

Bridge Banks: income statement and pro-forma⁽¹⁾ balance sheet as at 31/12/2016

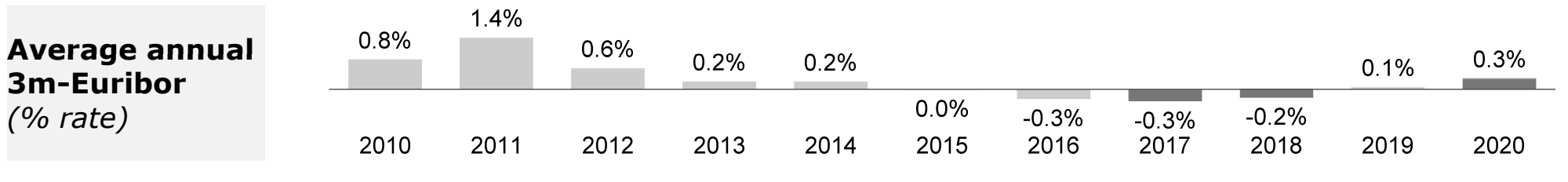
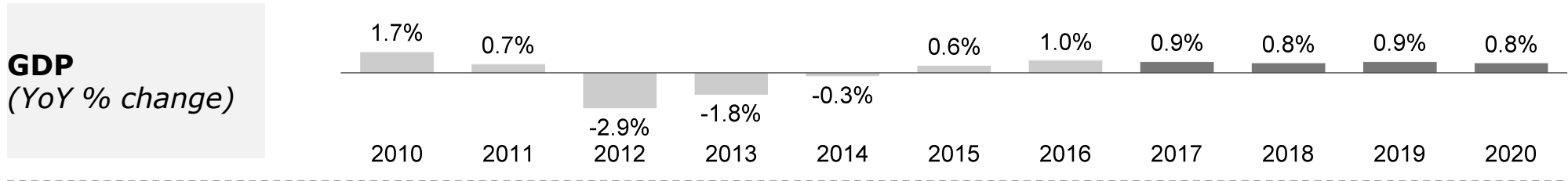
Figures in €M

Income Statement	Riclassified 31/12/2016
Net Interest Income	211
Net Commission Income	188
Dividend and similar income	27
Other income items	37
Results from insurance operations	10
Operating Income	473
Staff costs	(315)
Other administrative expences	(248)
Net Impairment losses on property, equipment and investment property and intangible assets	(35)
Operating Expences	(597)
Net Operating Income	(124)
Net impairment losses on loans	(905)
Net impairment losses on other financial assets and liabilities	(10)
Net provisions for risks and charges	5
Other	(2)
Pre-tax result from continuing operations	(1,037)
Taxes on income for the period for continuing operations	5
Profit/ Loss for the period attributable to non controlling interests	1
Net Result for the period	(1,031)

Balance Sheet	31/12/2016
Loans to customers	12,425
Direct Funding	18,133
of which Repos with CCG	1,031
Direct Funding excl. Repos with CCG	17,101
of which Institutional Funding	1,008
Direct Funding excl. Institutional Funding and Repos with CCG	16,094
AuM	2,161
Bancassurance	2,030
Total AuM and Bancassurance	4,191
AuC	3,339
Total Indirect Funding	7,530
Financial Assets including insurance portfolio	3,971
Financial Assets excl. insurance portfolio	2,284
Total Assets	21.741

(1) The item loans to customers has been netted of 2.2 bln€ sold to Fondo Atlante and of a loan to REV which has been cashed in

Background scenario showing slow improvement but projecting a slower growth in GDP



Macro-economic scenario

- **Slow recovery in GDP** (worsened from previous year estimates) affected also by a **low contribution from demographic trends, significant unemployment rate and moderate investment growth**

Banking industry

- **Profit margins still under pressure**, with estimates lowered with respect to 2016, due to negative interest rates and macro-economic context
- **Regulatory framework that requires increasingly greater rigour** in terms of capital, liquidity and IT investments

Social and economic context

- In recent years the economic crisis and the technological revolution **have determined structural changes in the priorities of individual and business customer needs**