PRESS RELEASE

CONSOLIDATED RESULTS AS AT 31 MARCH 2018[1]

- NET PROFIT OF EUR 6.4 MLN VS. EUR 41.1 MLN LOSS IN THE SAME PERIOD OF 2017
- U-TURN IN REVENUES, WHICH HAVE STARTED TO RISE AGAIN IN THE CORE COMPONENTS: NET INTEREST INCOME +5.3% AND NET FEE AND COMMISSION INCOME +6.7% COMPARED TO THE LAST QUARTER OF 2017
- COST MANAGEMENT DISCIPLINE, WITH STRUCTURAL REDUCTION IN: PERSONNEL (-5.7%) AND CORE ADMINISTRATIVE (-13.5%) EXPENSES COMPARED TO THE FIRST QUARTER OF 2017
- COST OF RISK NORMALISED, BENEFITING FROM THE INTENSE DERISKING ACTIVITY CONDUCTED IN THE SECOND HALF OF 2017 WITH LOAN LOSS PROVISIONS DRASTICALLY REDUCED TO EUR 12.9 MLN (EUR 75.6 MLN IN 1Q17)AND NPE COVERAGE RISING TO 52.3% (47.7% AT THE END OF 2017) INCLUDING WRITE-OFFS
- 2017-2020 BUSINESS PLAN EXECUTION PROGRESSES:
- PROCESS FOR DISPOSAL OF THE NPE MANAGEMENT PLATFORM TO CREDITO FONDIARIO COMPLETED
- CET1 RATIO AT 12.1% AND TCR AT 12.3% UP TO 13.4% AND 13.6% RESPECTIVELY, INCLUDING IMPACT FROM ONE-OFF TRANSACTIONS UNDERWAY

[1] The results make reference to the Income Statement reclassified according to the criteria specified below

Genoa, 11 May 2018 – Banca Carige's Board of Directors has today approved the Group's consolidated results as at 31 March 2018. The Group returns to profit after 5 years of losses on the back of the full implementation of the **strategic actions identified in the 2017-2020 Business Plan** (the “Plan”):

- U-turn in revenues driven by the growth in the Group's core customer segments;
- revision of key processes to recover commercial effectiveness and operating efficiency;
- strict cost management;
- cost-of-risk reduction via intense derisking;
- finalisation of the one-off transactions set out in the Plan.

In the first quarter of 2018, the Bank reported a **net profit** of EUR 6.4 mln (vs. EUR 41.1 mln loss in the same period of 2017) with total **operating income** increasing to EUR 135.2 mln (+18.5% on the last quarter of 2017), partly on the back of the positive performance observed in loans to customers and fee and commission income. No impacts from one-off transactions currently in progress were included in the quarter.

The positive trend in revenues derives from a Q/Q increase in **net interest income** to EUR 55.5 mln, on the back of a roughly EUR 150 mln increase in volumes of new loans to customers during the quarter, which was achieved thanks to the focus placed by the sales network on higher-return core segments -Households, Small Market Players, the Small Business and Mid Corporate- which showed a more prominent growth. The first quarter of 2018 witnessed an **increase in loans to customers** to EUR 17.3[2] bn (+0.6%), a positive sign brought about by a variety of targeted commercial initiatives, over and above the introduction of a new network-centred service model:

[2] net of IFRS 9 effect (~EUR 103.0 mln).

- appointment of 191 new Branch Managers in the last 6 months;
- revision of the system of decision-making powers which, compared to the first quarter of 2017, brought about a 20% to 70% increase in credit decisions taken by the branch network.

These organisational changes make it possible to ensure faster customer response and lending lead-time (new loans granted in the quarter: +40% with respect to the same period of last year), with the Group's credit quality targets remaining the same (new loans in the quarter were granted predominantly to standard/good/excellent rated borrowers).

Net fees and commissions likewise performed positively during the quarter, rising to EUR 61.9 mln (+6.7% compared to the last quarter of 2017), with assets under management contributing the most (+4.0% during the 12 months): a 60.0% and 67.0% growth in mutual funds and insurance products underwritten was respectively registered compared to the first quarter of 2017.

In **operating expenses**, amounting to EUR 117.8 mln, (-9.5% Y/Y), the Bank continues to pursue its policy of strict cost control, by a major compression of personnel expenses due both to a headcount reduction by over 200 FTEs and to the labour cost curbing measures set out in the trade union agreement of 16 December 2017. **Core personnel expenses**, totalling EUR 73.6 mln (-5.7% as compared to the first quarter of 2017), do not include the benefits deriving from the one-off transactions currently underway (ca. 220 FTEs estimated). The planned use of the Solidarity Fund, with over 500 applications received, will allow to reach the headcount reduction target of about 1,000 set in the Plan.

A notable reduction was observed in **other core administrative expenses**, amounting to EUR 36.7 mln (-13.5% compared to the first quarter of 2017), which was primarily driven by cost savings in professional services and a rundown in real estate, partly from the closure of 60 branches during the 12-month period.

Cost reduction will be further boosted by the revision promoted on a number of key processes to regain sales effectiveness and operating efficiency (for example by revising the current account opening procedure and changing the loan disbursement process for some core segments).

The positive performance in revenues combined with cost-curbing measures enabled the Bank to reach a Cost/Income ratio of 87.1% in the quarter, a notable improvement from the 98.5% level in 2017.

The **cost of risk**, corresponding to EUR 12.9 mln (vs. EUR 75.6 mln in 2017) is benefiting from the derisking activity conducted in the second half of 2017 through derecognition of EUR 2.1 bn bad loans and recognition of EUR 749.0 mln in losses on disposal and losses on impairment of loans. The significant asset quality improvement achieved during the year through the 35.2% downsizing of the gross NPE portfolio and the increase of the overall **coverage** ratio to 52.3% (including write-offs) led to a 7 p.p. Y/Y decrease in the net **NPE Ratio** to 15.6% and a normalisation of the cost of credit at an annualised level of 32 bps in 1Q18.

With regard to asset **derisking**, the Bank has given an important boost to the NPE reduction process, by defining an **NPE Strategy** (approved on 27 March 2018) that includes the disposal of -and write-off arrangements for- up to EUR 500 mln worth of Unlikely-To-Pay (UTP) positions in 2018 (already in the Business Plan) -which are drawing a high level of interest, reflected in over 30 Non-Binding Offers received- and an additional EUR 200 mln in 2019, along with a GACS-backed bad loan securitisation for up to EUR 1 bn in 2018.

Other **deleveraging** activities in progress include the return to performing status of a number of large-ticket positions and the transfer of a set of files to the REOCO.

The momentum given by NPE Strategy will allow the Bank to exceed the end-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). By the end of 2020, the Group's NPE portfolio will approximately amount to gross EUR 2.0 bn (net EUR 1.0 bn), down 71.5% from EUR 7.3 bn at the end of 2016.

In continuity with the deliverables completed in the second part of 2017, the Bank actively continued executing the **one-off transactions** included in the Plan, by entering into a partnership agreement with IBM on 2 February 2018 for the outsourcing of the Group’s IT system, a transaction which will make significant cost savings and investments possible for accelerating technological innovation and strengthening cybersecurity.

On 3 April 2018, the Bank entered into an agreement with Nexi for the disposal of the Merchant Acquiring business for an expected sale price of up to EUR 25 mln, with closing expected in the third quarter of 2018. Thanks to the partnership with Nexi, Banca Carige will have the opportunity to leverage the specialised expertise and investment capacity of a market-leading player in innovative payment systems which will offer faster and safer transactional processing.

Yesterday, the final agreement was signed for the disposal of the bad loan management platform to Credito Fondiario, for a sale price of EUR 31 mln, to be accounted for in the second quarter. The agreement provides for the transfer of 53 FTEs and the formal start of a 10-year partnership between the Bank and Credito Fondiario for the management and collection of part of the Group's bad loans, ensuring higher quality standards in line with best market practices.

Finally, the Regulator's examining phase for authorising the disposal of Creditis is underway and the disposal of some additional non-strategic assets included in the Plan is in progress.

Funding, lending and balance-sheet aggregates

FUNDING (EUR/000)

	Situation as at		Change	
	31/03/2018	31/12/2017	absolute	%
Total (A+B)	**20,510,003**	**21,515,453**	**(1,005,450)**	**(4.7)**
Direct deposits (A)	**16,363,660**	**16,858,829**	**(495,169)**	**(2.9)**
Due to customers	13,058,377	12,624,541	433,836	3.4
current accounts and demand deposits	*11,637,467*	*11,141,642*	*495,825*	*4.5*
term deposits	*1,241,381*	*1,313,280*	*(71,899)*	*(5.5)*
loans	*4,031*	*4,021*	*10*	*0.2*
other payables	*175,498*	*165,598*	*9,900*	*6.0*
Securities issued and Liabilities at fair value	3,305,283	4,234,288	(929,005)	(21.9)
- Securities issued	3,305,283	3,885,829	(580,546)	(14.9)
bonds	*3,304,213*	*3,884,698*	*(580,485)*	*(14.9)*
other securities	*1,070*	*1,131*	*(61)*	*(5.4)*
- Liabilities at fair value	-	348,459	(348,459)	(100.0)
bonds	-	*348,459*	*(348,459)*	*(100.0)*
Due to banks (B)	**4,146,343**	**4,656,624**	**(510,281)**	**(11.0)**
Due to central banks	3,500,000	3,500,000	-	-
Current accounts and demand deposits	99,890	67,879	32,011	47.2
Term deposits	205,012	746,949	(541,937)	(72.6)
Loans	316,942	325,897	(8,955)	(2.7)
Other payables	24,499	15,899	8,600	54.1

Overall funding, including direct funding and deposits from banks, amounted to EUR 20.5 bn and was down 4.7% on 31 December 2017 mainly as a combined effect of bonds coming to maturity for an amount of EUR 494.6 mln and repurchase agreements being terminated for an amount of EUR 460.0 mln. As part of this aggregate, deposits from customers amounted to EUR 13.1 bn, up 3.4%; securities issued amounted to EUR 3.3 bn (-21.9%). It must be noted that liabilities measured at fair value are nil because, on the first-time adoption of IFRS 9, they were reclassified among Securities issued measured at amortised cost.

Direct funding from retail and corporate customers was EUR 14.0 bn, stable with respect to the end of 2017.

Trends in deposits from banks (EUR 4.1 bn, down 11.0% on December 2017) are reflective of the afore-mentioned termination of repurchase agreements. Refinancing operations with the ECB (T-LTRO 2) totalled EUR 3.5 bn.

INDIRECT DEPOSITS *(EUR/000)*

	Situation as at		Change	
	31/03/2018	31/12/2017	absolute	%
Total (A+B)	**21,925,376**	**21,292,139**	**633,237**	**3.0**
Assets under Management (A)	**11,523,365**	**11,397,154**	**126,211**	**1.1**
Mutual funds and open-end collective investment schemes	5,198,102	5,136,297	61,805	1.2
Portfolio management	333,550	360,762	(27,212)	(7.5)
Bancassurance products	5,991,713	5,900,095	91,618	1.6
Assets under Custody (B)	**10,402,011**	**9,894,985**	**507,026**	**5.1**
Government securities	2,547,835	2,618,089	(70,254)	(2.7)
Bonds	683,138	726,393	(43,255)	(6.0)
Shares	880,372	919,524	(39,152)	(4.3)
Other	6,290,666	5,630,979	659,687	11.7

Indirect funding stood at EUR 21.9 bn, up 3.0%, primarily as a result of trends in Assets under Custody.

Assets under Management stood at EUR 11.5 bn, up 1.1% during the quarter as a result of the trend in bancassurance products, which were up 1.6% to EUR 6.0 bn, and mutual funds and open-ended collective investment schemes (SICAV), which were up 1.2% to EUR 5.2

bn. Portfolio management amounted to EUR 333.6 mln (-7.5% since end of December 2017).

Assets under Custody amounted to EUR 10.4 bn, up 5.1% during the quarter, essentially on the back of effects traceable to assets pertaining to Amissima Assicurazioni, amounting to EUR 6.3 bn, up 11.7%.

LOANS [1] *(EUR/000)*

	Situation as at		Change	
	31/03/2018	31/12/2017	Absolute	%
Total (A+B)	**17,408,179**	**18,444,291**	**(1,036,112)**	**(5.6)**
Loans to customers (A)	**15,245,893**	**15,509,684**	**(263,791)**	**(1.7)**
-Gross exposure [2]	17,716,764	17,734,030	(17,266)	(0.1)
current accounts	*1,214,700*	*1,277,302*	*(62,602)*	*(4.9)*
mortgage loans	*9,145,403*	*9,256,451*	*(111,048)*	*(1.2)*
credit cards, personal loans and fifth of salary-backed loans	*74,381*	*71,382*	*2,999*	*4.2*
leasing	*505,275*	*481,101*	*24,174*	*5.0*
factoring	*54,170*	*56,975*	*(2,805)*	*(4.9)*
other loans	*1,989,802*	*1,805,231*	*184,571*	*10.2*
non-performing assets	*4,733,033*	*4,785,588*	*(52,555)*	*(1.1)*
-short term	2,482,985	2,416,250	66,735	2.8
% share of nominal value	*14.0*	*13.6*		
-medium/long term	13,541,196	13,639,898	(98,702)	(0.7)
% share of nominal value	*76.4*	*76.9*		
-Bad loans	1,692,583	1,677,882	14,701	0.9
% share of nominal value	*9.6*	*9.5*		
-Value adjustments (-)	2,470,871	2,224,346	246,525	11.1
Loans to banks (B)	**2,162,286**	**2,934,607**	**(772,321)**	**(26.3)**
-Gross exposure [2]	2,166,731	2,938,895	(772,164)	(26.3)
compulsory reserves	*790,010*	*1,094,297*	*(304,287)*	*(27.8)*
current accounts and demand deposits	*32,561*	*27,136*	*5,425*	*20.0*
term deposits	*413,247*	*1,041,292*	*(628,045)*	*(60.3)*
loans	*918,133*	*763,390*	*154,743*	*20.3*
non-performing assets	*12,780*	*12,780*	*-*	*-*
-short term	1,890,798	2,640,737	(749,939)	(28.4)
% share of nominal value	*87.3*	*89.9*		
-medium/long term	275,933	298,158	(22,225)	(7.5)
% share of nominal value	*12.7*	*10.1*		
-Value adjustments (-)	4,445	4,288	157	3.7

(1) As at 31/03/2018, net of debt securities measured at amortised cost amounting to EUR 894,742 thousand (loans to customers) and as at 31/12/2017, net of debt securities classified as L&R, amounting to EUR 244,250 thousand (loans to customers).

(2) Before value adjustments.

Loans to customers, gross of loan loss provisions and net of debt securities measured at amortised cost, totalled EUR 17.7 bn (essentially stable on December 2017). Loan loss provisions totalled EUR 2.5 bn, up from EUR 2.2 bn as at December 2017 primarily as a consequence of the first-time adoption of IFRS9. After value adjustments, loans to customers amounted to EUR 15.2 bn (EUR 15.5 bn as at December 2017).

As at 31 March 2018, loans to customers in the Balance Sheet include debt securities measured at amortised cost for an overall amount of EUR 0.9 bn. It must be noted that, on first-time adoption of IFRS 9, around EUR 0.7 bn debt securities previously measured at fair value were reclassified as loans to customers.

Loans to banks, before value adjustments, totalled EUR 2.2 bn, down from EUR 2.9 bn at the beginning of the year, primarily due to the trend in repurchase agreements.

Credit quality

Figures in EUR/mln	31/03/2018						
Loans to customers(1)	Gross	%	Loan losses	Net	%	**Coverage**	**Coverage including write-offs**(2)
Bad Loans	1,692.6	*9.6%*	1,246.0	446.6	*2.9%*	73.6%	77.0%
Unlikely to pay	2,924.2	*16.5%*	1,083.9	1,840.3	*12.1%*	37.1%	37.4%
Past Due	116.2	*0.7%*	20.9	95.3	*0.6%*	18.0%	18.0%
Non-performing loans	**4,733.0**	***26.7%***	**2,350.8**	**2,382.2**	***15.6%***	**49.7%**	**52.3%**
Performing Loans	12,983.7	*73.3%*	120.0	12,863.7	*84.4%*	0.9%	0.9%
Total	**17,716.8**	***100.0%***	**2,470.9**	**15,245.9**	***100.0%***	**13.9%**	**15.2%**

Figures in EUR/mln	31/12/2017						
Loans to customers(1)	Gross	%	Loan losses	Net	%	**Coverage**	**Coverage including write-offs**(2)
Bad Loans	1,677.9	*9.5%*	1,077.6	600.3	*3.9%*	64.2%	68.8%
Unlikely to pay	3,027.0	*17.1%*	1,053.3	1,973.7	*12.7%*	34.8%	35.1%
Past Due	80.7	*0.5%*	14.5	66.2	*0.4%*	18.0%	18.0%
Non-performing loans	**4,785.6**	***27.0%***	**2,145.4**	**2,640.2**	***17.0%***	**44.8%**	**47.7%**
Performing Loans	12,948.4	*73.0%*	79.0	12,869.5	*83.0%*	0.6%	0.6%
Total	**17,734.0**	***100.0%***	**2,224.3**	**15,509.7**	***100.0%***	**12.5%**	**13.8%**

(1) Excluding debt securities

(2) Operational estimates

Gross non-performing on-balance-sheet loans to customers amounted to EUR 4.7 bn, in line with the levels as at December 2017. The gross NPE ratio is 26.7% and net NPE ratio is 15.6%.

In particular, gross bad loans to customers totalled EUR 1.7 bn and account for 9.6% of the aggregate. The 73.6% coverage ratio for gross bad loans (+9.4% on December 2017), partly a consequence of IFRS9 first-time adoption, rises to 77.0% including write-offs.

Gross unlikely-to-pay exposures to customers (EUR 2.9 bn) were down 3.4% and their 37.1% coverage (37.4% aincluding write-offs) is partly due to the impacts from IFRS9 first-time adoption.

Past due exposures, consisting entirely in loans to customers, totalled EUR 0.1 bn, up marginally from December 2017. The coverage ratio for past due exposures is 18.0% and has remained the same.

The coverage ratio for non-performing on-balance-sheet loans to customers is 49.7% compared to 44.8% 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.

Income statement results

The trend reversal in lending is especially reflective of a growth in net interest income, amounting to EUR 55.5 mln (+5.3% as compared to the last quarter of 2017) and a good performance in fees and commissions, totalling EUR 61.9 mln, up 6.7% from the last quarter of 2017. Net Operating Income amounts to EUR 135.2 mln (+18.5%).

Operating cost management and strict cost curbing policies enabled the Group to close the first quarter of 2018 with core operating expenses at EUR 117.8 mln, down significantly both Y/Y (-9.5%) and Q/Q (-8.4%). More specifically, personnel expenses were down 5.7% to EUR 73.6 mln Y/Y (+2.8% on 4Q17), whereas core administrative expenses, amounting to EUR 36.7 mln, registered a sharp reduction both Y/Y (-13.5%) and compared to the fourth quarter of 2017 (-24.0%).

Gross Operating Profit was a positive EUR 17.5 mln, up EUR 31.8 mln on the previous quarter, and almost flat Y/Y despite the reduction in lending and funding volumes in 4Q17.

Net impairment losses on balance-sheet loans to customers amounted to EUR 12.9 mln, corresponding to 32 annualised basis points and were thus down 83.0% Y/Y and 94.9% compared to the fourth quarter of 2017, as a result of deleveraging initiatives and conservative policies adopted in the second half of 2017.

As at 31 March 2018, the Cost/Income ratio for the period was 87.1%, in line with 2018 Plan forecasts.

Own funds and capital ratios

The phased in CET1 Ratio is 12.1%[3], higher than the 9.625% minimum threshold required by the ECB and the threshold inclusive of a Pillar 2 Capital Guidance of 11.175%. The *phased-in* Total Capital Ratio (TCR) settled at 12.3%[3], proving higher than the regulatory limit, but lower than the 2018 SREP target (13.125%). The finalisation of the one-off deals

[3] The IFRS 9 fully loaded CET1 ratio is 10.0% whereas the IFRS 9 fully loaded Total Capital Ratio is 10.1%. Pending official reporting, the capital ratios were calculated based on operational estimates.

included in the 2017-2020 Business Plan and currently underway, will lead to the threshold being exceeded.

The Leverage Ratio is 7.6%[3], continuing to be amongst the highest in the Italian banking system.

Total risk-weighted assets totalled EUR 15.0 bn[3], down from EUR 15.3 bn as at the end of 2017.

Management of the liquidity position

The Group's liquidity position continues to be robust, with cash and unencumbered eligible assets totalling EUR 1.7 bn after repayment of EUR 494.6 mln in bonds during the quarter. T-LTRO funding amounts to EUR 3.5 bn with a Liquidity Coverage Ratio of 132% as at 31 March 2018. The Group intends to pursue its funding-mix diversification strategy, using all levers available, including a *Lower Tier* 2 and *Senior Preferred Unsecured* debt issuance to be placed on the market. The Group's overall securities portfolio net of the equity investment in the Bank of Italy totalled EUR 1.9 bn, of which 82.7% is accounted for by Government bonds. The government bond portfolio (EUR 1.5 bn) maintains a conservative risk profile in terms of both sizing (83.5% of own funds) and duration (3.2 years).

Key events from FY17 closing to 1Q18 approval

Reported below are the main press releases relating to the key events from FY17 closing to the approval of this document.

25 January 2018: Statutory Auditor Maddalena Costa resigned from office effective immediately, with Alternate Auditor Francesca De Gregori taking over as Statutory Auditor, with term of office expiring on the date of the next Shareholders' Meeting.

2 February 2018: the Bank's Board of Directors approved the project for the outsourcing of the Group's IT system to IBM Italia S.p.A. (with agreements signed on 27 March 2018), and consequently start the ECB authorisation process; it also approved the guidelines for the 2018 Budget.

9 February 2018: Banca Carige's Board of Directors approved the Group's preliminary consolidated results as at 31 December 2017.

6 March 2018: Banca Carige's Board of Directors approved the Draft Bank Separate and Group Consolidated Financial Statements for the year ended 31 December 2017, the annual Corporate Governance and Ownership Structure Report for 2017 pursuant to art. 123-bis of the Italian Consolidated Law on Finance, as well as the Group's 2017 Non-Financial Report pursuant to Law Decree no. 254/2016.

27 March 2018: Banca Carige's Board of Directors approved the Non Performing Exposure strategy for the 2018-2020 period (the "NPE Strategy") which outlines the key actions designed to reduce the Group's NPE stock level. To this end, as was announced on 9 February 2018, the Bank has decided to proceed with the disposal of an additional bad loan portfolio for a gross amount of up to EUR 1 bn, on top of the already-planned disposal of - or write off arrangements for- Unlikely to Pay (UTP) exposures for a gross amount of approximately EUR 500 mln.

29 March 2018: the ordinary Shareholders' Meeting approved the 2017 separate Financial Statements of the Parent Company, Banca Carige S.p.A., resolving that the net loss of EUR 386.0 mln be carried forward and acknowledged the Group consolidated financial statements as at 31 December 2017 (with a net loss of EUR 388.4 mln attributable to the Parent Company).

3 April 2018: following the Board of Directors' approval of the structure of the merchant acquiring business disposal transaction on 20 February 2018, Banca Carige S.p.A. and Nexi S.p.A., a leading player in the management of payment services, entered into a ten-year partnership agreement 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., a company controlled by Nexi, for an expected consideration of up to EUR 25 mln.

16 April 2018: Ms. Francesca De Gregori communicated that, due to personal reasons, she was unable to accept the office of Standing Auditor she was appointed to by resolution of the Shareholders' Meeting of 29 March 2018; the position of Standing Auditor was taken over by Alternate Auditor, Ms. Fiorenza Dalla Rizza, with term of office expiring on the date of the next Shareholders' Meeting.

Reported below are additional events worth noting which were not the object of specific press releases.

On 2 February 2018, the Board of Directors of the Parent Company vested the Chief Executive Officer with the powers to communicate to the subsidiary Centro Fiduciario C.F. S.p.A. that it was no longer in the Company's interest to continue operating in the trust services sector and that, consequently, conditions were not there for the company to obtain registration as a trust in the separate section of the new Register pursuant to art. 106 of Legislative Decree no. 385/93 and therefore asked the subsidiary to fulfil the obligations towards its customers and the Supervisory Authorities as are required to discontinue operations and relinquish the procedures for obtaining registration in the above-mentioned Register.

On 28 March 2018 the Shareholders' Meeting of Centro Fiduciario CF S.p.A. resolved to wind up the company, appointing a receiver.

On 9 February 2018 the Board of Directors resolved to no longer pursue the plan for merger by absorption of Banca Cesare Ponti S.p.A. into Carige S.p.A. The previous resolution on the subject was accordingly deemed superseded. At its meetings of 20 February 2018 and 6 March 2018, the Board of Directors approved the organisational restructuring and redefinition of the Group's current private banking model.

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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, as contained in the Communication received from Consob on 15 March 2017, the closing figures for the first quarter of 2018 - considering, among other aspects, the regulatory changes occurring in the reporting period- were in line with the Business Plan forecasts for 2018.

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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 2018 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.*

The Banca Carige Group's consolidated results as at 31 March 2018 will be presented to the financial community in a conference call via live audio webcast scheduled for today, 11 May 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	31/03/2018	31/12/2017	31/03/2017	abs. 31/3-31/12	%
Total assets	23,686.4	24,919.7	26,760.3	(1,233.3)	(4.9)
Direct deposits (a)	16,363.7	16,858.8	18,343.3	(495.2)	(2.9)
Indirect deposits (b)	21,925.4	21,292.1	21,475.1	633.2	3.0
- o.w. *Assets under Management*	*11,523.4*	*11,397.2*	*11,076.1*	*126.2*	*1.1*
- o.w. *Assets under Custody*	*10,402.0*	*9,895.0*	*10,399.0*	*507.0*	*5.1*
Overall funding (a+b)	38,289.0	38,151.0	39,818.5	138.1	0.4
Loans to customers(1)	15,245.9	15,509.7	17,505.9	(263.8)	(1.7)
Securities portfolio(2)	2,154.0	2,298.6	2,079.2	(144.6)	(6.3)
Group's share capital and reserves	2,011.8	2,633.2	2,101.0	(621.3)	(23.6)
RECLASSIFIED INCOME STATEMENT FIGURES	1Q18	4Q17	1Q17	abs. 1Q18-4Q17	%
Net core operating income	135.2	114.1	147.8	21.1	18.5
Core operating expenses	(117.8)	(128.5)	(130.1)	10.8	(8.4)
Gross operating profit	17.5	(14.4)	17.7	31.8	...
Net operating profit	4.6	(478.1)	(53.6)	482.7	...
Profit (loss) before tax	(4.5)	(259.9)	(68.2)	255.4	(98.3)
Net Profit (Loss) attributable to the Parent Company	6.4	(178.0)	(41.1)	184.4	...
ALTERNATIVE PERFORMANCE MEASURES(3)	31/03/2018	31/12/2017	31/03/2017		
Cost income	87.1%	98.5%	88.0%		
ROE	0.3%	-14.8%	-2.0%		
Adjusted ROE	0.3%	-14.0%	-1.8%		
	31/03/2018	31/12/2017	31/03/2017		
Net bad loans/Loans to customers(1)	2.9%	3.9%	8.0%		
RESOURCES (end of period)	31/03/2018	31/12/2017	31/03/2017	abs. 31/3-31/12	%
Number of branches	527	529	587	(2)	(0.4)
Headcount	4,589	4,642	4,810	(53)	(1.1)

Note: The Income Statement figures for 1Q18 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 0.6 mln impact on net interest income) and to provisions for risks and charges (with a negative EUR 0.2 mln impact).

(1) For 2018: Item 40(a) of the Balance Sheet net of debt securities measured at amortised cost; for 2017: Item 70 of the Balance Sheet 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 and non-core administrative expenses) to net operating income (items 30, 60, 70, 80, 90, 100 (excluding 100(a)) and 110 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 debt securities classified as L&R)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(see reclassification criteria at the end of this document)

Amounts in EUR/mln

			Change	
RECLASSIFIED INCOME STATEMENT	1Q18	1Q17	absolute	%
Net interest income	55.5	62.6	(7.0)	(11.3)
Net fee and commission income	61.9	61.8	0.1	0.2
Core revenues from trading(1)	13.4	15.5	(2.1)	(13.3)
Other operating income(2)	4.4	8.0	(3.6)	(45.3)
NET CORE OPERATING INCOME	**135.2**	**147.8**	**(12.6)**	**(8.5)**
Core personnel expenses(3)	(73.6)	(78.1)	4.5	(5.7)
Net core adjustments to/ recoveries on property and equipment, and on intangible assets(4)	(7.4)	(9.6)	2.2	(22.6)
Core administrative expenses(5)	(36.7)	(42.4)	5.7	(13.5)
CORE OPERATING EXPENSE	**(117.8)**	**(130.1)**	**12.4**	**(9.5)**
GROSS OPERATING PROFIT	**17.5**	**17.7**	**(0.2)**	**(1.3)**
Net losses/recoveries on impairment of loans(6)	(12.8)	(75.6)	62.7	(83.0)
Net losses/recoveries on impairment of other financial assets(7)	(0.0)	4.2	(4.2)	…
NET OPERATING PROFIT	**4.6**	**(53.6)**	**58.2**	**…**
Profits (losses) on equity investments and on disposal of investements(8)	1.4	0.9	0.5	60.0
Non-core administrative expenses(9)	(1.8)	-	(1.8)	…
Net provisions for risks and charges	3.2	(1.0)	4.2	…
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(8.4)	(11.0)	2.6	(23.8)
DTA fees	(3.5)	(3.5)	0.0	(0.1)
PROFIT (LOSS) BEFORE TAX	**(4.5)**	**(68.2)**	**63.7**	**(93.4)**
Taxes	3.4	20.8	(17.4)	(83.7)
Profit (loss) after tax from discontinued operations	7.5	6.3	1.2	18.6
NET PROFIT (LOSS) FOR THE PERIOD	**6.4**	**(41.2)**	**47.5**	**…**
Non-controlling interests	(0.0)	(0.1)	0.0	(50.7)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**6.4**	**(41.1)**	**47.5**	**…**

Note: The Income Statement figures for 1Q18 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 0.6 mln impact on net interest income) and to provisions for risks and charges (with a negative EUR 0.2 mln impact).

(1) Includes Income Statement items 70, 80, 90, 100 (excluding 100(a) and 110 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) Income Statement item 130(a) (net losses/recoveries on impairment of assets measured at amortised cost - former 'net losses/recoveries on impairment of loans to banks and customers)

(7) Income Statement items 130(b) (former 30(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) (in 2017, it includes the impact from the disposal of the Milan building)

(9) Non-recurring 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	1Q18	4Q17	3Q17	2Q17	1Q17
Net interest income	55.5	52.7	59.9	58.4	62.6
Net fee and commission income	61.9	58.0	59.1	60.3	61.8
Core revenues from trading(1)	13.4	(1.6)	1.2	3.2	15.5
Other operating income(2)	4.4	5.0	5.9	6.5	8.0
NET CORE OPERATING INCOME	**135.2**	**114.1**	**126.1**	**128.5**	**147.8**
Core personnel expenses(3)	(73.6)	(71.6)	(74.0)	(73.6)	(78.1)
Net core adjustments to/ recoveries on property and equipment, and on intangible assets(4)	(7.4)	(8.6)	(8.1)	(10.0)	(9.6)
Core administrative expenses(5)	(36.7)	(48.3)	(38.2)	(46.2)	(42.4)
CORE OPERATING EXPENSE	**(117.8)**	**(128.5)**	**(120.3)**	**(129.8)**	**(130.1)**
GROSS OPERATING PROFIT	**17.5**	**(14.4)**	**5.8**	**(1.3)**	**17.7**
Net losses/recoveries on impairment of loans(6)	(12.8)	(252.4)	42.3	(141.9)	(75.6)
Profits (losses) on disposal or repurchase of loans	-	(210.0)	(111.5)	-	-
Net losses/recoveries on impairment of other financial assets(7)	(0.0)	(1.3)	3.5	(4.6)	4.2
NET OPERATING PROFIT	**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)	1.4	89.4	0.0	4.9	0.9
Personnel expenses - severance(10)	-	(61.5)	-	-	-
Non-core administrative expenses(11)	(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	3.2	(1.5)	(5.4)	(16.3)	(1.0)
Contributions and other banking system charges (SRF, DGS, Voluntary scheme and Atlante)	(8.4)	(4.7)	(18.3)	(7.2)	(11.0)
DTA fees	(3.5)	(3.5)	(3.5)	(3.5)	(3.5)
PROFIT (LOSS) BEFORE TAX	**(4.5)**	**(259.9)**	**(87.5)**	**(173.1)**	**(68.2)**
Taxes	3.4	73.8	24.9	49.9	20.8
Profit (loss) after tax from discontinued operations	7.5	7.2	6.6	6.0	6.3
NET PROFIT (LOSS) FOR THE PERIOD	**6.4**	**(179.0)**	**(56.0)**	**(117.2)**	**(41.2)**
Non-controlling interests	(0.0)	(1.0)	(0.5)	(3.4)	(0.1)
NET PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT COMPANY	**6.4**	**(178.0)**	**(55.5)**	**(113.8)**	**(41.1)**

Note: The Income Statement figures for 1Q18 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 0.6 mln impact on net interest income) and to provisions for risks and charges (with a negative EUR 0.2 mln impact).

(1) Includes Income Statement items 70, 80, 90, 100 (excluding 100(a) and 110 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) Income Statement item 130(a) (net losses/recoveries on impairment of assets measured at amortised cost - former 'net losses/recoveries on impairment of loans to banks and customers)

(7) Income Statement items 130(b) (former 30(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) (in 2017, it includes the impact from the disposal of the Milan building)

(10) Operational data

(11) Non-recurring expenses associated with one-off transactions carried out during the period (operational data)

CONSOLIDATED BALANCE SHEET

ASSETS *(EUR/000)*

	31/03/2018
10 - CASH AND CASH EQUIVALENTS	269,190
20 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	181,605
a) financial assets held for trading	*1,611*
c) other financial assets mandatorily at fair value	*179,994*
30 - FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	1,194,593
40 - FINANCIAL ASSETS AT AMORTISED COST	18,302,921
a) loans to banks	*2,162,286*
b) loans to customers	*16,140,635*
50 - HEDGING DERIVATIVES	28,335
70 - EQUITY INVESTMENTS	99,944
90 - PROPERTY AND EQUIPMENT	740,061
100 - INTANGIBLE ASSETS	34,352
110 - TAX ASSETS	1,979,919
a) current	*814,364*
b) deferred	*1,165,555*
120 - NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE	613,132
160 - OTHER ASSETS	242,315
TOTAL ASSETS	**23,686,367**

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

	31/03/2018
10 - FINANCIAL LIABILITIES MEASURED AT AMORTISED COST	20,510,003
a) due to bank	*4,146,343*
b) due to customers	*13,058,377*
c) securities issued	*3,305,283*
20 - FINANCIAL LIABILITIES HELD FOR TRADING	728
40 - HEDGING DERIVATIVES	224,534
60 - TAX LIABILITIES	29,037
(a) current	*15,788*
(b) deferred	*13,249*
70 - LIABILITIES ASSOCIATED WITH GROUPS OF ASSETS HELD FOR SALE	168,401
80 - OTHER LIABILITIES	443,749
90 - EMPLOYEE TERMINATION INDEMNITIES	58,430
100 - ALLOWANCES FOR RISKS AND CHARGES	211,438
a) commitments and guarantees given	*51,916*
b) post-employment benefits	*32,552*
c) other allowances for risks and charges	*126,970*
120 - VALUATION RESERVES	(113,083)
150 - RESERVES	(1,329,577)
160 - SHARE PREMIUM RESERVE	628,689
170 - SHARE CAPITAL	2,841,357
180 - TREASURY SHARES (-)	(15,572)
190 - NON-CONTROLLING INTERESTS (+/-)	21,841
200 - NET PROFIT (LOSS) FOR THE PERIOD (+/-)	6,392
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**23,686,367**

CONSOLIDATED INCOME STATEMENT

(EUR/000)

		1Q2018
10.	Interest and similar income	102,566
	o.w.: interest income calculated using the effective interest method	99,813
20.	Interest and similar expense	(47,052)
30.	**NET INTEREST INCOME**	**55,514**
40.	Fee and commission income	68,674
50.	Fee and commission expense	(6,755)
60.	**NET FEE AND COMMISSION INCOME**	**61,919**
70.	Dividends and similar income	10,411
80.	Net profit (loss) from trading	3,177
90.	Net profit (loss) from hedging	143
100.	Profits (losses) on disposal or repurchase of:	956
	b) financial assets at fair value through other comprehensive income	658
	c) financial liabilities	298
110.	Profits (losses) on financial assets/liabilities at fair value through profit or loss	(1,262)
	b) other financial assets mandatorily at fair value	(1,262)
120.	**NET INTEREST AND OTHER BANKING INCOME**	**130,858**
130.	Net losses/recoveries on impairment of:	(12,858)
	a) financial assets at amortised cost	(12,844)
	b) financial assets at fair value through other comprehensive income	(14)
150.	**NET INCOME FROM BANKING ACTIVITIES**	**118,000**
180.	**NET INCOME FROM FINANCIAL AND INSURANCE ACTIVITIES**	**118,000**
190.	Administrative expenses	(135,352)
	a) personnel expenses	(73,624)
	b) other administrative expenses	(61,728)
200.	Net provisions for risks and charges	3,194
	a) commitments and guarantees given	(230)
	b) other net provisions	3,424
210.	Net adjustments to/recoveries on property and equipment	(3,251)
220.	Net adjustments to/recoveries on intangible assets	(4,188)
230.	Other operating expense (income)	15,717
240.	**OPERATING EXPENSES**	**(123,880)**
250.	Profits (losses) on equity investments	1,406
280.	Profits (losses) on disposal of investments	(1)
290.	**PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS**	**(4,475)**
300.	Taxes on income from continuing operations	3,374
310.	**PROFIT (LOSS) AFTER TAX FROM CONTINUING OPERATIONS**	**(1,101)**
320.	Profit (loss) after tax from discontinued operations	7,460
330.	**NET PROFIT (LOSS) FOR THE PERIOD**	**6,359**
340.	Profit (loss) for the period - Minority interests	*(33)*
350.	**PARENT COMPANY'S SHARE OF PROFIT (LOSS) FOR THE PERIOD**	**6,392**

Explanatory notes

Preparation criteria

This Press Release is the document whereby the Banca Carige Group has decided to voluntarily make periodic information available to the public and the market, in addition to the half-year and annual reports ("quarterly information"), in compliance with the disclosure policy which was announced to the market with the press release "Consolidated results as at 31 March 2017" on 9 May 2017, as required by art. 82-ter of the Issuers' Regulation in force as of 2 January 2017. For the sake of completeness, it should be noted that quarterly information also includes the results presentation prepared to support the conference call which will be held with the financial community following publication of this Press Release.
The information contained in this document includes a comment on the Group's operations in the first quarter of 2018, with a focus on trends in the main economic, capital and financial factors, which was developed by making reference to the Balance Sheet and Income Statement as at 31 March 2018, reclassified on the basis of the criteria and principles set out in the section "Reclassification of Income Statement and Balance Sheet results" below.
For the valuation and measurement of the accounting items, the Group applied the international accounting standards (IAS/IFRS) and related interpretations (SIC/IFRIC), officially approved by the European Commission and effective as at 31 March 2018, while referring, as needed, to guidance provided by the Bank of Italy in its Circular no. 262 of 22/12/2005 - 5th update of 22 December 2017 (Banks' Financial Statements: Layout and Preparation).
The additional periodic consolidated information as at 31 March 2018 contained in this Press Release was not prepared in accordance with the international accounting principle applicable to interim financial reports (IAS 34) and is not audited by the independent auditing firm.

This Press Release, in which the statements are presented in a reclassified format, was prepared on the basis of international accounting standards (IAS/IFRS) currently in force, as set out in the "Accounting Policies" contained in the Explanatory Notes - Part A - Accounting Policies of the Consolidated Financial Statements as at 31 December 2017, including the "Regulatory Updates" deriving from the first-time adoption of IFRS 9 and IFRS 15 in force as of 1 January 2018.

The Press Release containing the additional periodic consolidated information as at 31 March 2018 was prepared using the Euro as the accounting currency.
The application of the accounting principles may require the use of estimates and assumptions that may have an impact on the values of assets and liabilities recognised in the balance sheet. The assumptions underlying the estimates take into consideration all the information available as at the date of preparation of this Press Release.
Therefore, in light *inter alia* of the state of uncertainty characterising the context of operation, it cannot be ruled out that the above estimates and assumptions, albeit reasonable, may not be confirmed in the future scenarios in which the Group will operate and future results may differ from the estimates made for drafting the Balance Sheet and Income Statement as at 31 March 2018.
For the P&L items not accruing *pro rata temporis* throughout the year, which mainly consist in administrative expenses, the accounting results were supplemented by budget-based estimates.
For the purposes of this Press Release containing the additional consolidated periodic information as at 31 March 2018, the assets reclassified on the basis of accounting principle IFRS 5 among non-current assets and disposal groups held for sale remained unchanged with respect to those identified in the Consolidated Financial Statements as at 31 December 2017 and refer to the disposal of the consumer credit company Creditis and the branch of business consisting in the bad loan management platform.

The scope of consolidation has remained unchanged with respect to that used for preparation of the Consolidated Financial Statements for the year ended 31 December 2017.
Please note that, by resolution of the Shareholders' Meeting of 28/03/2018, the subsidiary Centro Fiduciario S.p.A. was wound up, as the trust activity was no longer considered strategic by the Group (see paragraph "Key events from FY17 closing to 1Q18 approval" for further information).

Main IFRS 9 and IFRS 15 quantitative impacts - First Time Adoption (FTA)
The new accounting principles “IFRS 9 – Financial instruments” and “IFRS 15 – Revenue from Contracts with Customers” shall apply for periods beginning on or after 1 January 2018.
With regard to the "Classification and Measurement" and "Impairment" rules of IFRS 9 applying to financial instruments for annual periods beginning on or after 1 January 2018, the quantitative effects from first time adoption -recognised in opening net shareholders' equity before tax- approximately amount to -EUR 327 mln (of which -EUR 355 mln for Impairment and +EUR 28 mln for Classification and Measurement). The impact on consolidated shareholders' equity after tax amounted to EUR 237 mln.
This negative effect is mainly due to the combined requirement of using an expected loss on “lifetime” loans for the positions allocated to Stage 2 and the introduction of sales scenarios in the calculation of the impairment loan losses

allocated to Stage 3.
As for the first time adoption of IFRS 15, no significant impacts associated with the introduction of the new accounting principle emerged from the analyses conducted.

Comparative figures IAS 39 vs IFRS 9
The adoption of the new accounting standard IFRS 9 implied a major impact on the methods of accounting of financial assets and liabilities affected by the changes, which makes the retrospective and comparative recalculation of figures of prior periods particularly difficult.
IFRS9 (Section 7) does not require an entity to restate the quantitative data of prior periods, but requires that adequate information on first-time adoption impacts be in any case provided. Consequently, prior periods were not comparatively restated according to IFRS 9 in the financial statements. However, for trends to be better interpreted, the tables were reclassified and changes justified in the light, *inter alia*, of any impacts arising from the adoption of IFRS9.

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 Expenses or Operating Income, 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. fines, 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" of the consolidated Income Statement;
- "**Other operating income**" corresponds to item "230. Other operating expense/income", net of tax recovery included in *core* administrative expenses (EUR 11.3 mln and EUR 12.7 mln in 1Q18 and 1Q17, respectively);
- The new item "**Core personnel expenses"** corresponds to item "190a. Administrative expenses – personnel expenses";
- The new item "**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";
- "**Core administrative expenses**" corresponds to item "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 8.4 mln in 1Q18 and EUR 7.5 mln in 1Q17 included in "Contributions and other banking system charges";
  - Deferred Tax Asset (DTA) fees convertible into tax credits, amounting to EUR 3.5 mln payable for both 1Q18 and 1Q17,

and include tax recovery under item "230. Other operating expense/income" (EUR 11.3 mln in 1Q18 and EUR 12.7 mln in 1Q17);

- "**Net losses/recoveries on impairment of loans**" corresponds to item "130a. Net losses/recoveries on impairment of financial assets at amortised cost";
- "**Net losses/recoveries on impairment of other financial assets**" includes item "130b. Net losses/recoveries on impairment of financial assets at fair value through other comprehensive income";
- "**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";
- "**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 1.8 mln in 1Q18);
- "**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 8.4 mln in 1Q18 and EUR 7.5 mln in 1Q17;
- "**DTA fees**" corresponds to *Deferred Tax Asset* (DTA) fees convertible into tax credits, amounting to EUR 3.5 mln payable for both 1Q18 and 1Q17;
- "**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".