

PRESS RELEASE

CDP GROUP: CDP S.P.A. DRAFT SEPARATE FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017 APPROVED

2017 RESULTS SHOW STRONG PERFORMANCE, IN LINE WITH THE PLAN'S AMBITIONS

- The Group's new lending reached € 33.7 billion in 2017, up by around 20% on 2016, for a total of € 58 billion in investments activated¹, fully in line with the Business Plan.
- Sharp increase in economic results in 2017 compared to the previous year and without any non-recurring items. Net income for CDP S.p.A. is € 2.2 billion (approximately + 33% on 2016), while consolidated net income is € 4.5 billion (€ 1.2 billion in 2016), of which € 2.9 billion pertaining to the Parent Company (€ 0.2² billion in 2016).
- Improved capital strength. CDP S.p.A.'s equity is equal to € 24.4 billion (+ 1.2 billion on 2016), while consolidated equity³ is equal to € 35.9 billion (+ € 0.1 billion on 2016), of which € 23.1 billion pertaining to the Group (+ € 0.4 billion on 2016).

¹ Including new lending by third parties

² The 2016 consolidated balance sheet and income statement figures were subject to restatement

³ The consolidated equity is equal to €35.9 billion, of which €23.1 billion pertaining to the Group and €12.8 billion pertaining to Non-controlling Interests

Milan, 28 March 2018 h 12:15 pm - The Board of Directors of Cassa depositi e prestiti S.p.A. (CDP) approved today the draft separate financial statements and the consolidated financial statements at 31 December 2017, as well as the 2017 consolidated non-financial statement of the CDP Group pursuant to Legislative Decree no. 254/2016. The draft financial statements shall be submitted for the approval to the Shareholders' Meeting convened on 23 May 2018 and on 20 June 2018, respectively on first and second call (instead of on 16 May 2018 as previously announced).

NEW LENDING IN 2017 AND PROGRESS OF THE BUSINESS PLAN

New lending by the CDP Group

The results for 2017 confirmed the key development role of the CDP Group in support of the Italian economy. **New lending managed** by the Group amounted to about **€ 33.7 billion**, for a total of **€ 58 billion in overall investments activated** (with a multiple of 1.7x), mainly through financing, investments and guarantees. The volume of new lending **increased** by around **20%** compared with the previous financial year and was **fully in line** with the **target progress** set in the **2016-2020 Business Plan**. New lending was allocated as follows:

- **€ 15.9 billion** to the **international expansion** of Italian companies (+ 12% on 2016; € 17.7 billion in investments activated);
- **€ 11.2 billion** to **enterprises** (+ 29% on 2016; € 26.2 billion in investments activated);
- **€ 6.3 billion** to **Public Entities and infrastructure** (+19% on 2016 – of which +89% referred only to the infrastructure segment; € 13.9 billion in investments activated);
- **€ 0.3 billion** to the **real estate sector** (+ 43% on 2016; € 0.3 billion in investments activated).

New lending by the Parent Company CDP S.p.A.

The contribution of the Parent Company CDP S.p.A. alone to new lending managed accounted for almost **€ 19 billion**, **up** by over **21%** compared to 2016, with over **€ 41.5 billion in investments activated** (with a multiple of 2.2x). Resources were mainly directed towards the **drivers** of Italy's **economic development**. Indeed, CDP has confirmed its key position in support of:

- the **local areas**, by funding **Public Entities** and works in **infrastructure**, the **transport** and **telecommunications sectors** (€ 6.3 billion);
 - the **enterprises**, by funding **innovation** and supporting the national production system, including in the areas affected by **natural disasters**, thus contributing to the economic recovery (€ 9 billion);
 - the **international expansion** of companies, by promoting **Italian exports** (€ 3.4 billion);
 - the **real estate sector**, by promoting **social and smart housing**, **developing** state-owned properties and the **tourist sector**, while also implementing a strategy involving **reorganisation measures** aimed at redeveloping and disposing of properties (€ 0.2 billion).
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2017 FINANCIAL RESULTS

Parent Company CDP S.p.A.

- **Net income** was approximately **€ 2.2 billion**, without any non-recurring items, confirming the trend of **strong growth** that has begun in 2015 (+ 33% on 2016; + 147% on 2015). Impacting positively on performance was the **increase in net interest income**, along with the **lower costs for risks**, both in relation to loans and equity investments.
- **Net interest income** stood at around **€ 3.0 billion**, **significantly up** compared to the previous financial year (+ 25%), despite market rates remaining at unfavourable levels. The increase in net interest income was achieved thanks to the improved return on interest-bearing assets, as well as the drop in the cost of liabilities, as a result of the **active ALM** and **Treasury** activities.

Economic performance also made it possible to **strengthen the capital base** of certain CDP **subsidiaries**, increasing the profit not distributed to the Parent Company. This caused a drop in the **dividends** received in 2017, which amounted to € 1.4 billion (€ 1.6 billion in 2016).

Assets totalled around **€ 367.3 billion**, marking a 2.7% increase on the previous year:

- **cash and cash equivalents** reached **€ 175.3 billion** (approximately + 8.3% on 2016), thanks to higher short-term investments;
- the stock of **loans to customers and banks** reached **€ 101.8 billion**. This amount reached **€ 123.1 billion** (+ 1.7% compared to 2016), including the commitments to disburse funds as a result of the new agreements signed in the fields of infrastructure, enterprises and international expansion;
- the portfolio of **debt securities** stood at **€ 48 billion**, slightly down from 2016 (- 1.9%), with a concurrent reduction in the average maturity of securities;
- **equity investments and equity securities** reached **€ 32.3 billion**, **slightly down** on the previous period (- 0.8%), mainly due to the rationalisation of some subsidiaries.

As regards **liabilities**:

- **total funding** increased compared to 2016 and amounted to **€ 340.5 billion** (+ 2.6%). **Postal funding** showed increased to € 252.8 billion (+0.8% on 2016). **Bond funding** increased significantly compared to 2016, reaching € 17.5 billion (+ 51.6%), thanks to the efficient diversification of funding sources, in line with the Plan's targets (DIP programme issues, Social Bonds, etc.). There was a slight increase also in **other funding**, amounting to € 70.3 billion (+ 1.1% on 2016).
- **equity** continued to strengthen, reaching € 24.4 billion (+ 1.2 billion on 2016).

CDP Group

- **Group net income** grew significantly, reaching **€ 4.5 billion** (€ 1.2 billion in 2016), thanks to the significant contribution from the Parent Company's result and the contributions from
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the subsidiaries. **Net income pertaining to the Parent Company** stood at **€ 2.9 billion**, compared to € 0.2 billion in 2016. **Net interest income** amounted to **€ 2.8 billion** (+ 31% on 2016).

The consolidated financial statements closed with total **assets** slightly up on the previous financial year, amounting to **€ 420 billion** (+ 2.2%). **Cash and cash equivalents** reached **€ 178.8 billion** (+ 8.1% on 2016).

Consolidated **equity** strengthened further to **€ 35.9 billion** (€ 35.8 billion in 2016), of which **€ 23.1 billion** pertaining to the **Group** (+ € 0.4 billion compared to 2016).

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The Manager in charge with preparing the company's financial reports, Fabrizio Palermo, declares pursuant to art. 154-bis, paragraph 2, of the Single Finance Act that the accounting information contained in this press release corresponds to documentary evidence and the accounting books and records.

The 2017 Annual financial report, together with the certification pursuant to Article 154-bis, paragraph 5, of the Single Finance Act and the Independent Auditors and Board of Statutory Auditors' Reports shall be available to the public at the Company's registered office, on the CDP website and in any other manner provided for by the applicable law, within the legal time limits.

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Cassa depositi e prestiti is a National Promotion Institution that has been supporting the Italian economy since 1850. It funds public investments, supports international cooperation and acts as a catalyst for investment in Italy's infrastructure development. It supports Italian enterprises, promoting their innovation and growth, exports and international expansion. It contributes to developing Italy's real estate market as the leading operator for social and affordable housing.

ANNEXES

IFRS Statements for the 2017 Separate Financial Statements of CDP S.p.A. (*)

Balance Sheet

(euros)

Assets	31/12/2017	31/12/2016
10. Cash and cash equivalents	6,741	3,093
20. Financial assets held for trading	93,568,293	207,650,392
40. Financial assets available for sale	11,682,664,088	9,596,393,260
50. Financial assets held to maturity	29,236,673,374	32,268,680,348
60. Loans to banks	38,599,568,670	23,964,631,584
- of which segregated asset pool	-	446,324,638
70. Loans to customers	255,280,626,453	258,642,911,172
80. Hedging derivatives	842,595,854	733,272,511
90. Fair value change of financial assets in hedged portfolios (+/-)	(41,503,409)	-
100. Equity investments	30,411,137,574	30,896,644,341
110. Property, plant and equipment	305,538,163	272,567,177
120. Intangible assets	11,882,566	8,570,519
130. Tax assets	630,739,071	972,786,595
a) current tax assets	331,378,247	628,099,980
b) deferred tax assets	299,360,824	344,686,615
150. Other assets	211,771,045	145,602,272
Total assets	367,265,268,483	357,709,713,264

(*) The independent audit of the accounts had not been completed at the date of this press release

(euros)

Liabilities and equity	31/12/2017	31/12/2016
10. Due to banks	16,626,997,896	14,487,457,832
20. Due to customers	306,499,360,318	305,798,520,321
30. Securities issued	17,364,495,113	12,031,653,582
40. Financial liabilities held for trading	126,255,780	183,286,348
50. Financial liabilities designated at fair value	501,551,155	-
60. Hedging derivatives	588,083,435	831,894,069
70. Fair value change of financial liabilities in hedged portfolios (+/-)	32,400,026	38,206,204
80. Tax liabilities	213,992,947	210,911,533
a) current tax liabilities	56,735,458	93,877,881
b) deferred tax liabilities	157,257,489	117,033,652
100. Other liabilities	834,676,174	877,150,145
110. Staff severance pay	1,019,223	1,004,783
120. Provisions for risks and charge	41,363,654	42,813,434
b) other provisions	41,363,654	42,813,434
130. Valuation reserves	950,928,999	946,536,992
160. Reserves	14,908,258,103	14,225,165,606
170. Share premium reserve	2,378,517,244	2,378,517,244
180. Share capital	4,051,143,264	4,051,143,264
190. Treasury shares (-)	(57,220,116)	(57,220,116)
200. Net income (loss) for the year	2,203,445,268	1,662,672,023
Total liabilities and equity	367,265,268,483	357,709,713,264

Income Statement

(euros)

Items	31/12/2017	31/12/2016
10. Interest income and similar revenues	7,463,425,025	6,722,913,263
20. Interest expense and similar expense	(4,498,739,270)	(4,354,350,232)
30. Net interest income	2,964,685,755	2,368,563,031
40. Commission income	108,116,186	96,954,952
50. Commission expense	(1,579,499,602)	(1,581,159,760)
60. Net commission income	(1,471,383,416)	(1,484,204,808)
70. Dividends and similar revenues	1,354,720,829	1,570,768,905
80. Profits (losses) on trading activities	(8,824,895)	5,665,777
90. Fair value adjustments in hedge accounting	13,170,610	756,687
100. Gains (losses) on disposal or repurchase of:	42,657,150	24,605,589
a) loans	20,969,204	19,139,789
b) financial assets available for sale	21,621,995	5,463,955
c) financial assets held to maturity	65,951	1,845
110. Profits (losses) on financial assets and liabilities designated at fair value	(1,529,630)	-
120. Gross income	2,893,496,403	2,486,155,181
130. Net impairment losses/recoveries on:	(109,346,583)	(457,112,014)
a) loans	(5,715,973)	(163,235,538)
b) financial assets available for sale	(183,776,242)	(215,948,520)
d) other financial transactions	80,145,632	(77,927,956)
140. Financial income (expense) net	2,784,149,820	2,029,043,167
150. Administrative expenses:	(144,969,654)	(136,162,728)
a) staff costs	(85,135,767)	(80,533,141)
b) other administrative expenses	(59,833,887)	(55,629,587)
160. Net accruals to the provisions for risks and charge	83,221	(1,157,601)
170. Net adjustments to/recoveries of property, plant and equipment	(4,374,801)	(4,556,613)
180. Net adjustments to/recoveries of intangible assets	(2,526,902)	(2,465,725)
190. Other operating income (costs)	5,207,597	3,752,011
200. Operating costs	(146,580,539)	(140,590,656)
210. Gains (losses) on equity investments	28,631,108	(270,010,000)
240. Gains (losses) on disposal of investments	(5,181)	(3,835)
250. Income (loss) before tax from continuing operations	2,666,195,208	1,618,438,676
260. Income tax for the year on continuing operations	(462,749,940)	44,233,347
270. Income (loss) after tax on continuing operations	2,203,445,268	1,662,672,023
290. Income (loss) for the year	2,203,445,268	1,662,672,023

Statement of Comprehensive Income

(euros)

Items	31/12/2017	31/12/2016
10. Income (loss) for the year	2,203,445,268	1,662,672,023
Other comprehensive income net of taxes transferred to the income statement		
90. Cash flow hedges	(3,708,169)	(2,024,469)
100. Financial assets available for sale	8,100,176	8,091,468
130. Total other comprehensive income net of taxes	4,392,007	6,066,999
140. Comprehensive income (items 10+130)	2,207,837,275	1,668,739,022

Statement of Cash Flows (indirect method)

(euros)	31/12/2017	31/12/2016
A. OPERATING ACTIVITIES		
1. Operations	6,604,956,335	3,967,596,711
- net income (loss) for the year (+/-)	2,203,445,268	1,662,672,023
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value and on financial assets/liabilities at fair value (-/+)	22,523,832	(8,391,435)
- gains (losses) on hedging activities (-/+)	(14,585,574)	(857,663)
- net losses (recoveries) on impairment (+/-)	121,089,278	458,071,723
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	6,901,702	7,022,338
- net accruals to the provisions for the risks and charges and other costs/revenues (+/-)	12,958,058	13,841,644
- outstanding charges, taxes and tax credits (+/-)	462,749,940	(44,233,347)
- net adjustments to/recoveries on equity investments (+/-)	5,806	270,010,000
- other adjustments (+/-)	3,789,868,025	1,609,461,428
2. Cash flow generated by/used in financial assets	(12,676,016,116)	(6,755,055,503)
- financial assets held for trading	93,109,423	1,242,716
- financial assets available for sale	(2,307,954,981)	(2,250,389,606)
- loans to banks: other	(14,239,218,187)	454,517,588
- loans to customers	3,519,492,840	(5,027,498,269)
- other assets	258,554,789	67,072,068
3. Cash flow generated by/used in financial liabilities	5,340,547,416	6,210,629,382
- due to banks: other	2,135,614,428	149,263,364
- due to customers	(2,256,338,343)	8,520,343,632
- securities issued	5,436,588,719	(2,375,877,415)
- financial liabilities held for trading	(57,030,568)	13,714,708
- financial liabilities at fair value	500,000,000	-
- other liabilities	(418,286,820)	(96,814,907)
Cash flow generated by/used in operating activities	(730,512,365)	3,423,170,590
B. INVESTMENT ACTIVITIES		
1. Cash flow generated by	25,338,760,346	30,454,264,086
- sale of equity investments	235,882,786	1,530,000
- sale of financial assets held to maturity	25,102,877,560	30,452,734,086
2. Cash flow used in	(22,290,013,499)	(38,390,440,855)
- purchase of equity investments	(59,726,533)	(96,355,100)
- purchase of financial assets held to maturity	(22,186,869,589)	(38,263,833,173)
- purchase of property, plant and equipment	(37,345,787)	(24,565,610)
- purchase of intangible assets	(6,071,590)	(5,686,972)
Cash flow generated by/used in investing activities	3,048,746,847	(7,936,176,769)
C. FINANCING ACTIVITIES		
- dividend distribution and other allocations	(986,900,876)	(852,636,613)
Cash flow generated by/used in financing activities	(986,900,876)	(852,636,613)
NET CASH FLOW GENERATED/USED IN THE PERIOD	1,331,333,606	(5,365,642,792)

RECONCILIATION

Items (*)	31/12/2017	31/12/2016
Cash and cash equivalents at beginning of period	148,208,871,592	153,574,514,384
Total cash generated/used in the period	1,331,333,606	(5,365,642,792)
Cash and cash equivalents at end of period	149,540,205,198	148,208,871,592

* The cash and cash equivalents reported in the cash flow statement comprise the balance of item "0" "Cash and cash equivalents", the balance on the current account held with the Central Treasury, which is reported under item 70 "Loans to customers" and the positive balance of the bank current accounts reported under item 60 "Loans to banks" net of current accounts with a negative balance reported under item "0" "Due to banks" under liabilities.

STATEMENTS OF RECONCILIATION OF ACCOUNTING AND OPERATING FIGURES RELATING TO CDP S.p.A. (*)

CDP S.p.A. Balance Sheet – Assets

	31 December 2017	Cash and cash equivalents	Loans	Debt securities	Equity investments	Assets held for trading and hedging derivatives	Property, plant and equipment and intangible assets	Accrued income, prepaid expenses and other non- interest-bearing assets	Other assets
(millions of euro)									
ASSETS									
10. Cash and cash equivalents	0	0							
20. Financial assets held for trading	94					94			
40. Financial assets available for sale	11,683			9,762	1,887			34	
50. Financial assets held to maturity	29,237			28,965				272	
60. Loans to banks	38,599	24,632	12,807					1,160	
70. Loans to customers	255,281	150,648	88,965	9,304				6,363	
80. Hedging derivatives	843					843			
90. Fair value change of financial assets in hedged portfolios	(42)					(42)			
100. Equity investments	30,411				30,411				
110. Property, plant and equipment	306						306		
120. Intangible assets	12						12		
130. Tax assets	631								631
150. Other assets	212								212
Total assets	367,265	175,280	101,773	48,031	32,298	895	317	7,829	843

(*) The reclassified figures are not subject to auditing by the Independent Auditors

CDP S.p.A. Balance Sheet – Liabilities and equity

	31 December 2017	Funding	Liabilities held for trading and hedging derivatives	Accrued expenses, deferred income and other non- interest bearing liabilities	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Equity
(millions of euro)							
LIABILITIES AND EQUITY							
10. Due to banks	16,627	16,606		21			
20. Due to customers	306,499	306,425		75			
30. Securities issued	17,364	16,966		399			
40. Financial liabilities held for trading	126		126				
50. Financial liabilities designated at fair value	502	502					
60. Hedging derivatives	588		588				
70. Fair value change of financial liabilities in hedged portfolios	32		32				
80. Tax liabilities	214					214	
100. Other liabilities	835				835		
110. Staff severance pay	1					1	
120. Provisions for risks and charges	41					41	
130. Valuation reserves	951						951
160. Reserves	14,908						14,908
170. Share premium reserves	2,379						2,379
180. Share capital	4,051						4,051
190. Treasury shares	(57)						(57)
200. Net income (loss) for the year	2,203						2,203
Total liabilities and equity	367,265	340,498	747	495	835	256	24,435



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CDP S.p.A. INCOME STATEMENT

(millions of euro)

INCOME STATEMENT

	31 December 2017	Net interest income	Dividends	Gains (losses) on equity investments	Net commission income (expense)	Other net revenues (costs)	Gross income	Net recoveries (impairment)	Overheads	Other operating income (costs)	Operating income	Provisions for risks and changes and other	Income taxes	Net income
10. Interest income and similar income	7,463	7,463					7,463				7,463			7,463
20. Interest expense and similar expense	(4,499)	(4,499)					(4,499)				(4,499)			(4,499)
40. Commission income	108				108		108				108			108
50. Commission expense	(1,579)				(1,579)		(1,579)				(1,579)			(1,579)
70. Dividends and similar revenues	1,355		1,355				1,355				1,355			1,355
80. Profits (losses) on trading activities	(9)					(9)	(9)				(9)			(9)
90. Fair value adjustments in hedge accounting	13					13	13				13			13
100. Gains (losses) on disposal or repurchase	43			24		19	43				43			43
110. Profits (losses) on financial assets and liabilities designated at fair value	(2)					(2)	(2)				(2)			(2)
130. Net impairment losses/recoveries	(109)			(105)		(4)	(105)				(109)			(109)
150. Administrative expenses	(145)					(145)	(145)				(145)			(145)
160. Net accruals to the provisions for risks and charge	0						0			0	0			0
170. Net adjustments to recoveries of property, plant and equipment	(4)					(4)	(4)				(4)			(4)
180. Net adjustments to recoveries of intangible assets	(3)					(3)	(3)				(3)			(3)
190. Other operating income (costs)	5					2	5		2	4	5			5
210. Gains (losses) on equity investments	29			29			29				29			29
240. Gains (losses) on disposal of investments	(0)						(0)				(0)			(0)
260. Income tax for the year on continuing operations	(463)						(463)				(463)		(463)	(463)
Total income statement	2,203	2,965	1,355	(53)	(1,471)	22	2,817	(4)	(190)	4	2,673	0	(463)	2,210

IFRS Statements for the 2017 Consolidated Financial Statements of the CDP Group^(*)

CONSOLIDATED BALANCE SHEET

(thousands of euro)

Assets	31/12/2017	31/12/2016
10. Cash and cash equivalents	1,015	1,418
20. Financial assets held for trading	896,815	1,092,094
30. Financial assets designated at fair value	255,885	197,056
40. Financial assets available for sale	10,597,964	8,513,404
50. Financial assets held to maturity	30,731,007	33,773,865
60. Loans to banks	43,137,745	27,730,603
- of which: separate asset pool	-	446,325
70. Loans to customers	257,183,231	261,956,715
80. Hedging derivatives	988,655	1,109,475
90. Fair value change of financial assets in hedged portfolios (+/-)	(41,503)	-
100. Equity investments	19,769,766	20,666,813
110. Reinsurers' share of technical reserves	670,812	612,981
120. Property, plant and equipment	35,813,995	35,158,657
130. Intangible assets	8,050,650	7,935,337
of which:		
- goodwill	653,342	659,576
140. Tax assets	1,701,679	2,085,765
a) current tax assets	441,776	781,699
b) deferred tax assets	1,259,903	1,304,066
150. Non-current assets and disposal group held for sale	23	386,864
160. Other assets	9,776,009	9,300,976
Total assets	419,533,748	410,522,023

The figures at 31 December 2016 were restated

^(*)The independent audit of the accounts had not been completed at the date of this press release

CONSOLIDATED BALANCE SHEET - Liabilities and Equity

(thousands of euro)

Liabilities and equity	31/12/2017	31/12/2016
10. Due to banks	25,934,885	25,692,215
20. Due to customers	300,331,654	302,189,543
30. Securities issued	37,237,527	28,107,767
40. Financial liabilities held for trading	184,354	289,047
50. Financial liabilities designated at fair value	519,228	-
60. Hedging derivatives	669,054	970,235
70. Fair value change of financial liabilities in hedged portfolios (+/-)	32,400	38,206
80. Tax liabilities	3,549,637	3,589,252
a) current tax liabilities	82,581	117,253
b) deferred tax liabilities	3,467,056	3,471,999
90. Liabilities associated with non-current assets and disposal groups held for sale	-	74,557
100. Other liabilities	9,908,993	8,051,312
110. Staff severance pay	221,039	230,629
120. Provisions for risks and charges	2,615,810	2,719,258
a) post employment benefits	-	-
b) other provisions	2,615,810	2,719,258
130. Technical reserves	2,407,786	2,794,066
140. Valuation reserves	763,663	2,342,285
170. Reserves	12,981,676	13,660,240
180. Share premium reserve	2,378,517	2,378,517
190. Share capital	4,051,143	4,051,143
200. Treasury share (-)	(57,220)	(57,220)
210. Non-controlling interests (+/-)	12,860,288	13,151,146
220. Net income (loss) for the year	2,943,314	249,825
Total liabilities and equity	419,533,748	410,522,023

The figures at 31 December 2016 were restated



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CONSOLIDATED INCOME STATEMENT

(thousands of euro)

Items	31/12/2017	31/12/2016
10. Interest income and similar income	7,640,903	6,994,170
20. Interest expense and similar expense	(4,880,212)	(4,887,764)
30. Net interest income	2,760,691	2,106,406
40. Commission income	158,976	154,410
50. Commission expense	(1,627,417)	(1,617,614)
60. Net commission income (expense)	(1,468,441)	(1,463,204)
70. Dividends and similar revenues	4,884	4,606
80. Profits (losses) on trading activities	(244,047)	321,277
90. Fair value adjustments in hedge accounting	8,267	1,529
100. Gains (losses) on disposal or repurchase of:	(12,220)	(274,924)
a) loans	22,185	26,556
b) financial assets available for sale	21,571	27,904
c) financial assets held to maturity	66	2
d) financial liabilities	(56,042)	(329,386)
110. Profits (losses) on financial assets and liabilities designated at fair value	(28,597)	(22,665)
120. Gross income	1,020,537	673,025
130. Net impairment losses/recoveries on:	(141,311)	(478,577)
a) loans	(29,968)	(181,566)
b) financial assets available for sale	(191,488)	(219,083)
d) other financial transactions	80,145	(77,928)
140. Financial income (expense), net	879,226	194,448
150. Net premium income	806,793	376,655
160. Net other income (expense) from insurance operations	57,986	(44,743)
170. Net income from financial and insurance operations	1,744,005	526,360
180. Administrative expenses	(6,842,174)	(6,188,494)
a) staff costs	(1,809,960)	(1,699,886)
b) other administrative expenses	(5,032,214)	(4,488,608)
190. Net accruals to the provisions for risks and charges	(74,317)	(108,593)
200. Net adjustments to/recoveries on property, plant and equipment	(1,372,552)	(1,341,754)
210. Net adjustments to/recoveries on intangible assets	(564,187)	(515,155)
220. Other operating income (costs)	11,121,547	10,179,378
230. Operating costs	2,268,317	2,025,382
240. Gains (losses) on equity investments	1,053,758	(559,937)
260. Goodwill impairment	-	(635)
270. Gains (losses) on disposal of investments	592,352	200
280. Income (loss) before tax from continuing operations	5,658,432	1,991,370
290. Income tax for the year on continuing operations	(1,196,774)	(766,222)
300. Income (loss) after tax on continuing operations	4,461,658	1,225,148
320. Net income (loss) for the year	4,461,658	1,225,148
330. Net income (loss) for the year pertaining to non-controlling interests	1,518,344	975,323
340. Net income (loss) for the year pertaining to the Parent Company	2,943,314	249,825

The figures at 31 December 2016 were restated

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(thousands of euro)

Items	31/12/2017	31/12/2016
10. Net income (loss) for the year	4,461,658	1,225,148
Other comprehensive income net of taxes not transferred to income statement		
40. Defined benefit plans	(2,030)	(2,137)
60. Share of valuation reserves of equity investments accounted for using equity method	1,203	23,192
Other comprehensive income net of taxes transferred to income statement		
80. Exchange rate differences	(57,322)	(29,357)
90. Cash flow hedges	115,950	(47,061)
100. Financial assets available for sale	112,726	(10,848)
120. Share of valuation reserves of equity investments accounted for using equity method	(1,698,737)	198,221
130. Total other comprehensive income net of taxes	(1,528,210)	132,010
140. Comprehensive income (items 10+130)	2,933,448	1,357,158
150. Consolidated comprehensive income pertaining to non-controlling interests	1,527,098	916,015
160. Consolidated comprehensive income pertaining to the Parent Company	1,406,350	441,143

The figures at 31 December 2016 were restated

CONSOLIDATED STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(thousands of euro)

	31/12/2017	31/12/2016
A. OPERATING ACTIVITY		
1. Operations	8,846,375	5,694,563
- net income for the year (+/-)	4,461,658	1,225,148
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	148,933	49,605
- gains (losses) on hedging activities (-/+)	(11,336)	10,281
- net losses (recoveries) on impairment (+/-)	206,026	525,402
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	1,908,691	1,817,422
- net accruals to the provisions for risks and chargers and other costs/revenues (+/-)	74,317	108,593
- net premiums not received (-)	(89,455)	(81,942)
- other insurance income not received/paid (-/+)	(251,470)	(117,038)
- outstanding charges, taxes and tax credits (+/-)	39,220	(73,191)
- net adjustments to/recoveries on equity investments (+/-)	(1,541,217)	619,839
- other adjustments (+/-)	3,901,008	1,610,444
2. Cash flows generated by/used in financial assets	(11,843,794)	(5,240,800)
- financial assets held for trading	76,531	(180,432)
- financial assets designated at fair value	(83,928)	2,889
- financial assets available for sale	(2,166,257)	(2,187,852)
- loans to banks: other	(14,904,952)	536,957
- loans to customers	5,038,034	(4,386,055)
- other assets	196,778	973,693
3. Cash flows generated by/used in financial liabilities	6,303,857	7,641,877
- due to banks: on demand	-	-
- due to banks: other	372,384	2,020,463
- due to customers	(4,871,920)	7,963,820
- securities issued	9,160,152	(2,049,542)
- financial liabilities held for trading	(104,693)	48,448
- financial liabilities designated at fair value	515,730	-
- other liabilities	1,232,204	(341,312)
Cash flows generated by/used in operating activities	3,306,438	8,095,640
B. INVESTMENT ACTIVITIES		
1. Cash generated by	26,620,862	31,516,844
- sale of equity investments	330,394	112,264
- dividends from equity investments	1,098,769	930,848
- sale of financial assets held to maturity	25,123,615	30,454,484
- sale of property plant and equipment	58,496	10,464
- sale of intangible assets	9,588	8,784
2. Cash flows used in	(25,508,138)	(42,071,558)
- purchase of equity investments	(319,406)	(1,412,787)
- purchase of financial assets held to maturity	(22,186,877)	(38,263,989)
- purchase of property, plant and equipment	(2,157,360)	(1,845,212)
- purchase of intangible assets	(653,686)	(546,166)
- purchases of subsidiaries and business units	(190,809)	(3,404)
Cash flows generated by/used in investing activities	1,112,724	(10,554,714)
C. FINANCING ACTIVITY		
- dividend distribution and other allocations	(2,511,267)	(2,148,285)
Cash flows generated by/used in financing activities	(2,511,267)	(2,938,341)
TOTAL NET CASH FLOWS GENERATED/USED IN THE YEAR	1,907,895	(5,397,415)

RECONCILIATION

Items *	31/12/2017	31/12/2016
Cash and cash equivalents at beginning of year	149,758,620	155,156,035
Total cash flow generated/used in the year	1,907,895	(5,397,415)
Cash and cash equivalents at end of year	151,666,515	149,758,620

* The cash and cash equivalents reported in the cash flow statement comprise the balance of item "0" "Cash and cash equivalents", the balance on the current account held with the Central Treasury, which is reported under item 70 "Loans to customers" and the positive balance of the bank current accounts reported under item 60 "Loans to banks" net of current accounts with a negative balance reported under item "0" "Due to banks" under liabilities.

The figures at 31 December 2016 were restated

STATEMENTS OF RECONCILIATION OF ACCOUNTING AND OPERATING FIGURES RELATING TO THE GROUP (*)

Consolidated balance sheet- Assets- Reconciliation

(millions of euro)	31December 2017	Cash and cash equivalents and other lending	Loans	Debt securities, equity securities and units in Collective investment undertakings	Equity investments	Assets held for trading and hedging derivatives	Property, plant and equipment and intangible assets	Reinsurers' share of technical reserves	Other assets
ASSETS - Balance sheet items									
10. Cash and cash equivalents	1	1							
20. Financial assets held for trading	897			777		120			
30. Financial assets at fair value	256		73	183					
40. Financial assets available for sale	10,598			10,598					
50. Financial assets held to maturity	30,731			30,731					
60. Loans to banks	43,138	29,192	12,707	1,239					
70. Loans to customers	257,183	149,587	95,442	12,154					
80. Hedging derivatives	989					989			
90. Fair value change of financial assets in hedged portfolios	(42)								(42)
100. Equity investments	19,770				19,770				
110. Reinsurers' share of technical provisions	671							671	
120. Property, plant and equipment	35,814						35,814		
130. Intangible assets	8,051						8,051		
140. Tax assets	1,701								1,701
160. Other assets	9,776								9,776
Total assets	419,534	178,780	108,222	55,682	19,770	1,109	43,865	671	11,435

(*) The reclassified consolidated figures are not subject to auditing by the Independent Auditors

Consolidated balance sheet - Liabilities and equity - Reconciliation

(millions of euro)	31December 2017	Funding	Liabilities held for trading and hedging derivatives	Technical reserves	Other liabilities	Provisions for contingencies, taxes and staff severance pay	Equity
LIABILITIES AND EQUITY - Balance sheet items							
10. Due to banks	25,935	25,935					
20. Due to customers	300,332	300,332					
30. Securities issued	37,237	37,237					
40. Financial liabilities held for trading	184		184				
50. Financial liabilities at fair value	519	519					
60. Hedging derivatives	669		669				
70. Fair value change of financial liabilities in hedged portfolios	32				32		
80. Tax liabilities	3,549					3,549	
100. Other liabilities	9,911				9,911		
110. Staff severance pay	221					221	
120. Provisions for risks and charges	2,616					2,616	
130. Technical provisions	2,408			2,408			
140. Valuation reserves	764						764
170. Reserves	12,982						12,982
180. Share premium reserve	2,378						2,378
190. Share capital	4,051						4,051
200. Treasury shares	(57)						(57)
210. Non-controlling interests	12,860						12,860
220. Net income (loss) for the year	2,943						2,943
Total liabilities and equity	419,534	364,023	853	2,408	9,943	6,386	35,921

