

BANCA CARIGE GROUP

Company presentation

May 2013



Budget under control

Deficit/GDP ratio 2012Y = 3%; 2013YE = 2.6%

Net of interest expenditure there was a budget surplus of 2.5% of GDP in 2012 (EU avg = 3.1%)
Italy is among the eleven member states which in 2012 had deficits in line with the EU request

Private low indebtedness and financial wealthness

Non financial firms debt = 80% of GDP vs EU Area avg = 100%

Households debt = 54% of GDP vs EU Area avg = 66%

Households financial asset as a % of disposable income = 324% vs EU avg = 300%

Absence of a real-estate bubble: house prices strictly linked to basics (household disposable income, inflation expected levels, surface pro-citizen, interest rates)

Sound Lending policy

Residential mortgages LTV = 60%

Absence of subprime lending

Most lending at floating rate

Strong defence of export market share

Manufacturing sector:

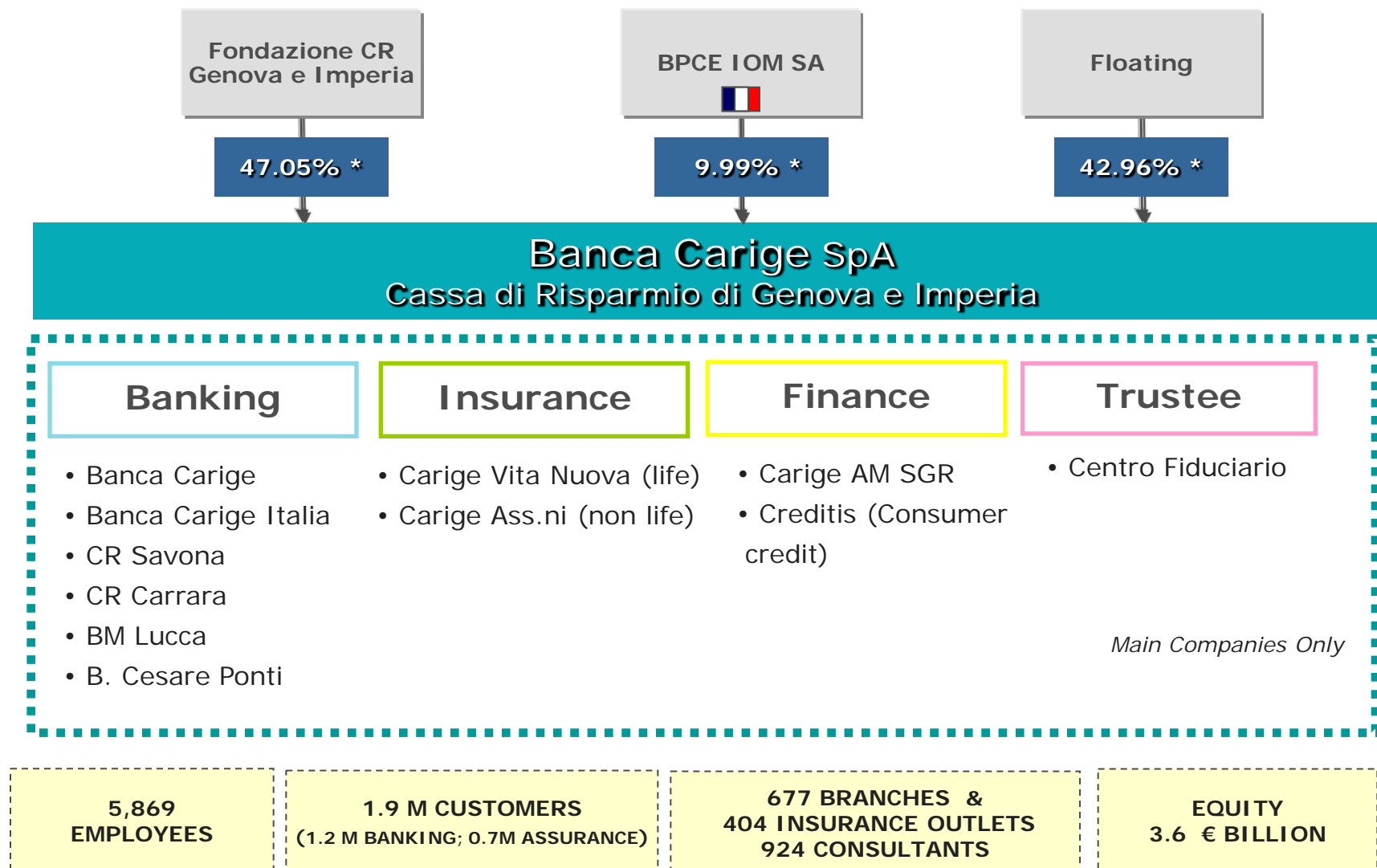
2nd in Europe (after Germany) for export of goods



Carige Group at a glance

Financial highlights

Strategy



*Holding calculated on the basis of ordinary shares

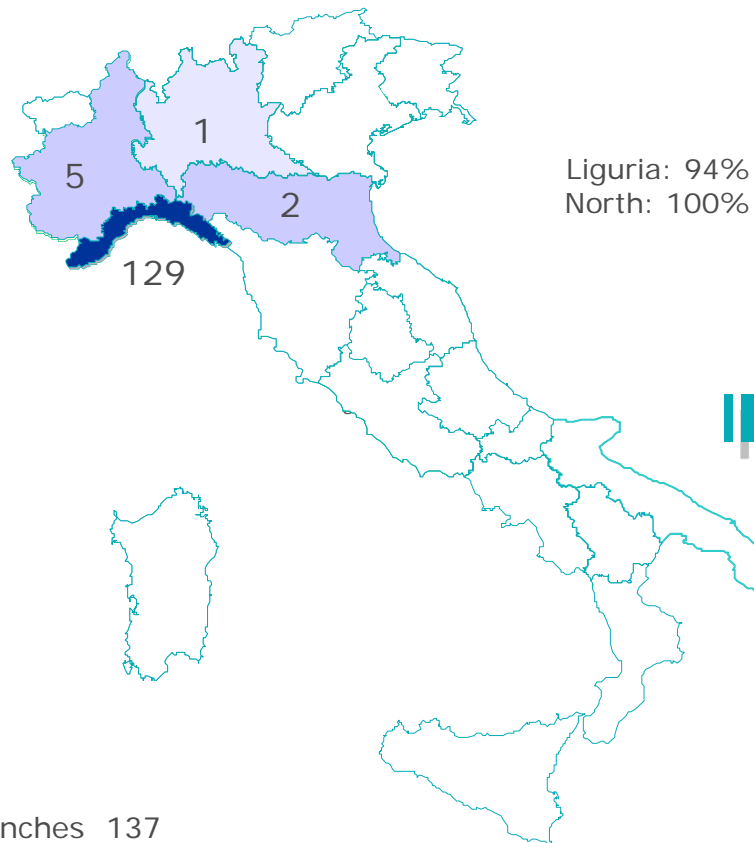
Operational and accounting data as at 31 March 2013



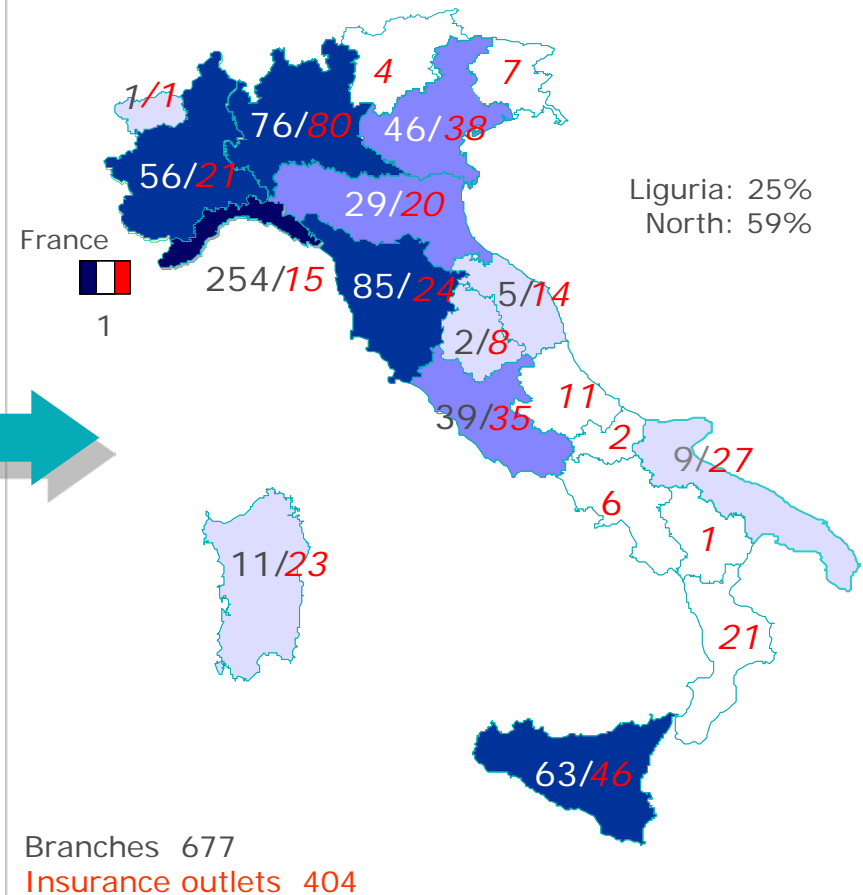
An increasingly diversified network

10 th Group in Italy by branches

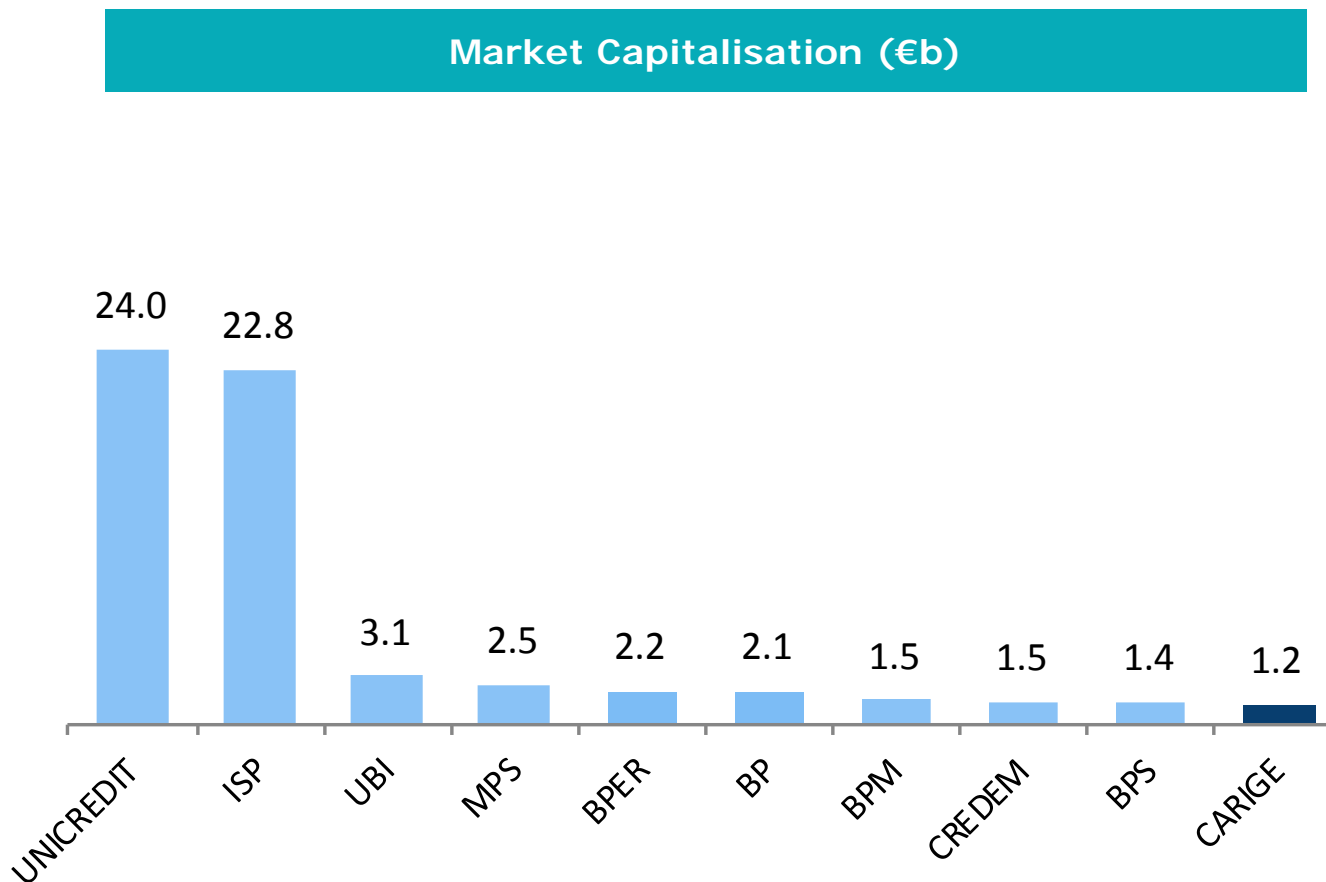
The network in 1989



The network today



Among the main Italian groups by market capitalisation



Data as at 10 May 2013. Source: Il Sole 24 Ore



Carige Group at a glance

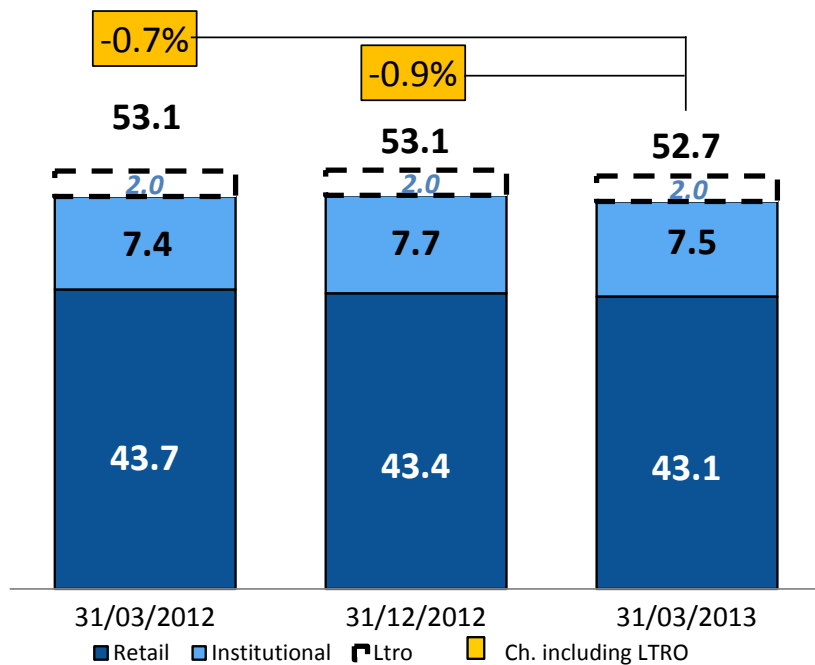
Financial highlights

Strategy



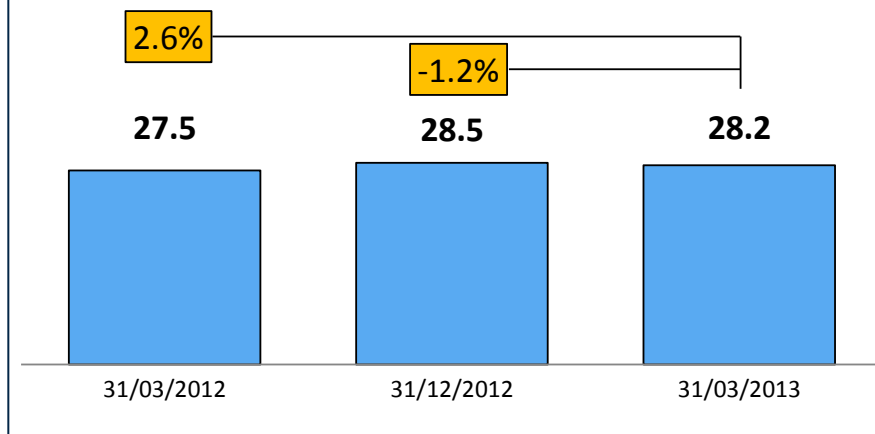
€ b

TOTAL DEPOSITS

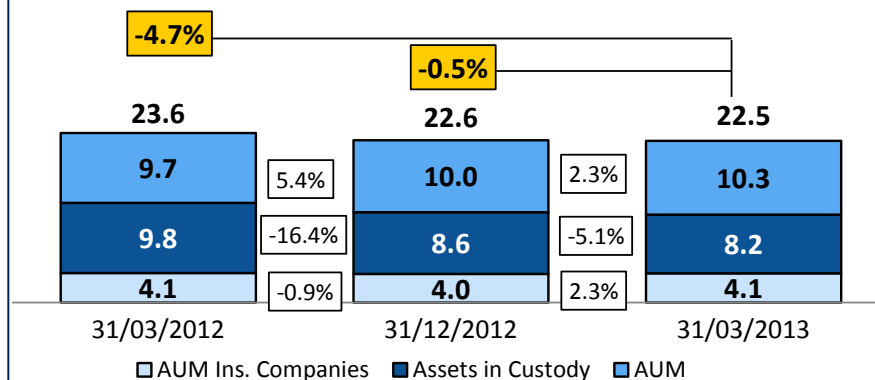


Institutional deposits include: EMTN, subordinated loans, Debt v/ AM2 and repurchase agreements.

DIRECT DEPOSITS



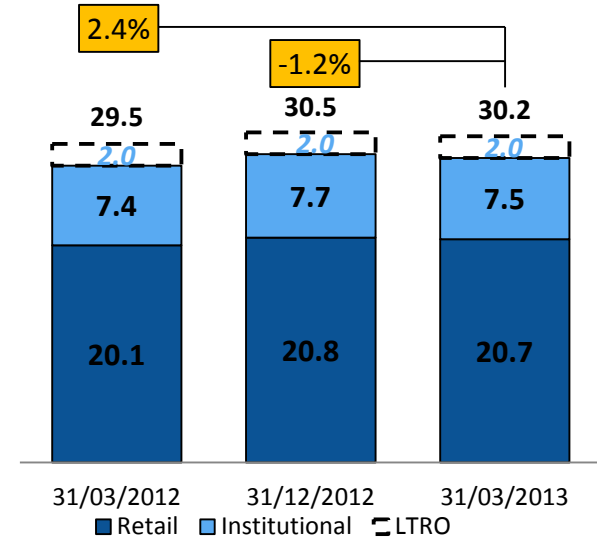
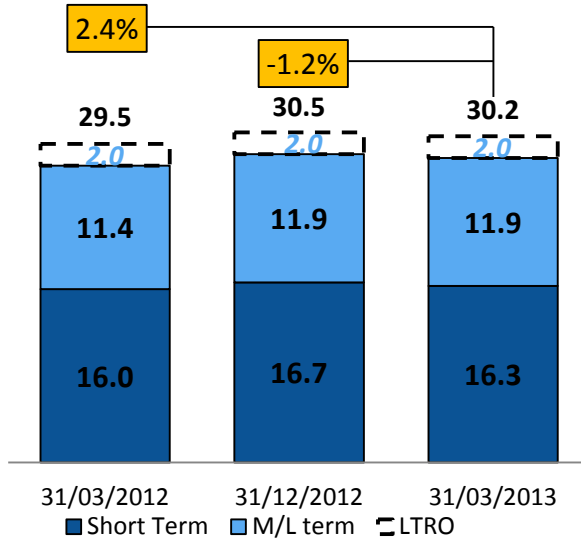
INDIRECT DEPOSITS



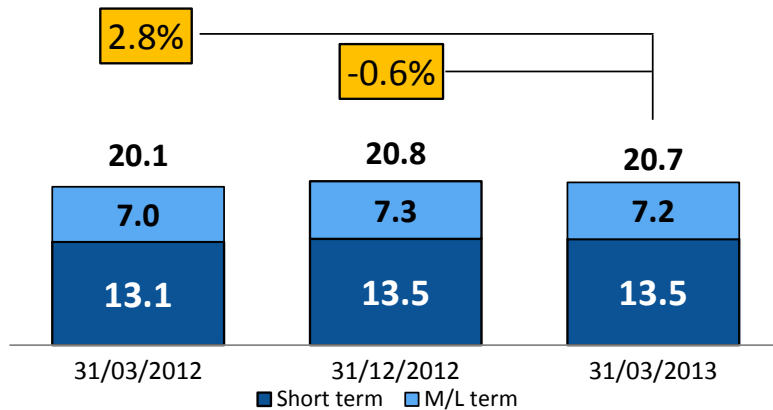


€ b

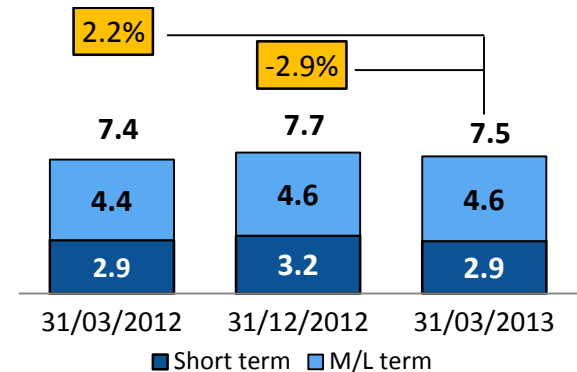
DIRECT DEPOSITS



RETAIL



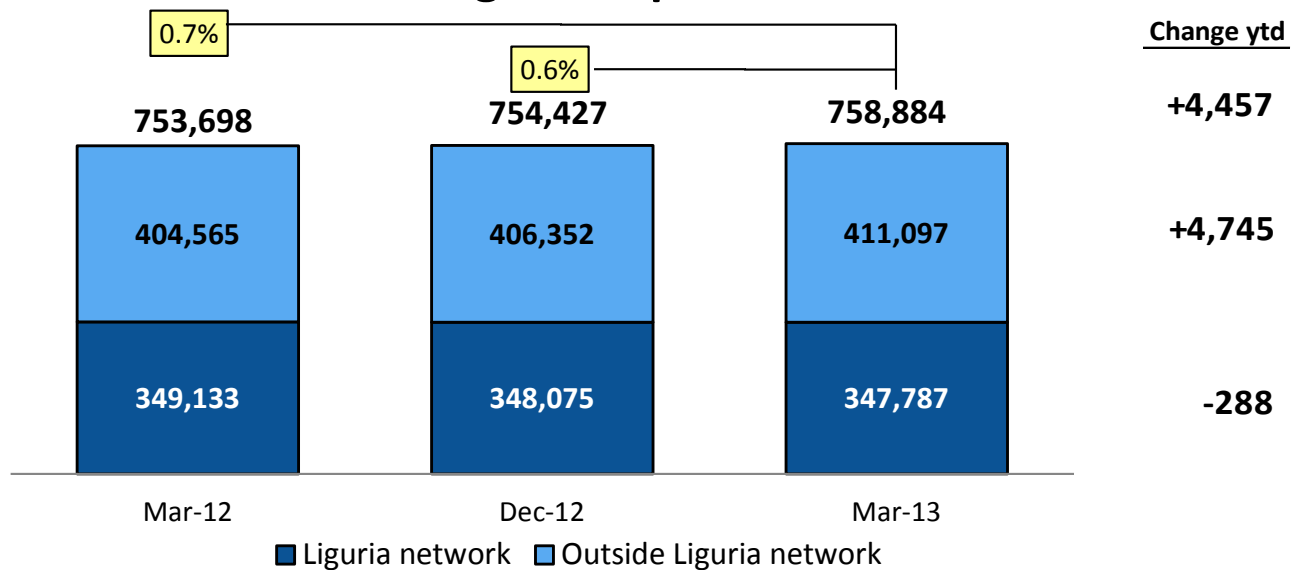
INSTITUTIONAL (excluding LTRO)





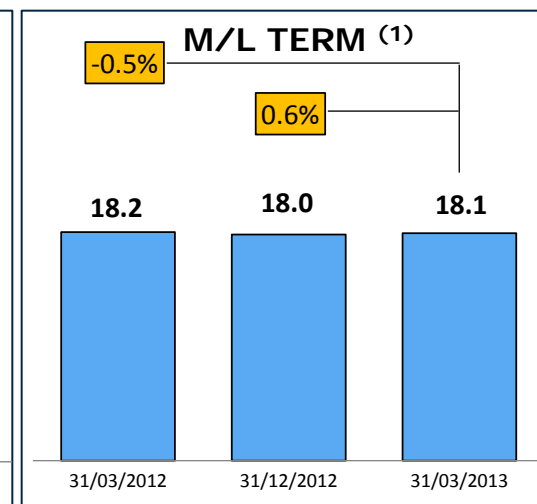
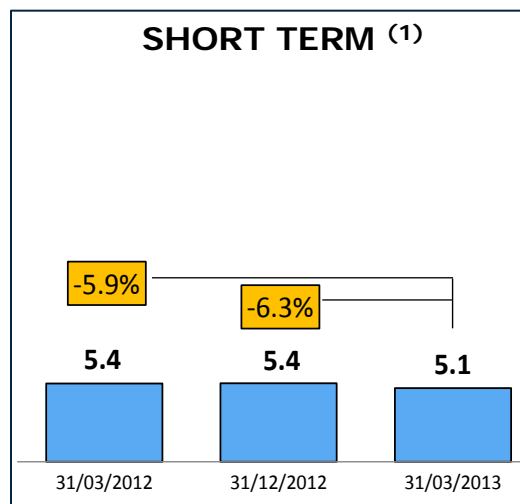
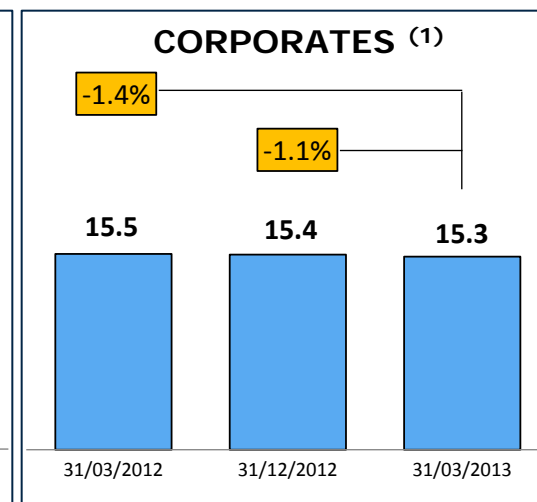
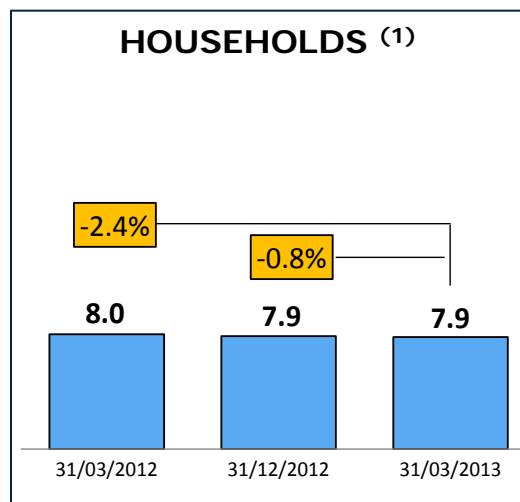
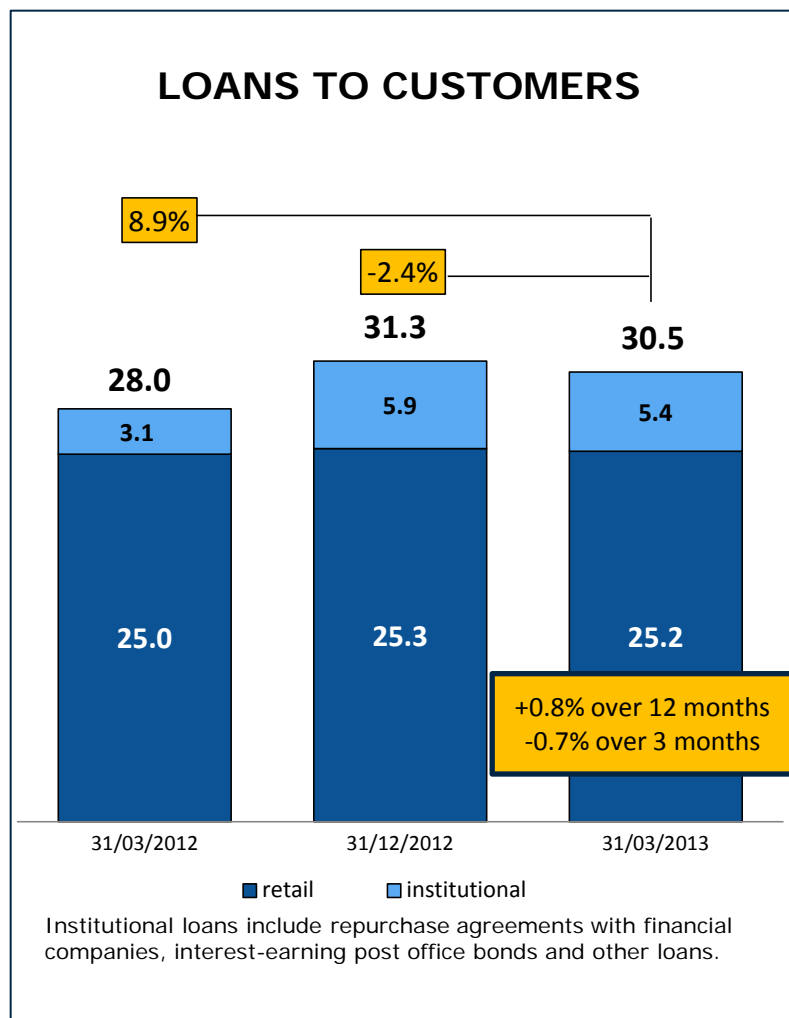
CURRENT ACCOUNTS

Carige Group





€b

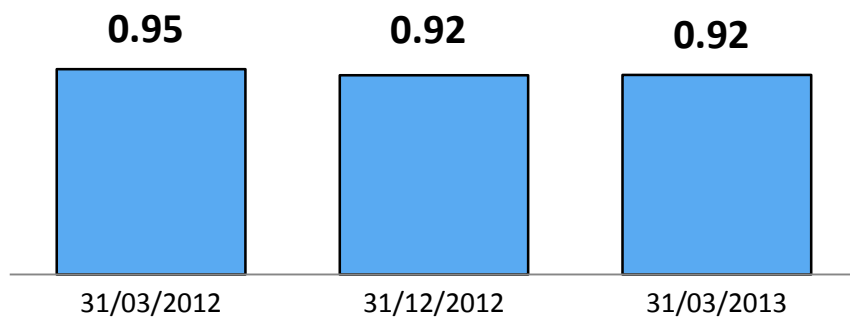


(1) Net of institutional and NPL



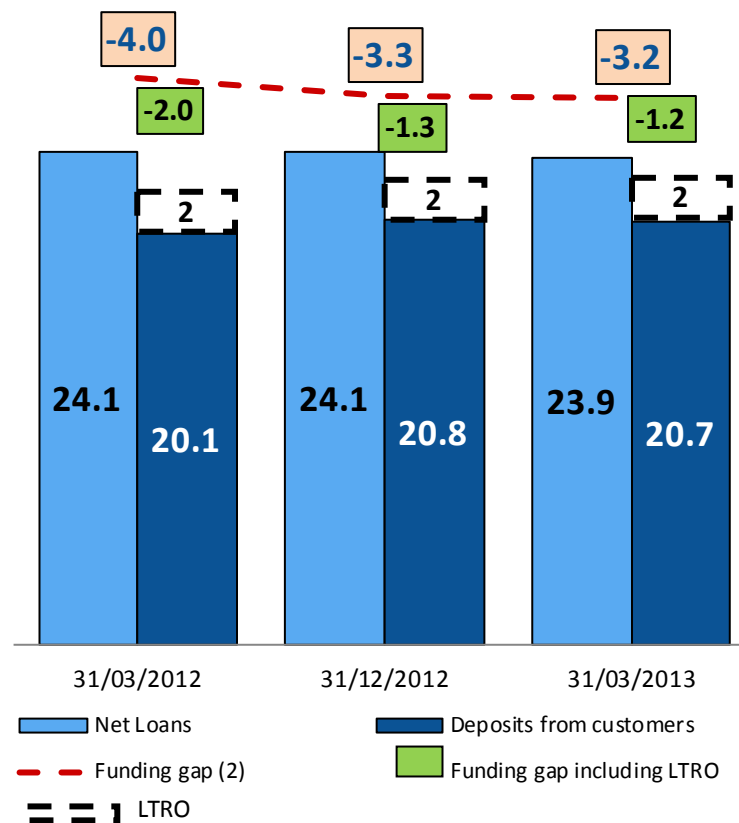
€b

LOANS ⁽¹⁾/DIRECT DEPOSITS



(1) Net of RePo_s with financial institutions

LOANS/RETAIL DEPOSITS

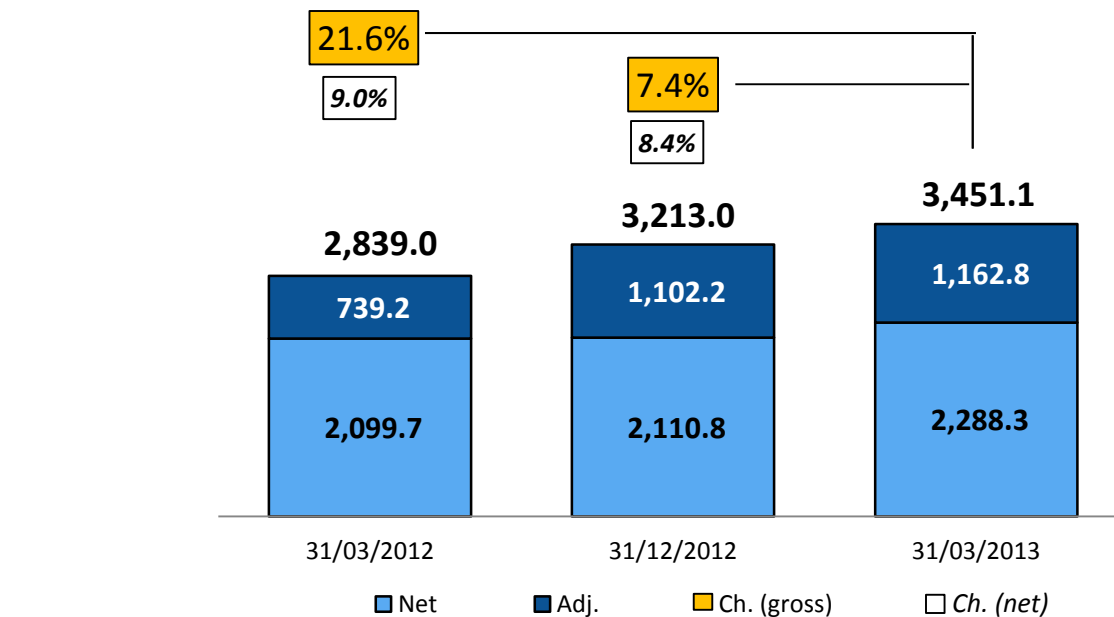


(1) Loans not financed by retail deposits

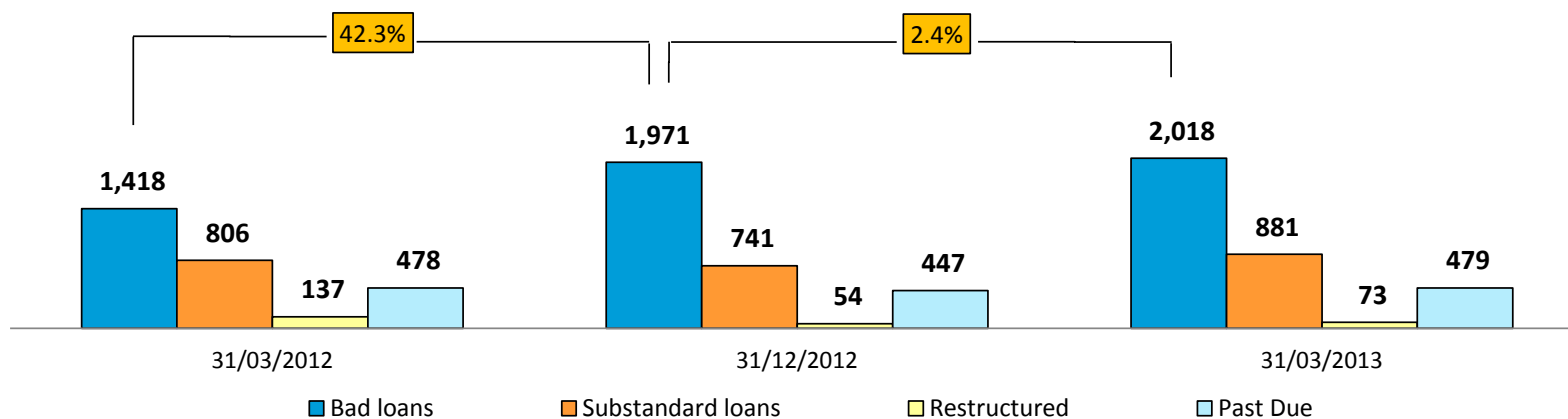


€m

GROSS IMPAIRED LOANS TO CUSTOMERS



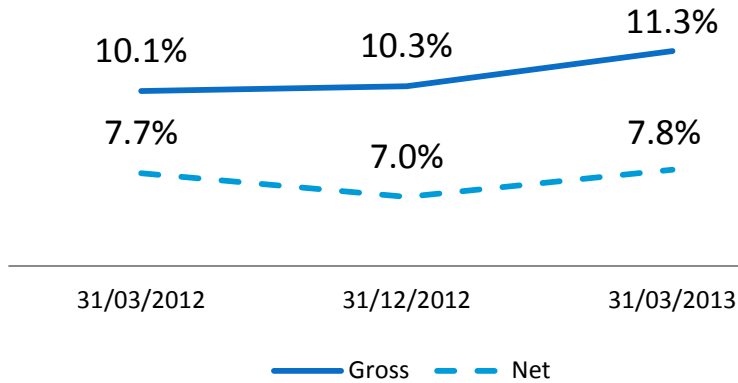
of which:



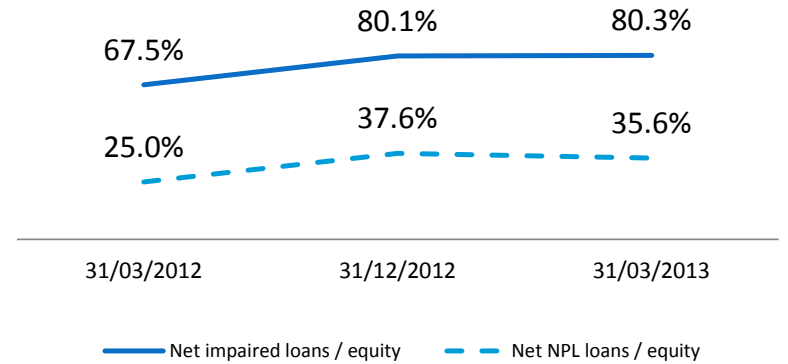


Credibility quality in line with the System

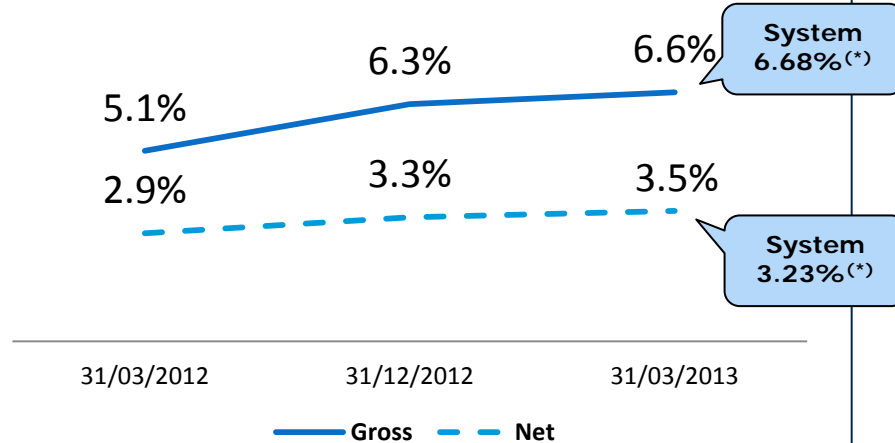
IMPAIRED LOANS/LOANS



IMPAIRED LOANS AND NPL/EQUITY ⁽¹⁾

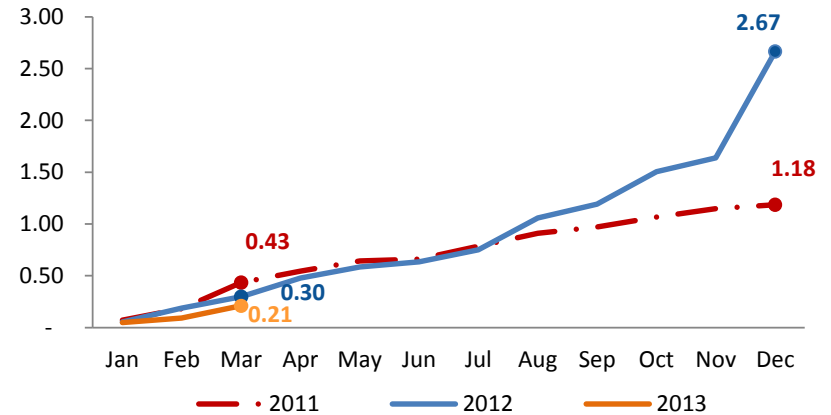


NPL/LOANS



(*)Data as at February 2013
Source: ABI Monthly Outlook April 2013

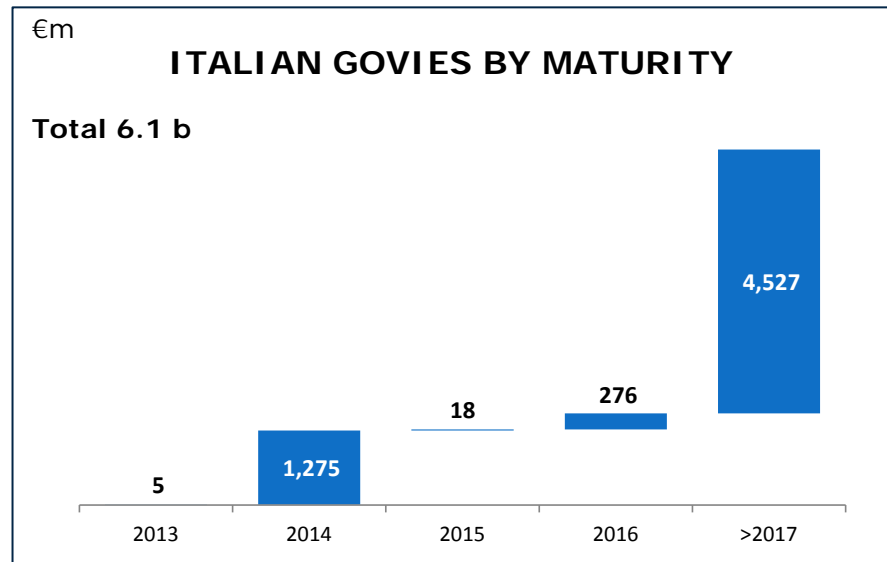
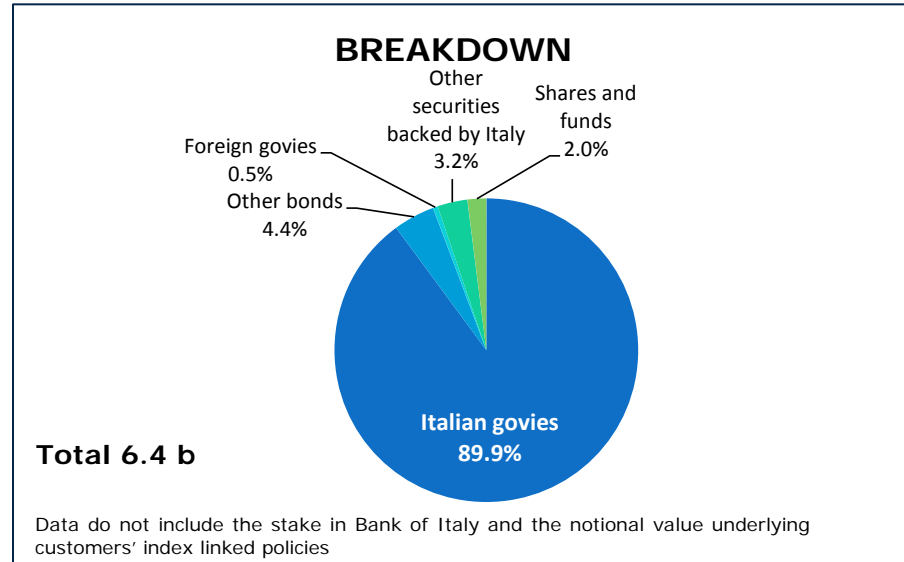
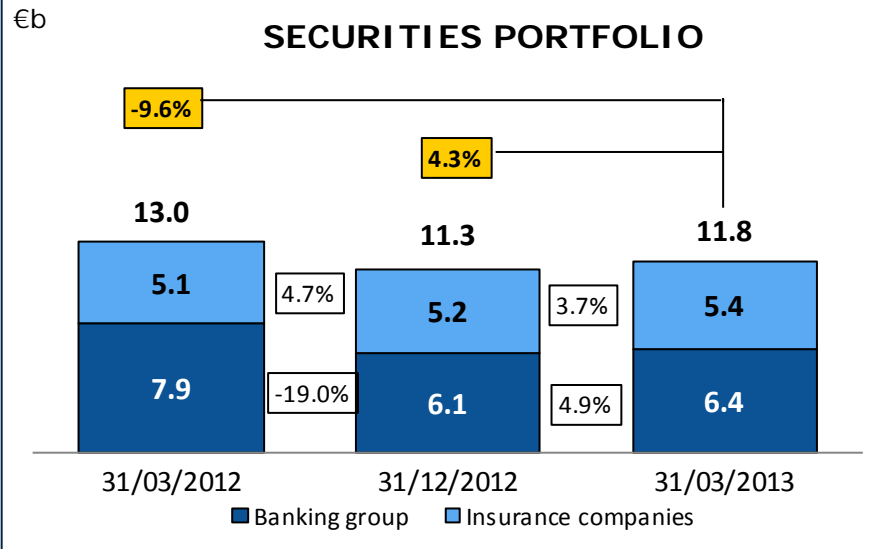
NPL INFLOWS/LOANS ⁽²⁾



(2) Cumulated NPL inflows / Loans net of NPL as at 1st Jan



Conservative portfolio strategy

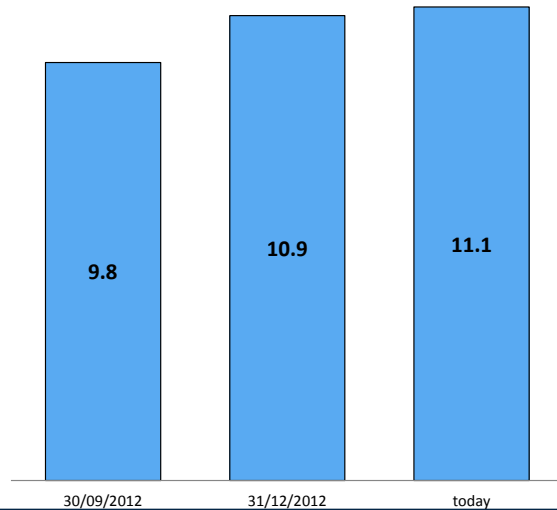




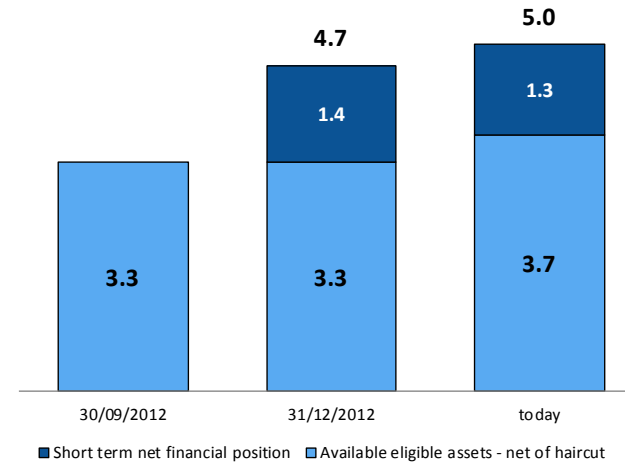
Liquidity position

€ b

ELIGIBLE ASSETS

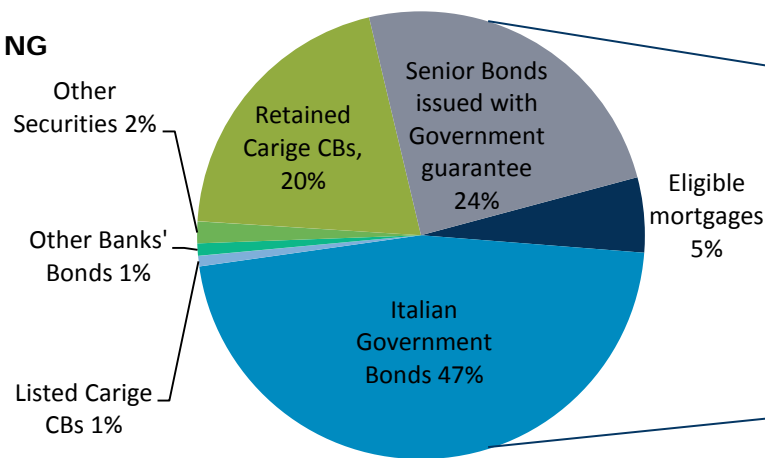


TOTAL LIQUIDITY



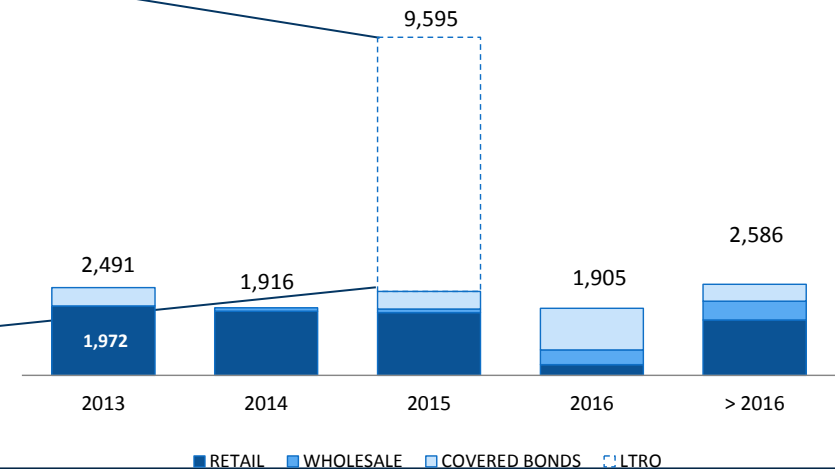
LCR and NSFR in line with the requirements of BASEL 3 2018-2019

BONDS SUPPORTING € 7.4 b LTRO:



Free bonds for funding transactions € 3.7 b

FUNDING MATURITIES BREAKDOWN



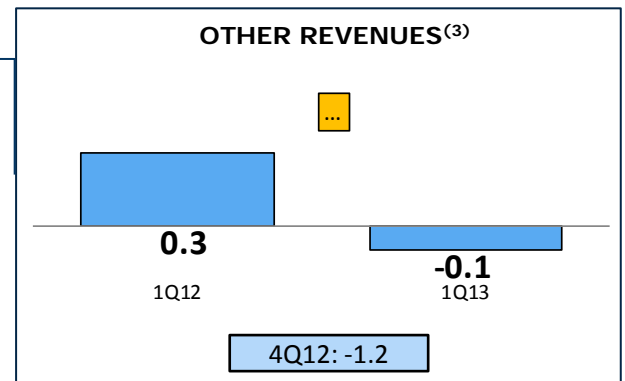
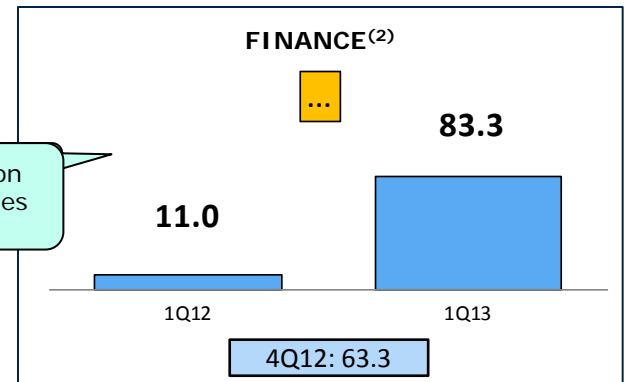
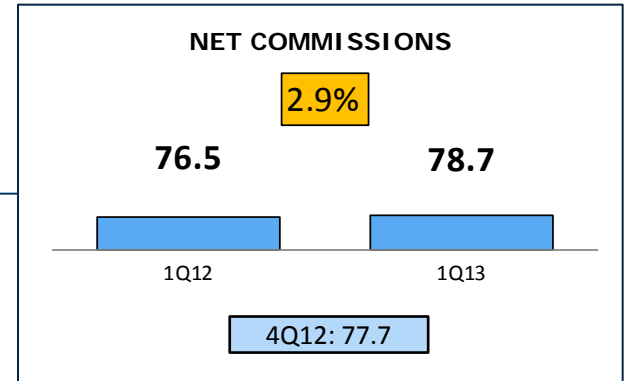
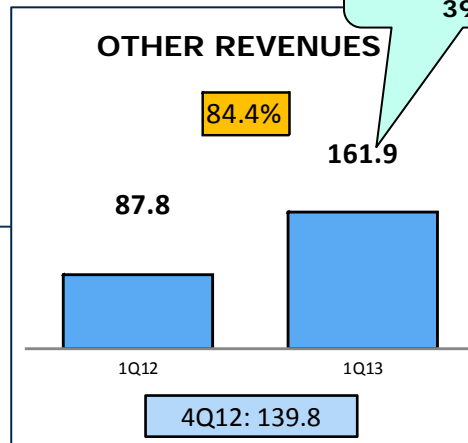
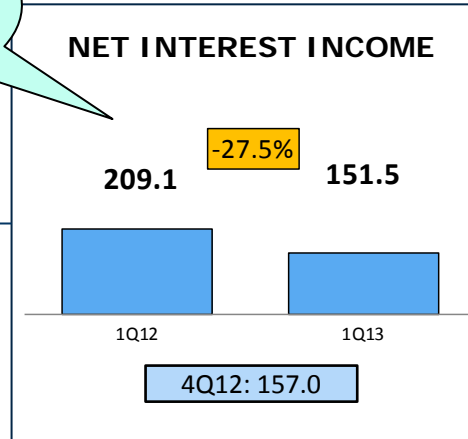
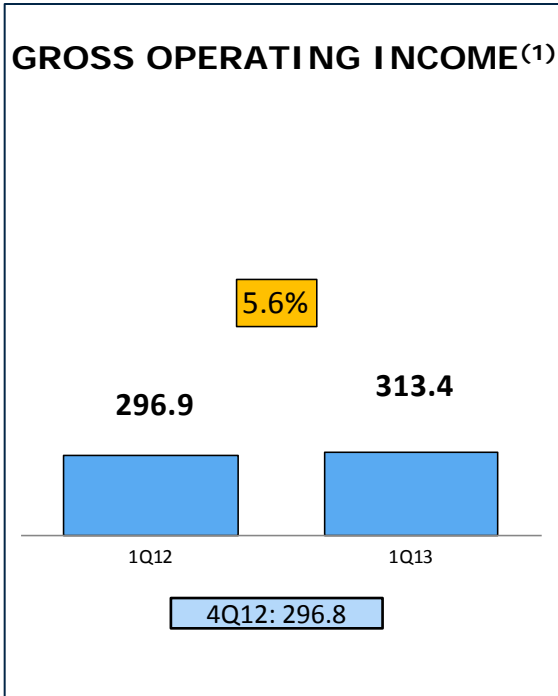
As at April 2013



1Q13 - Growth of revenues

€m

Rate effect:
-97.8M
Quantity effect:
+40,2M



Fair value option
on debt securities
39,8 M

(1): proforma values reclassifying the "CIV" commission from other operating income to net fee and commission income

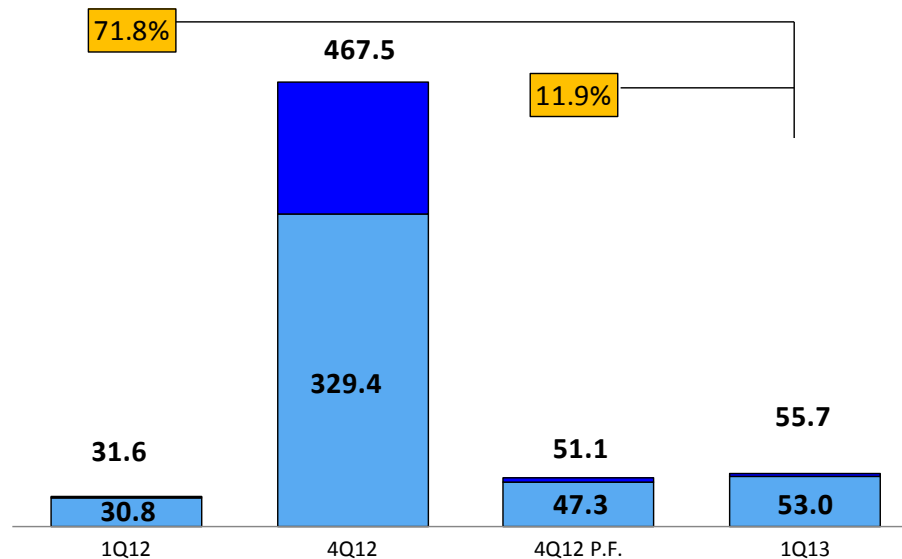
(2) Dividends, profits/losses on trading, plus/minus from evaluation, profits/losses from sales/repurchases (items 70, 80, 90, 100 b-c-d and 110).

(3) profits/losses from loan sales/repurchases (item 100 a).



€m

VALUE ADJUSTMENTS - Change % Loan Adj.

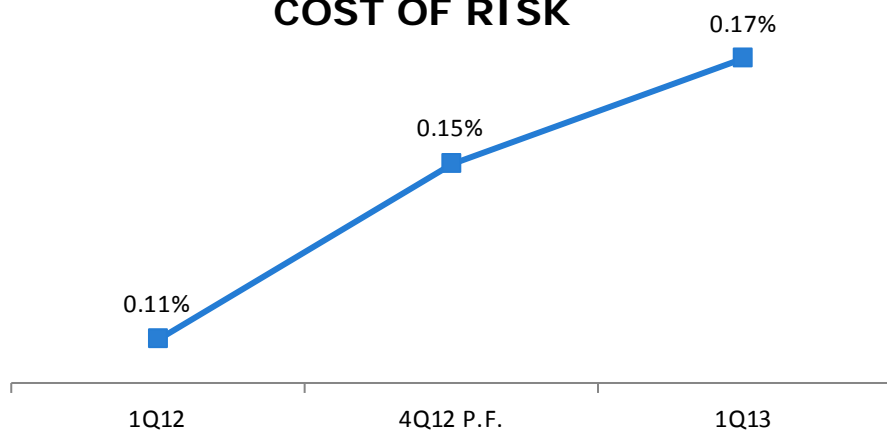


4Q12 P.F. excludes non recurring items

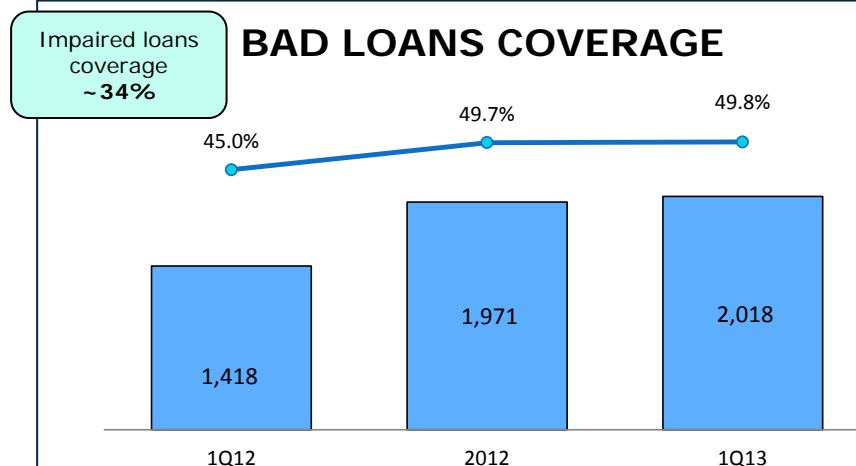
■ Loan adj.

■ AFS securities impairment

COST OF RISK



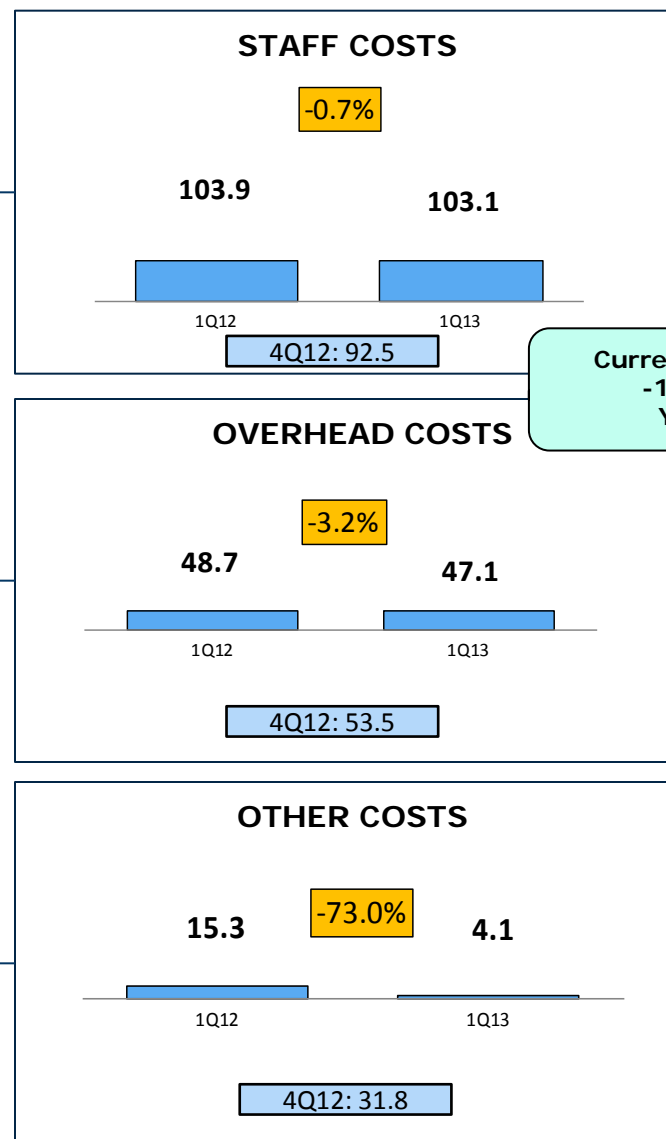
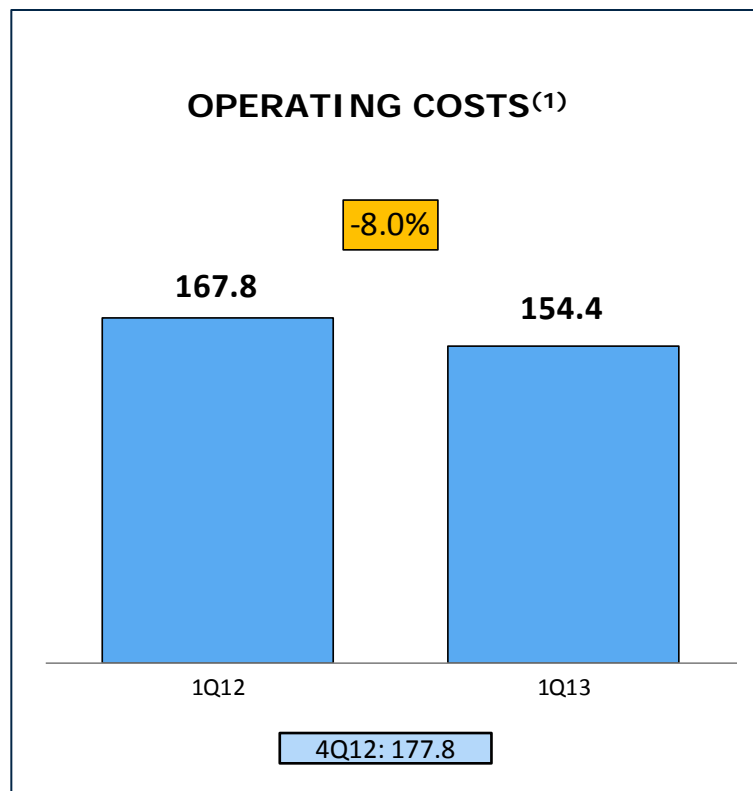
BAD LOANS COVERAGE



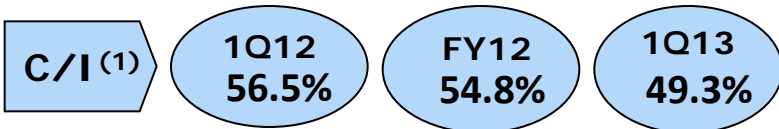


1Q13 - Operating costs under control

€m



**Current costs
-1.5%
YoY**

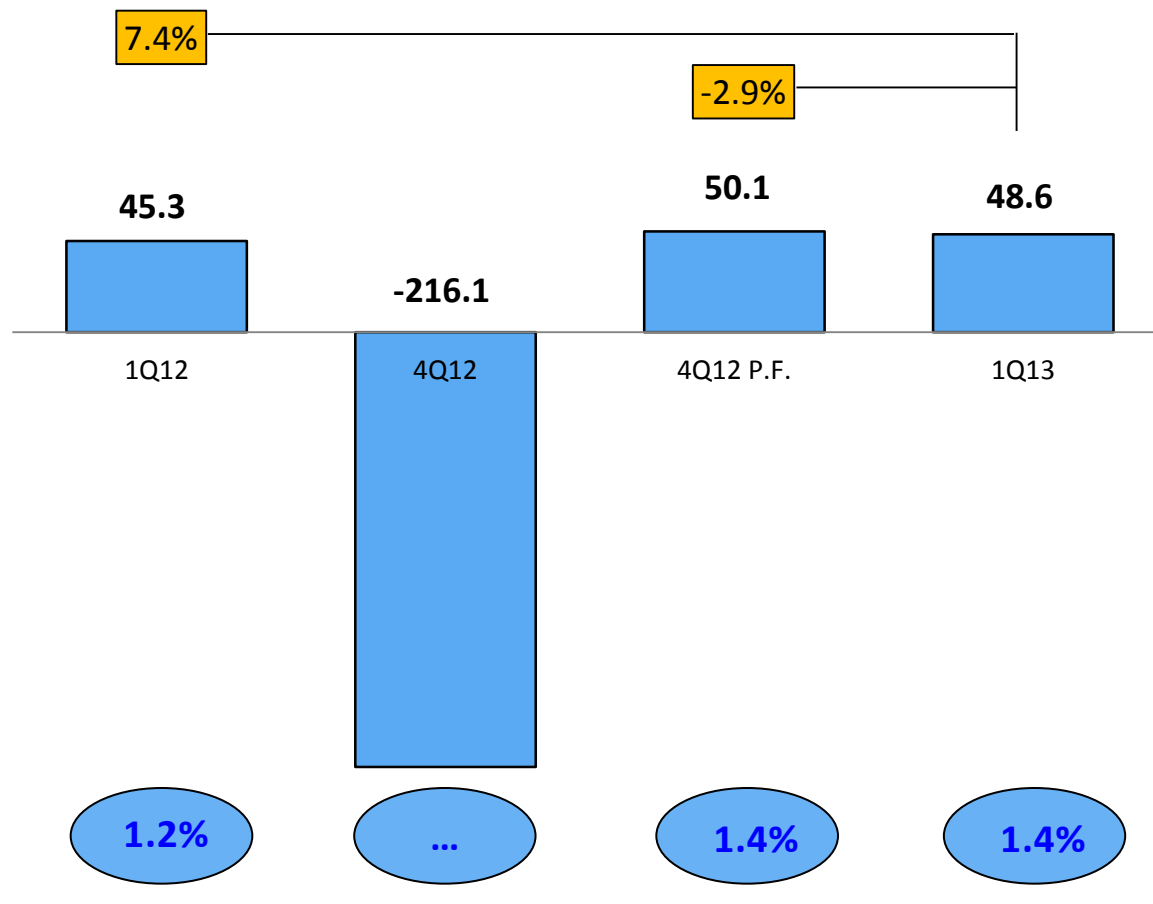


(1): proforma values reclassifying the "CIV" commission from other operating income to net fee and commission income



€m

CONSOLIDATED NET PROFIT

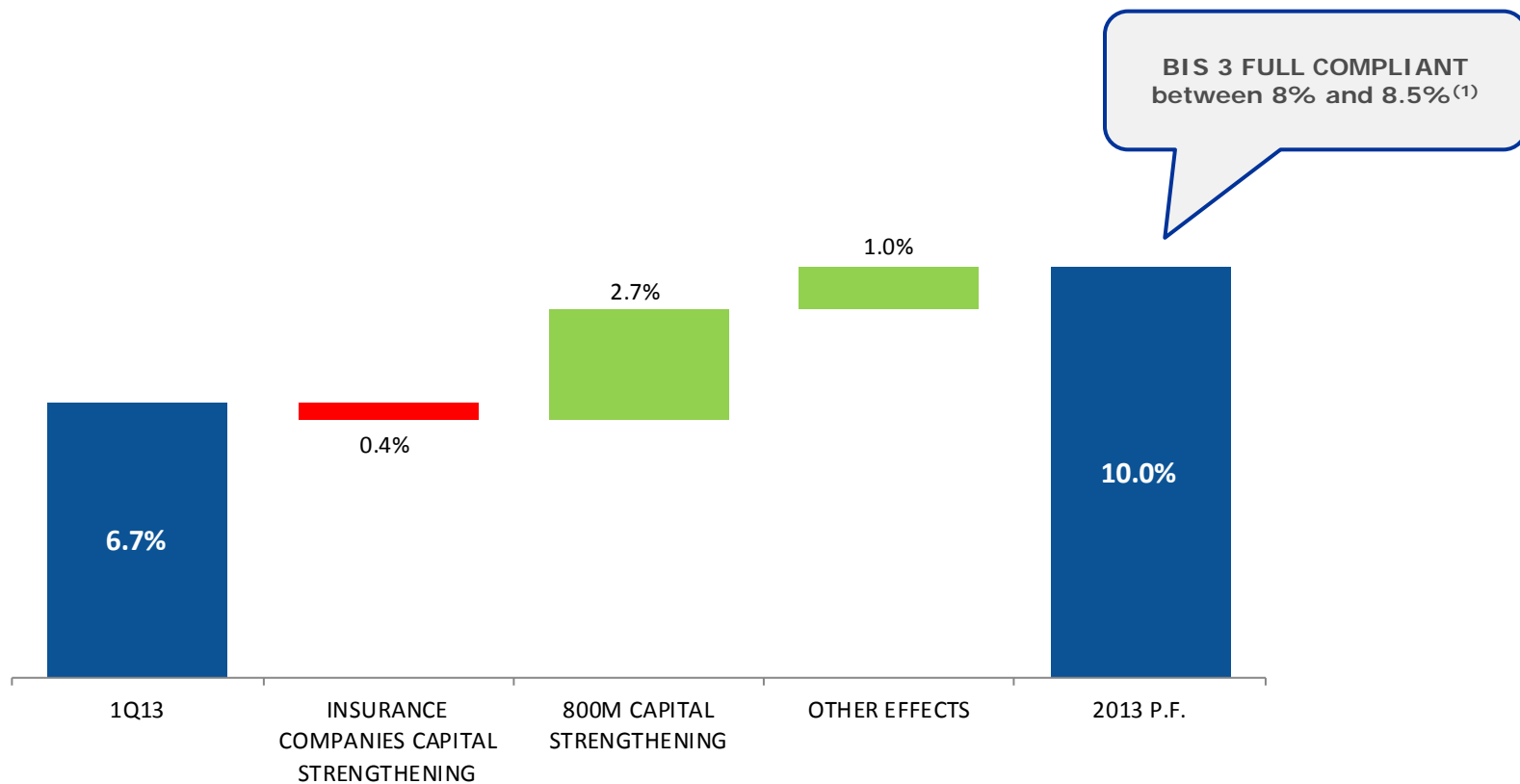


4Q12 P.F. excludes non recurring items

(1) Equity net of the AFS reserve established against the revaluation of the stake in the Bank of Italy (positive) and net of the Italian government bonds reserve (negative)



CT1r (BIS 2)



(1) Including AIRB validation effect



Carige Group at a glance

Financial highlights

Strategy



MEDIUM- TO LONG-TERM VALUE CREATION FOR ALL STAKEHOLDERS WITH A VIEW TO MAINTAINING A KEY INDEPENDENT ROLE IN THE ITALIAN BANKING SYSTEM

**Financial
conglomerate**

National

Retail

**People and
technology**

**Inter-
channelling**

- | | | | | |
|--|---|--|--|--|
| <ul style="list-style-type: none">• Full range of banking, financial and insurance products and services;• Control on profitability deriving from product factories | <ul style="list-style-type: none">• Deeply rooted presence in Liguria, progressively extending to the national territory on a multi-local basis• Aggregating centre for local entities• Federal model to enhance the benefits of proximity to the local communities | <ul style="list-style-type: none">• Focus on households, handicraft firms, shopkeepers, small and medium enterprises, local bodies• Focus on simple, transparent products | <ul style="list-style-type: none">• Unitary management of “key” group skills• Employees' professional/ personal development• ICT as a driver of innovation | <ul style="list-style-type: none">• Branch-based distribution with a progressive development of inter-channelling• Specialized service model according to customer base segment |
|--|---|--|--|--|



STRATEGIC DIRECTIONS

STRATEGIC GOALS

1

Development of revenues and commercial offering: "discover" business areas (territories, products, customers) that still have untapped value potential

- Higher commercial productivity:
 - ☐ Improvement of cross selling
 - ☐ Product portfolios evolving towards higher-margin, higher-commission products (upselling)
 - ☐ Lower business performance variance
- Broader customer base
- Development of inter-channelling
- Service model fine-tuning
- Review of the pricing policies

2

Rationalisation of operating costs and processes: constant striving for technical and operating efficiency

- New sales processes to free up resources for commercial activities
- Personnel's proactive commercial attitude
- Efficient cost base and process management

3

Optimisation of liquidity, capital and cost of risk: efficient allocation of short resources

- Focus on retail and institutional deposits
- Closing of the intermediation circuit
- Active capital management in a Basel 3 perspective
- Qualitative selection and management of credit

4

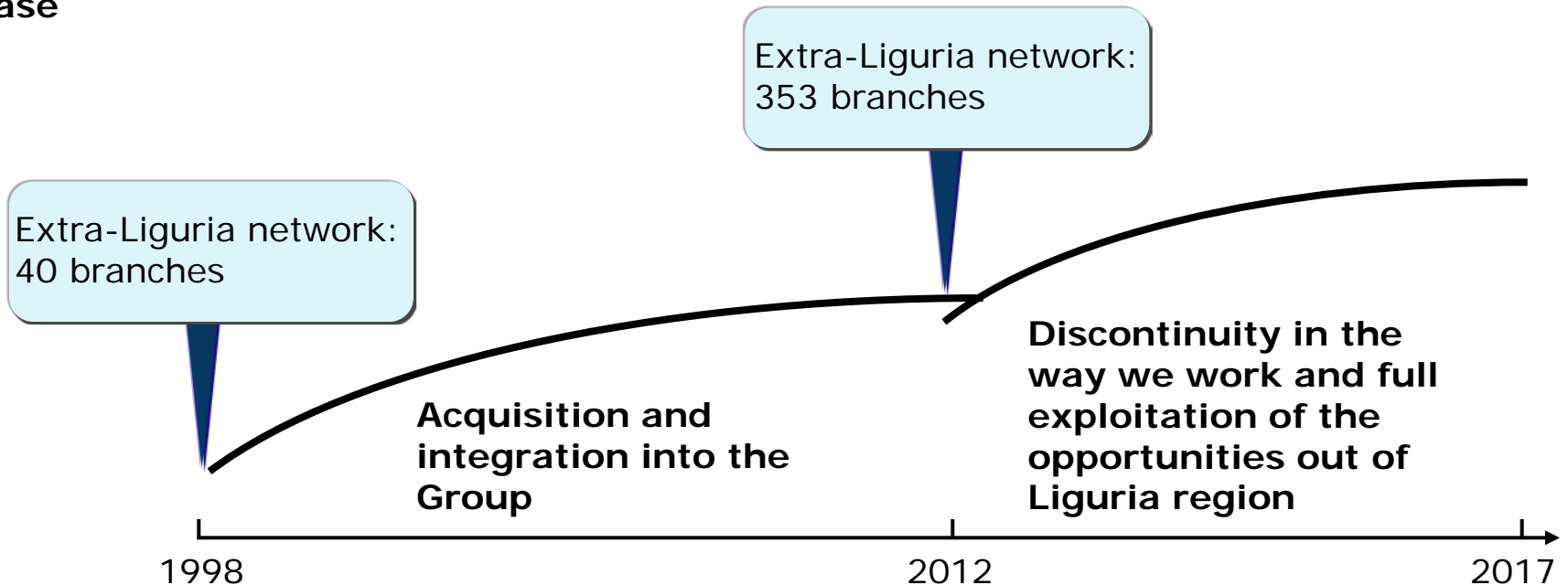
Focus on innovation and skills: not only on processes and products, but also on human resources' behaviours and social skills

- Widespread use of technology
- Recognition of merit
- Optimal use of skills and abilities (knowledge and know-how)



It's time for a step-change

Phase



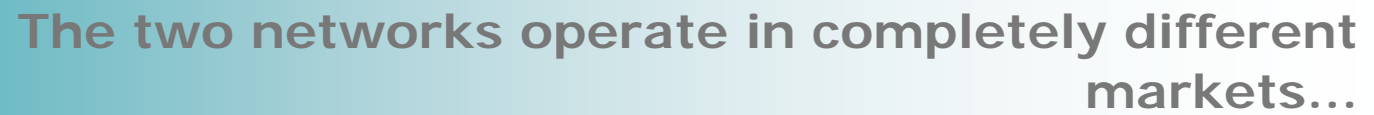
Objectives

Branch network expansion beyond the historical region of the Bank

Improvement of the commercial performance, volumes productivity and profitability

Full exploitation of the growth potential of the Extra-Liguria network

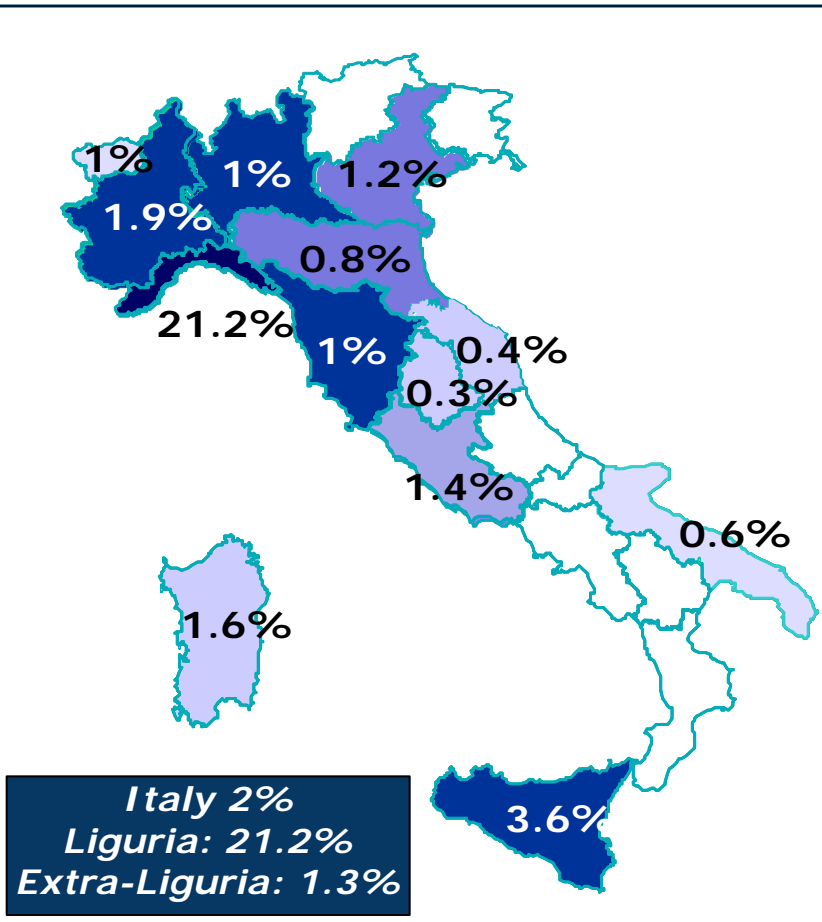
Step-change in the growth path of number of clients and volumes, through new branch format and distribution model innovation



Customer loans Market Share

Direct deposits Market Share

Italy: 1.3%
Liguria: 18.9%
Extra-Liguria: 0.8%





	Liguria network	Extra-Liguria network
History	<ul style="list-style-type: none">• Historical presence in Liguria region for over 500 years• Mature network and stable number of branches (207 at date)	<ul style="list-style-type: none">• Significant presence in the territory outside Liguria only from early '90s• "Young" network, develop in the last 15 years through branches acquisition and new openings (from 40 branches in 1998 to the actual 353)
Market share and coverage	<ul style="list-style-type: none">• High market share (over 20% in terms of branches and deposits)• Diffuse coverage, based on branches proximity, close to each other	<ul style="list-style-type: none">• Low market share (below 1.5% in all the regions of presence except Piedmont, Sicily and Sardinia)• Low coverage (few, distant branches to cover larger territory)
Productivity	<ul style="list-style-type: none">• Higher productivity by branch, thanks to high number of clients per branch• Higher volumes per client	<ul style="list-style-type: none">• Branch productivity far from Liguria's, due to low number of clients per branch (-38%)• Limited volumes per client vs. Liguria network (-40%) but higher profitability
Customer base	<ul style="list-style-type: none">• More balanced portfolio in terms of customer segments vs. Extra Liguria, with Mass Market representing ~63% of total customer base• Customer base on average older than Liguria's, with relevant portion of clients in the senior age bands	<ul style="list-style-type: none">• Higher share of Mass Market segment (72%) vs. Liguria network; Affluent e Private segments less represented in the customer portfolio• Customer base on average younger than Liguria's

The performance improvement will be achieved through the implementation of different strategies

	Objectives	Operating and commercial strategy
Carige	<ul style="list-style-type: none">❑ Preserving the current positioning in the historical areas of presence, defending the customer base, the market leadership and thus the profitability of the bank	<ul style="list-style-type: none">❑ Maintain actual strategy, focused on volumes profitability and branches operational efficiency, by:<ul style="list-style-type: none">❑ Defending the customer base and executing qualitative remix (with assignment of specific targets in terms of client acquisition by age band)❑ Safeguarding profitability❑ Enhancing efficiency (interventions on back-office and multi-channel distribution)❑ Improving productivity per square meter
Carige Italia	<ul style="list-style-type: none">❑ Accelerating the acquisition of customers and the growth of volumes reducing the cost of service to self-finance growth❑ Reducing the funding gap	<ul style="list-style-type: none">❑ Innovate the client service model, integrating the existing branch network with new and flexible acquisition and sales channels and testing new solutions in a "laboratory-style" set-up, with focus on:<ul style="list-style-type: none">❑ Increasing number of leads (development)❑ Acquiring new clients❑ Acquiring "valuable" clients ("native" cross selling)❑ Develop a new product offer aimed to attract valuable clients



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