance negotiations, totalling EUR 1.0 mln in 1H18 and nil in 1H17;
- "**Net adjustments to/recoveries on core property and equipment, and intangible assets**" includes items "210. Net adjustments to/recoveries on property and equipment" and "220. Net adjustments to/recoveries on intangible assets", net of non-recurring items (nil both in 1H18 and 1H17);
- "**Core administrative expenses**" corresponds to "190b. administrative expenses – other administrative expenses", net of:
  - non-core administrative expenses (see below);
  - contributions to the National/Single Resolution Fund (NRF/SRF) and the Deposit Guarantee Scheme (DGS/FITD) for an amount of EUR 11.5 mln in 1H18 and EUR 7.5 mln in 1H17 included in "Contributions and other banking system charges";
  - *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 6.9 mln payable for both 1H18 and 1H17,

  and include tax recovery under item "230. Other operating expense/income" (EUR 22.3 mln in 1H18 and EUR 23.0 mln in 1H17);
- **"Net losses on impairment of loans to banks and customers"** includes Items "110. Profits (losses) on financial assets/liabilities at fair value through profit or loss" (for the loans component only), "130a. Net losses/recoveries on impairment of financial assets at amortised cost" and "140. Gains (losses) due to modifications not resulting in derecognition;
- "**Net losses/recoveries on impairment of other financial assets**" includes items "130b. Net losses/recoveries on impairment of financial assets at fair value through other comprehensive income";
- **Non-core trading** corresponds to the LME (EUR 221.5 mln) in 2017;
- "**Profits (losses) on equity investments and disposal of investments**" includes items "250. Profits (losses) on equity investments" and "280. Profits (losses) on disposal of investments";

- "**Personnel expenses - severance**" corresponds to charges for early-retirement / exit incentives and severance negotiations, totalling EUR 1.0 mln in 1H18 and nil in 1H17 (operational data);
- "**Non-core administrative expenses**" consists in charges associated with the transfer without recourse of EUR 1.2 bn bad loans ("Sword") in December last year (EUR 3.7 mln in 1H18), with the difference being related to other one-off transactions carried out during the period;
- "**Net provisions for risks and charges**" corresponds to item "200. Net provisions for risks and charges";
- "**Contributions and other banking system charges**" consists in the contributions to the National/Single Resolution Fund (NRF/SRF) and the Deposit Guarantee Scheme (DGS/FITD) for an amount of EUR 11.5 mln in 1H18 and EUR 7.5 mln in 1H17;
- "**DTA fees**" corresponds to *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 6.9 mln payable for both 1H18 and 1H17;
- "**Taxes**" now corresponds to item "300. Taxes on income from continuing operations";
- "**Profit (loss) after tax from discontinued operations**" corresponds to item "320. Profit (loss) after tax from discontinued operations";
- "**Non-controlling interests**" corresponds to item "340. Non-controlling interests";
- "**Net profit (loss) for the period attributable to the Parent Company**" corresponds to item "350. Net profit (loss) for the period attributable to the Parent Company".