GRUPPO BANCA CARIGE

Carige Group - Residential Covered Bond Programme

October 2015

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The Manager responsible for preparing the company's financial reports of Banca CARIGE S.p.A, Mr. Luca Caviglia, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, book and accounting records.

It is noted that the Bank has classified, measured and presented data relating to groups of assets held for sale (Creditis) and discontinued operations (Insurance Group) according to the provisions of IFRS 5. Further to the resolution adopted by the Board of Directors on 30 June 2015, Banca Cesare Ponti has ceased to be classified under groups of assets held for sale. Some comparative data contained in this presentation, have consequently been restated, as necessary and even where not provided for by the afore-mentioned accounting standard, in order to take account of changes made to groups of assets held for sale and allow for a like-for-like comparison.
The Business Plan has been approved by the BoD on 19 March 2015.
Figures as at 30 June 2015 have been approved by the BoD on 4 August 2015, and prepared for the purpose of presenting them to the market on 5 August 2015.

Note: due to rounding off, the sum of some separate figures may differ from their respective aggregate amounts; the percentage variation is calculated from data not rounded off.

Banca Carige

- ✓ Traditional commercial bank among the top 10 Italian Banking Groups
- ✓ 627 branches
- ✓ Beyond the first phase of the turnaround process with a CET1 ratio (12.2%) among the highest in the Italian Banking System
- ✓ Current senior ratings of 'B' by Fitch with outlook 'stable' and 'Caa1' by Moody's with outlook 'positive'

Banca Carige Residential Covered Bond Programme

- ✓ Italian legislative covered bond: Obbligazioni Bancarie Garantite ("OBG")
- ✓ Ratings are 'BBB-' by Fitch and 'Ba1' by Moody's
- ✓ Eligible for purchase under the CBPP3 (New Covered Bond Purchase Programme)
- ✓ Benefits from 22% currently committed over-collateralisation
- ✓ Excellent / long standing mortgage origination and servicing history
- ✓ Presence as covered bonds issuer with more than € 4.8 billions publicly and privately issued

Italian Mortgage Market

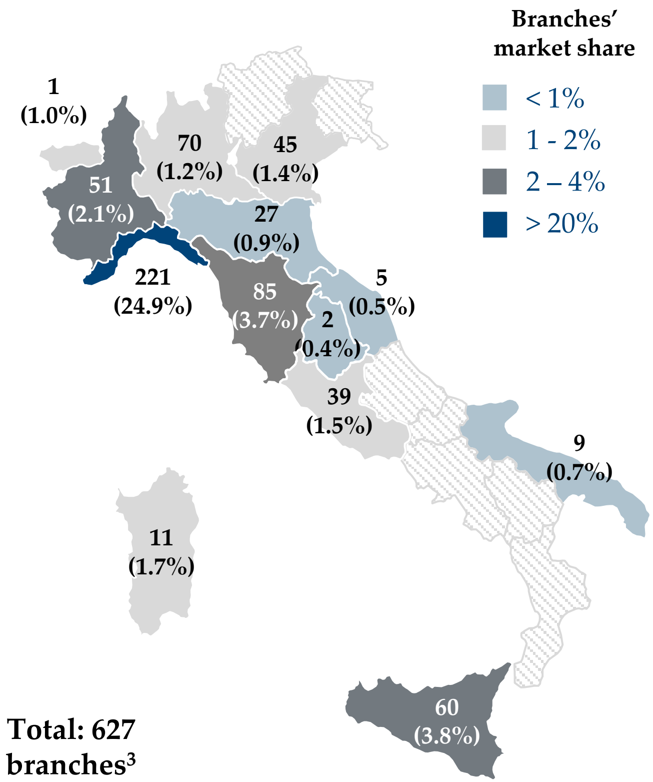
- ✓ Low level of indebtedness by households
- ✓ High percentage of home owners among Italian households
- ✓ Property values' volatility much lower than in other European countries

Collateral Characteristics (30 June 2015)

- ✓ 94.2% Italian prime residential mortgages, 5.8% Italian commercial mortgages all originated by the Group: average balance of € 77,272
- ✓ Eligible mortgage loans, as per Italian covered bonds law
- ✓ All loans are performing
- ✓ High concentration in the north of Italy (73.4%)
- ✓ Highly seasoned portfolio (83 months weighted average seasoning)
- ✓ WA LTV: 48.8% (Residential) and 29.3% (Commercial)

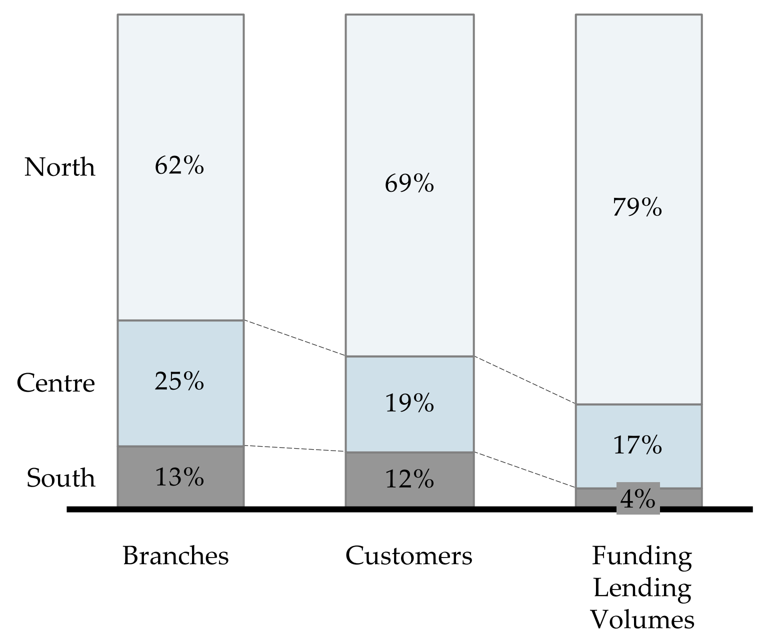
- Carige overview
- Business Plan 2015-2019
- 1H15 results
- Liquidity & Funding
- Mortgage business
- Residential Covered Bond Programme

Number of branches by region, June 2015[1]



Geographic distribution[2]

Footprint by geographical areas



- Banca Carige is the ninth largest Italian bank by branches' network, with business activities mainly focused in Northern Italy

(1) Source: Statistical Bulletin, IV Quarter – Bank of Italy
(2) As at 31 December 2014
(3) Includes 1 branch in France (in Nice)

First half of the turnaround process successfully completed

2014: FIRST PHASE OF TURNAROUND

- ✓ **Risk profile reduction**
- ✓ Branch network rationalisation (36 branches closed)
- ✓ 2014-2018 Business Plan
- ✓ EUR 800 mln Capital Increase
- ✓ Trade Union Agreement
- ✓ Early repayment of LTRO & Participation in T-LTRO programme
- ✓ New organisational and governance model
New Management Team
- ✓ Signing of Insurance Companies Disposal
- ✓ Re-opening of retail bond issuance programme
- ✓ Comprehensive Assessment Results and Capital Plan

2014

2015: SECOND PHASE OF TURNAROUND

2015-2019 Business Plan	✓ 19/03/2015 approved
Binding offer for Creditis	✓ 30/04/2015
Closing of Insurance Companies Disposal	✓ 5/06/2015
EUR 850 mln Capital Increase	✓ 2/07/2015 completed
Merger by absorption of CRS and CRC	✓ 30/06/2015 resolution
Strategic re-focusing of Banca Cesare Ponti	✓ 30/06/2015
Closure of 15 branches out of 45 (as per BP)	✓ 30/06/2015
Cost Excellence Programme: EUR 3.8 mln savings formalised (EUR 5.7mln at steady state)	✓ 30/06/2015

In progress:
- IT Unit efficiency improvement
- Back-office efficiency improvement
- Hub & Spoke Model – Roll Out of Pilot Project
- New branch layout

2015

Securing the Group → Improving efficiency → Commercial momentum

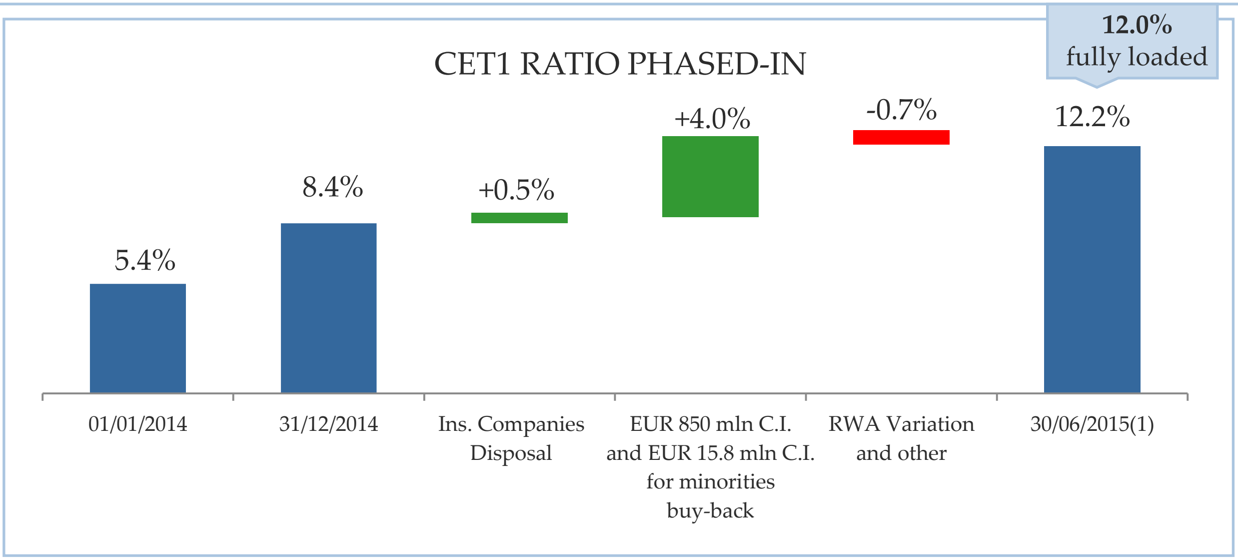
Intensive Capital Management activities

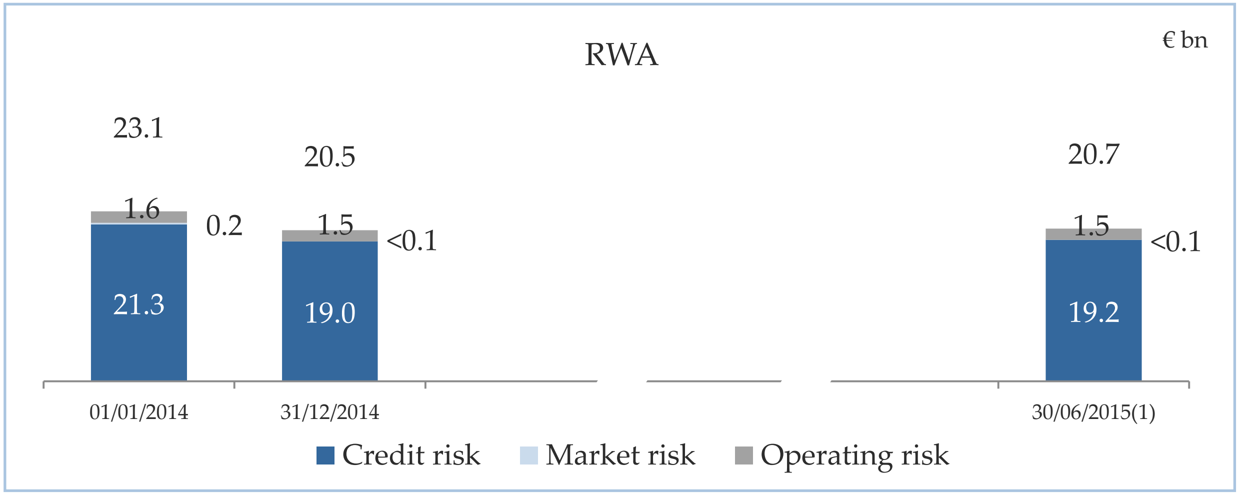
✓ CAPITAL INCREASE
- 99.83% of Capital Increase subscribed during the Offering Period
- Unexercised rights sold out on first trading day

✓ CLOSING OF INSURANCE COMPANIES DISPOSAL

NEGOTIATIONS WITH APOLLO FOR CREDITIS DISPOSAL

MERGER BY ABSORPTION OF CR SAVONA AND CR CARRARA

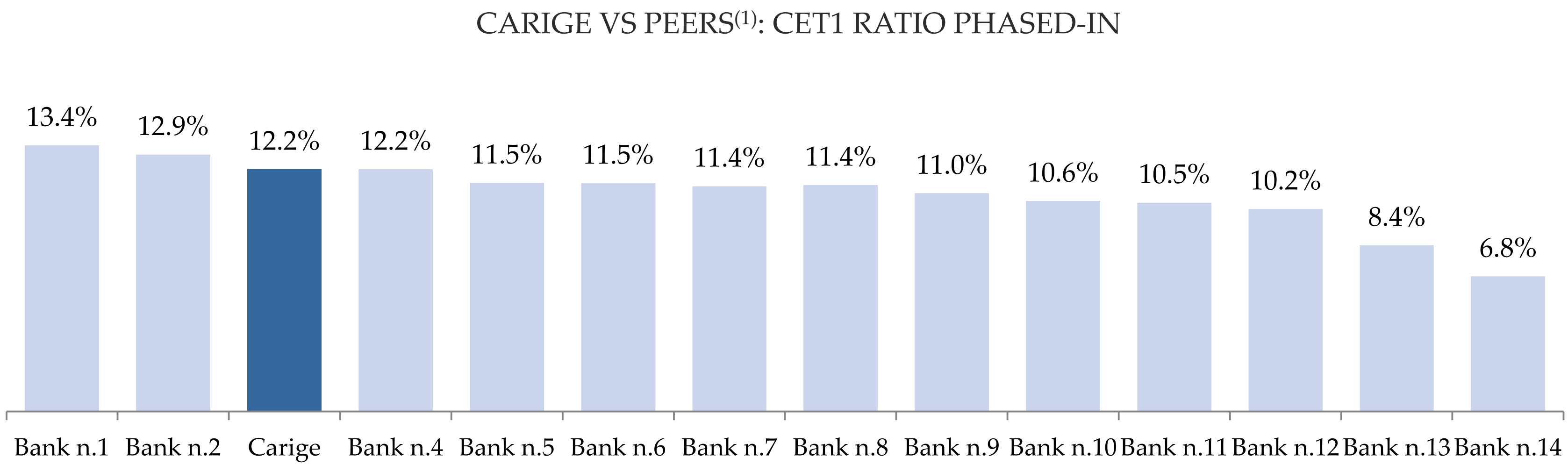


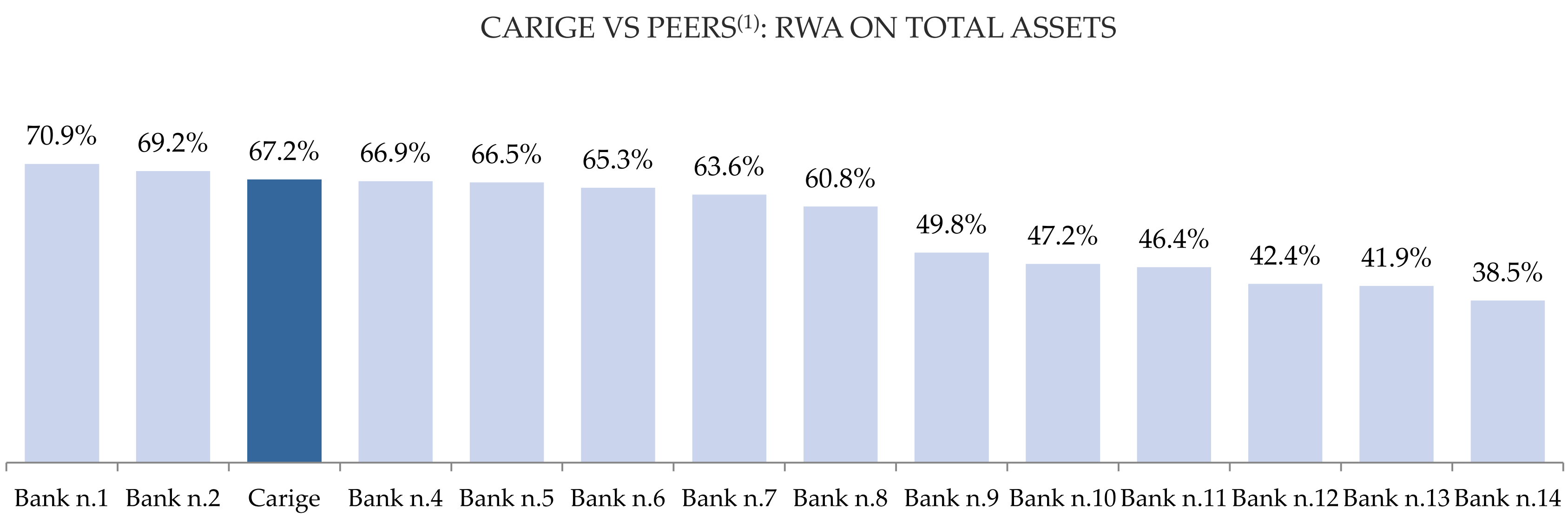


- CET1 ratio significantly higher than the 11.5% target level which the ECB had required the bank to attain
- Leverage ratio phased-in: 7.9% (fully loaded: 7.4%)

(1) Officially disclosed to BoI

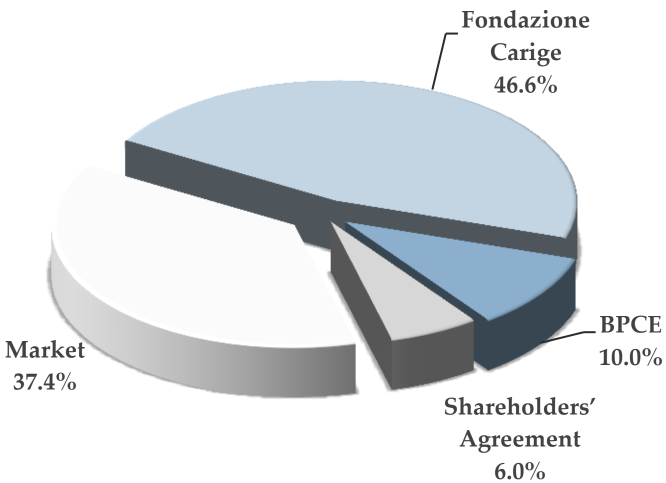
CET1r and risk weighting among the highest in the Italian Banking System





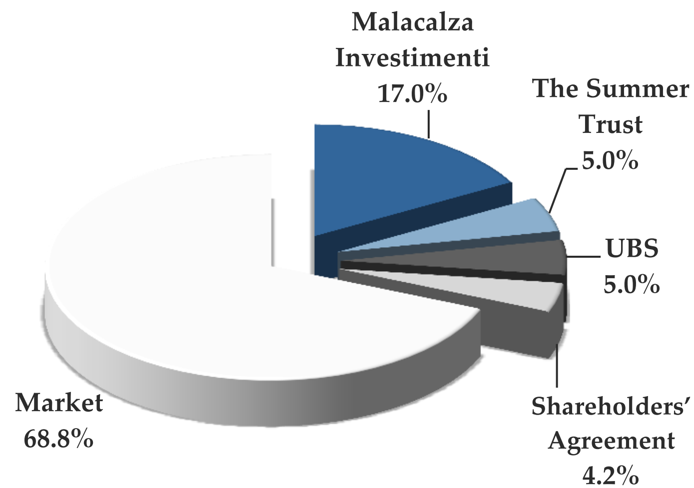
(1) Intesa, BPM, BP Sondrio, Desio, BPER, UniCredit, Banco Popolare, MPS, Creval, Credem, UBI, Vicenza and Veneto Banca (1H15)

END 2013



- Fondazione Carige held over 46% of the Group's share capital
- The market - excluding the stakes held by BPCE and by a Syndicate of shareholders - owned less than 40%

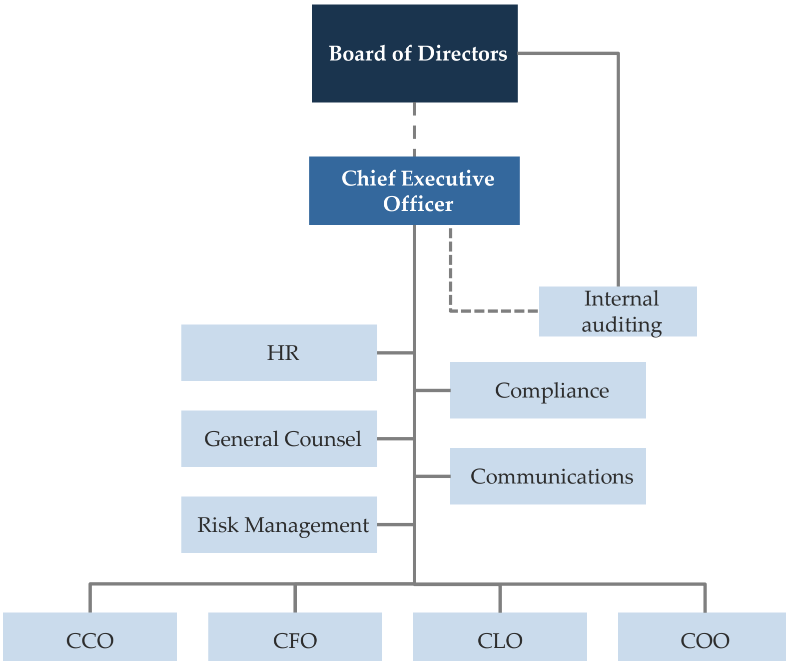
TODAY



- The 'Malacalza Investimenti' Company joined the shareholders with a 17.0% stake
- Fondazione Carige reduced its stake to less than 2% of the Group's share capital, binding its shareholding to a Shareholders' Agreement with the 'Malacalza Investimenti' Company
- Coop Liguria, Talea, Fondazione CR Savona and Fondazione CR Carrara entered into a Shareholders' Agreement on 4.2% of the Group's capital
- BPCE announced stake lowering to less than 2%

Simpler organisational structure

ORGANISATIONAL MODEL



- Shorter flow organisation
- Full review and formalisation into Rules of the functioning of the processess composing the Company's organisational system
- Rationalisation and efficiency improvement of Head Office Structure

LENDING AREA STRATEGIC INITIATIVES

- Clear-cut segregation of Business and Credit functions with assignment of decision-making powers to the Credit Area alone
- Set up of Credit Committee for approval of credit files of up to EUR 50 mln in loans and EUR 500,000 in expected loss
- Definition of Credit Policies with specific indications on the sectors, geographical areas and products for which to develop, monitor or limit initiatives in the area of credit
- Centralisation of loan monitoring with the Parent Company with a stronger role for the Loan-granting Officers locally (implementation underway)
- Centralisation of Corporate Loan-granting Officers (currently for the Parent Company)
- Centralisation of Non Performing Loans with the Parent Company (starting with Carige Italia) and introduction of locally deployed Non Performing Loan Managers

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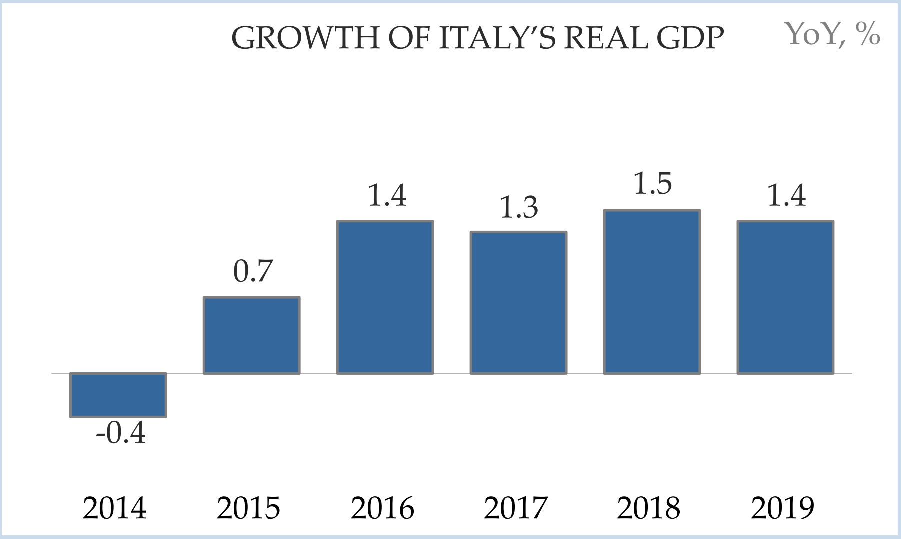
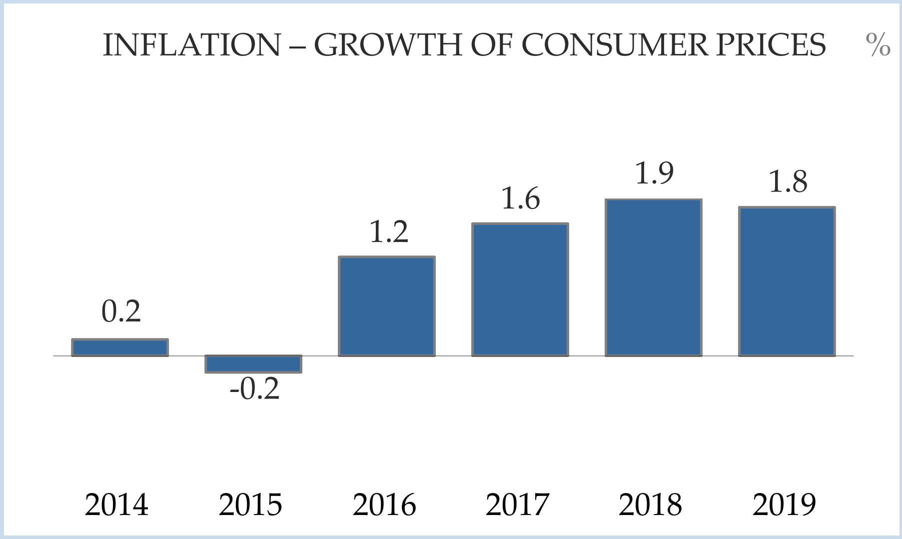
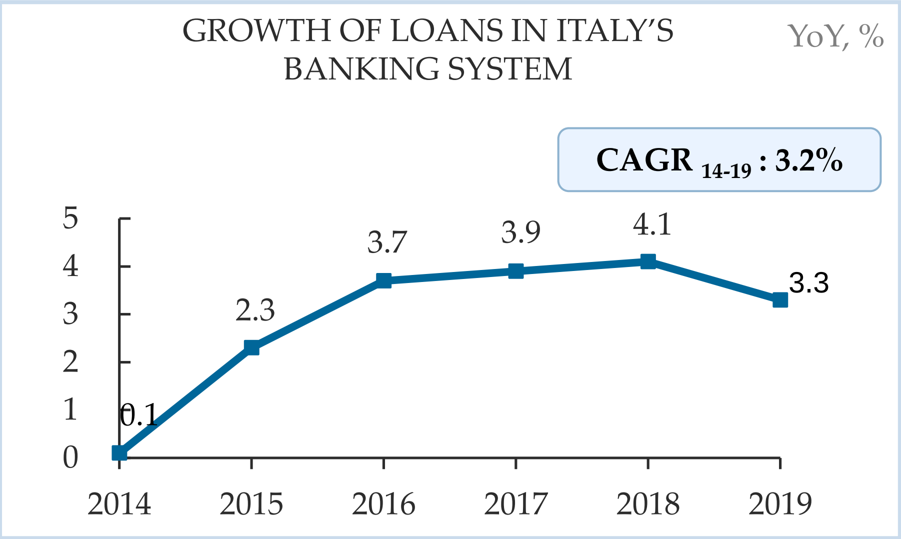
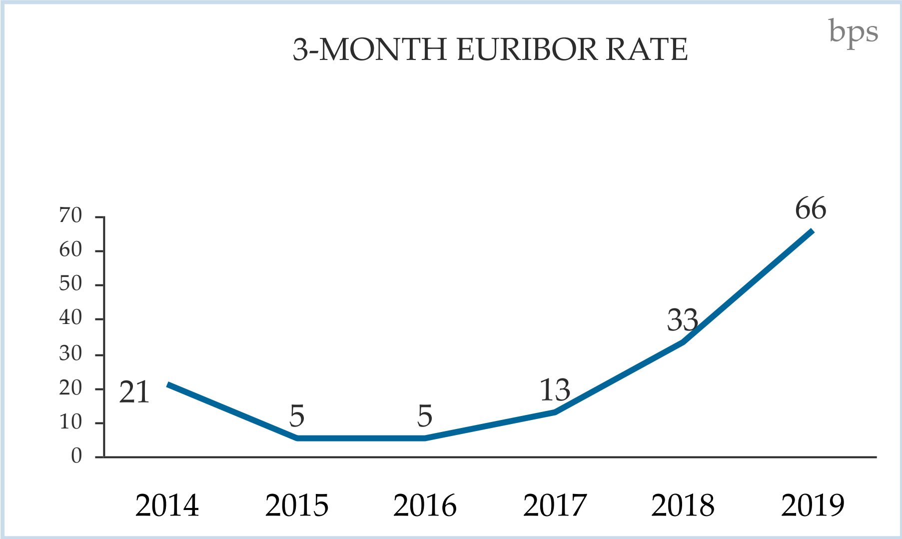
Still uncertain macro-economic scenario with first signs of recovery for the real economy





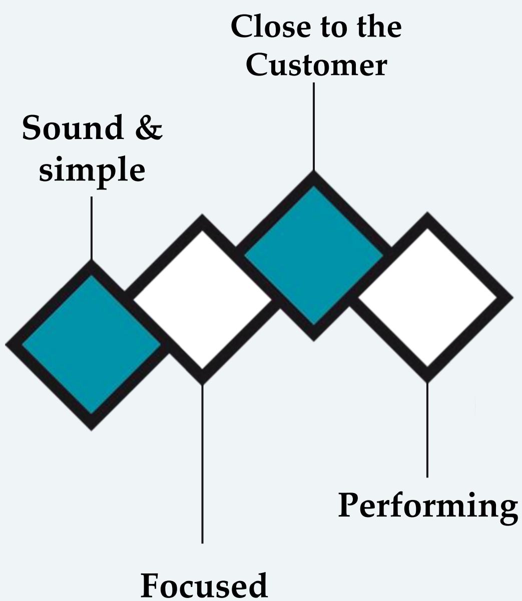




Source: Prometeia, macroeconomic scenario year 2015

Carige aims to be a sound, simple bank, pursuing customer proximity and focusing on retail banking

Mission and guidelines



- Confirm Carige's position as a **locally rooted Retail Bank for households and small businesses,** focusing on the highest-potential regions of Northern and Central Italy
- **Reduce the Bank's risk profile** via better credit management and incisive non-recurring actions
- **Enhance the "Efficient Distributor" model** via effective advancements in the operating model

Strategic initiatives

- **A** **Strengthen capital position and safeguard liquidity**
- **B** **Boost revenues**
- **C** **Rebalance credit risk**
- **D** **Improve operational efficiency**
- **E** **One-off deals to accelerate turnaround**

Return to sustainable profitability

RoTE 2019 **8.0%**

in line with the Group's **Risk Appetite Framework**

Strategic initiatives

- **A** Strengthen capital base and safeguard liquidity
- **B** Boost revenues
- **C** Rebalance credit risk
- **D** Improve operational efficiency
- **E** One-off deals to accelerate turnaround

Expected results

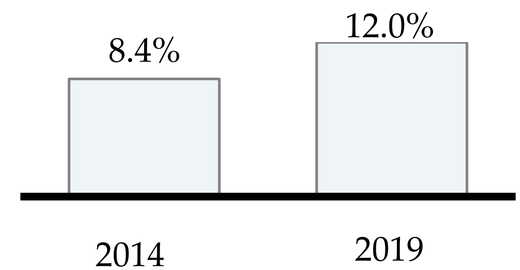
	2014[1]	2017	2019	$CAGR_{14-19}$
ROTE	n.s.	4.0%	8.0%	
CET 1 Ratio	8.4%	12.0%	12.0%	
Net interest and other banking income (€m) [2]	721	888	1.052	+7.8%
Costs (€m)	613	563	570	-1.5%
Net profit (€m)	-617	95	208	n.s.
Direct funding from retail customers (€bn)	19.2	20.5	23.1	+3.7%
Indirect funding (€bn)	20.9	23.8	26.0	+4.5%
Gross loans (€bn)	26.5	28.1	31.4	+3.5%
Cost income[2]	85%	63%	54%	
Cost of credit[2]	273bps	90bps	71bps	
Net bad loans/total loans	5.4%	4.7%	4.7%	
Net sub-standard loans / total loans	9.7%	6.7%	5.1%	

(1) Figures net of impact from assets held for sale and discontinued operations
(2) Figures reclassified for including of NPL servicing fees in loan loss provisions

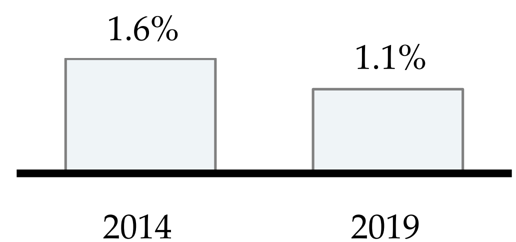
Strategic actions	Details of actions
Capital increase	• **Increase share capital** for an amount of EUR **850 mln** via a rights issue for existing shareholders • Capital increase of up to EUR 16 mln for **buyback of non-controlling interests**
Disposals	• **Closing of insurance business disposal** agreement (Carige Assicurazioni and Carige Vita Nuova) at a sales price of EUR 310 mln in 2015 • **Disposal** of consumer credit company **Creditis,** Private bank **Banca Cesare Ponti** and other non-controlling interests (for up to EUR 190m)
Safeguard liquidity	• **Make the most** of liquidity **opportunities** arising from the **T-LTRO** (take-up of up to EUR 3.3 bn) • Gain access to **better funding terms** • Net Stable Funding Ratio **over 100% on an on-going basis**

EXPECTED IMPACT

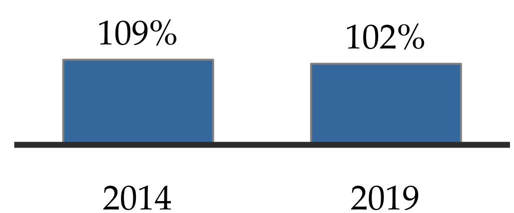
CET1 ratio



Cost of funding[1] (%)



Net Stable Funding Ratio – NSFR (%)



(1) Interest expense on deposits from customers and deposits from banks

Strengthen capital position and safeguard liquidity

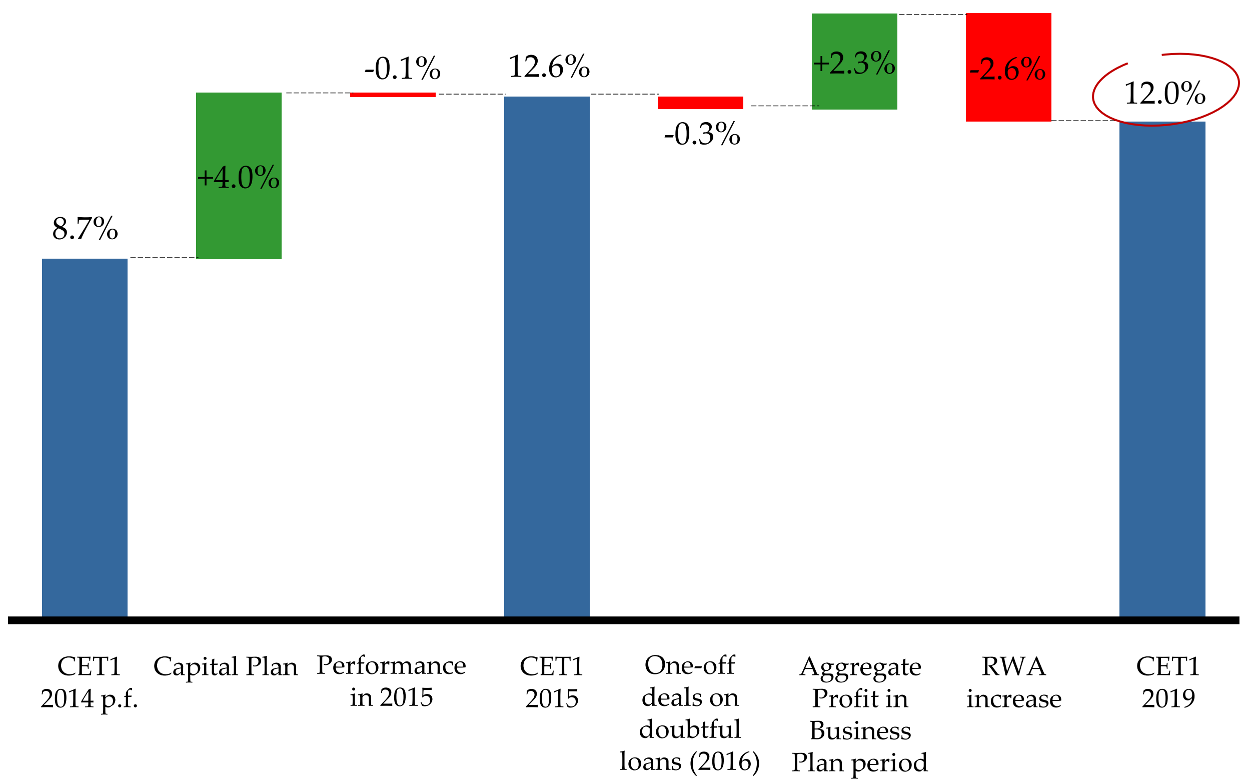
A

CET1 RATIO OVER THE 2014-2019 TIME HORIZON

CET1 ratio in Business Plan period will be the result of:

- ✓ Capital increase
- ✓ Aggregate profit in BP period (ca. EUR 360 mln) (1)
- ✓ RWA increase in line with lending growth

and consistent with target ratio set by the ECB as part of the SREP process

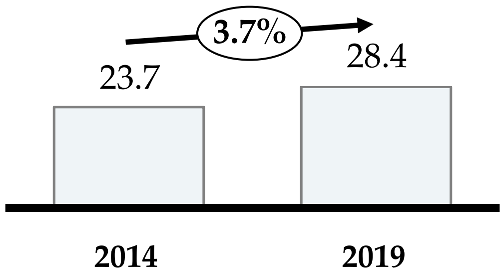


(1) Including one-off deals on NPLs

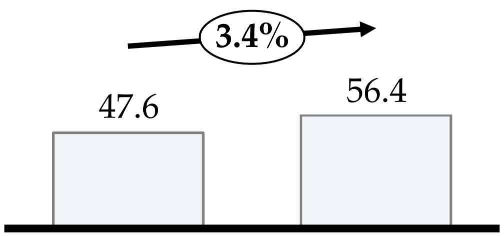
Strategic actions	Details of actions
Restructuring the network's distribution model	• **Adopt differentiated distribution formats** according to the specificities of the Liguria and Carige Italia networks • **Review local market coverage** through the development of distribution models in line with local market specificities
Transforming the corporate segment management model	• Re-launch corporate segment by **strengthening segment-dedicated organisational structure** and **implementing targeted (Head Office-led) sales & distribution actions** designed to recover volumes and profitability
Strengthening the Affluent and Private banking service model	• Define and launch an **advisory service for** the Affluent and Private banking **segments** to optimise asset mix and return on assets while gaining customer loyalty
Upgrading the Integrated multichannel service	• **Expand digital banking offering** and **strengthen the role of the contact centre** to integrate the branch distribution model particularly in "large-mesh" network areas.

EXPECTED IMPACT

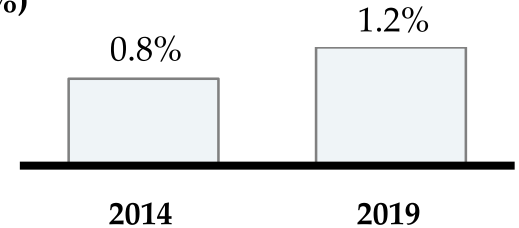
Net loans (EUR bn)



Total funding (EUR bn)

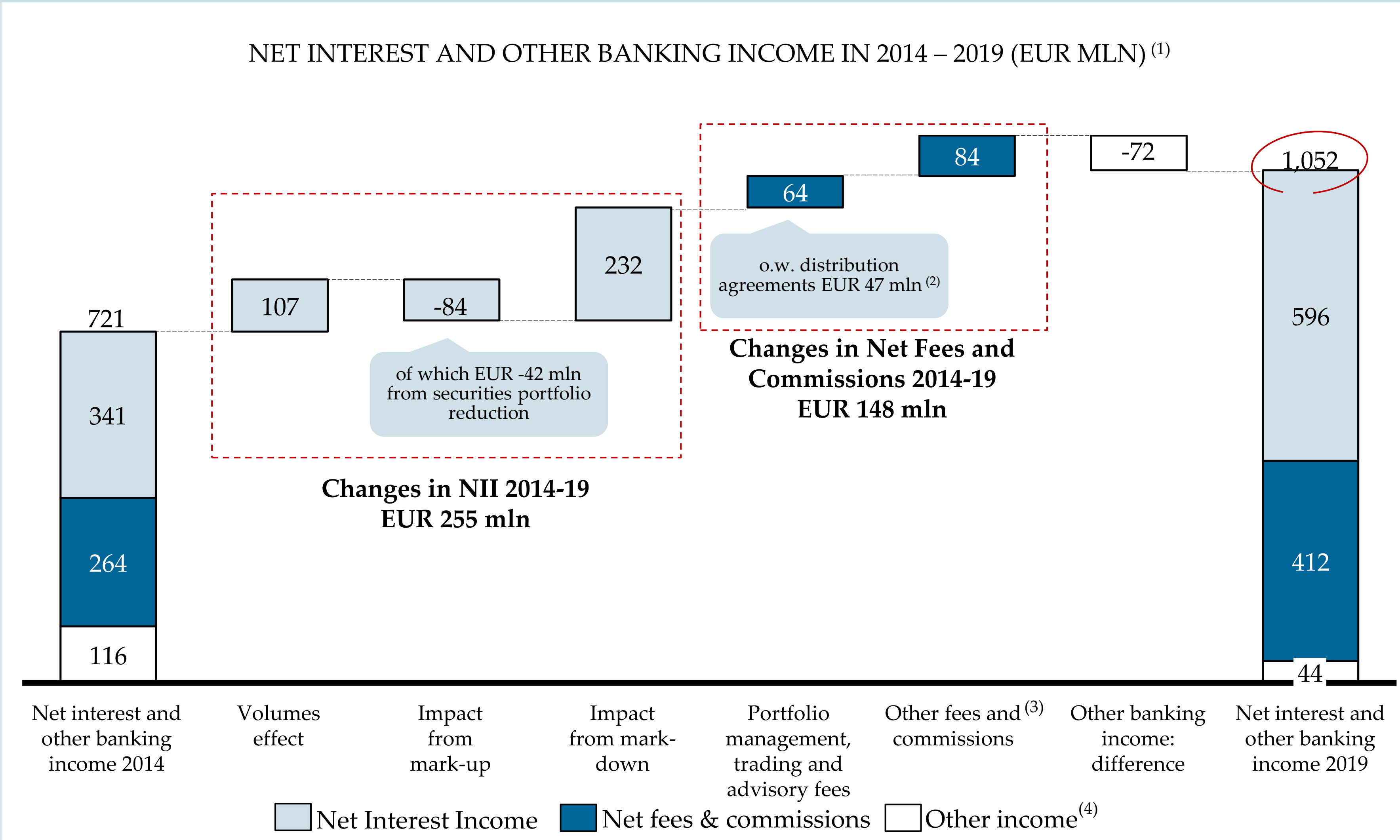


Profitability on business volumes[1] (%)



(1) Net Interest Income and net fees and commissions on total funding + net loans to customers

Net interest and other banking income over the Business Plan period



(1) Figures reclassified for including credit servicing fees in loan loss provisions
(2) EUR 29 mln in bancassurance, EUR 13 mln in mutual funds and EUR 5 mln in consumer loans
(3) Fees on banking services, account expense recovery , loans granted, safety deposit boxes, servicing of securitisations and other services
(4) Other banking income includes: "Dividend and similar income", "Net profit (loss) from trading", "Net profit (loss) from hedging", "Profit (loss) from sale or repurchase ", "Net profit (loss) from financial assets and liabilities designated at fair value";

Key enablers to optimise portfolio risk

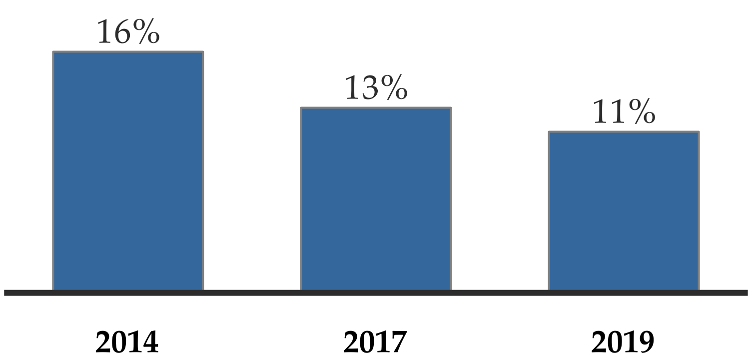
Reduce share of bad loans and extract value from problem loans

- **Address bad loans** via one-off deals including **disposals, partnerships with external servicers**
- **Stronger monitoring** of major substandard exposures and **value extraction from workout potential**

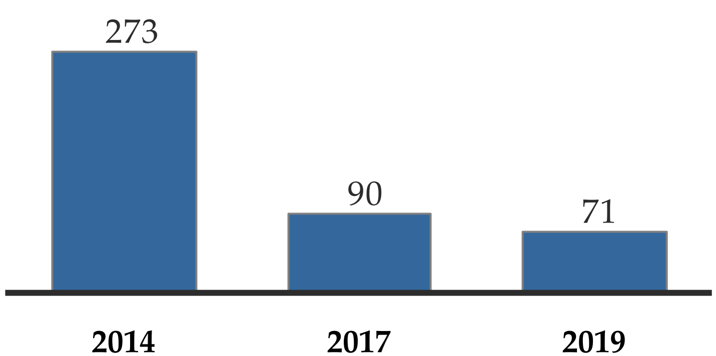
Continuous monitoring and control over impairment risk exposures

- **Stringent credit policies** and a focus on better risk-return sectors, geographic areas and products
- **Customer management in local market areas**, to anticipate and reduce impairment of performing exposures

Net non performing loans
(% net loans)



Cost of credit (bps) (1)

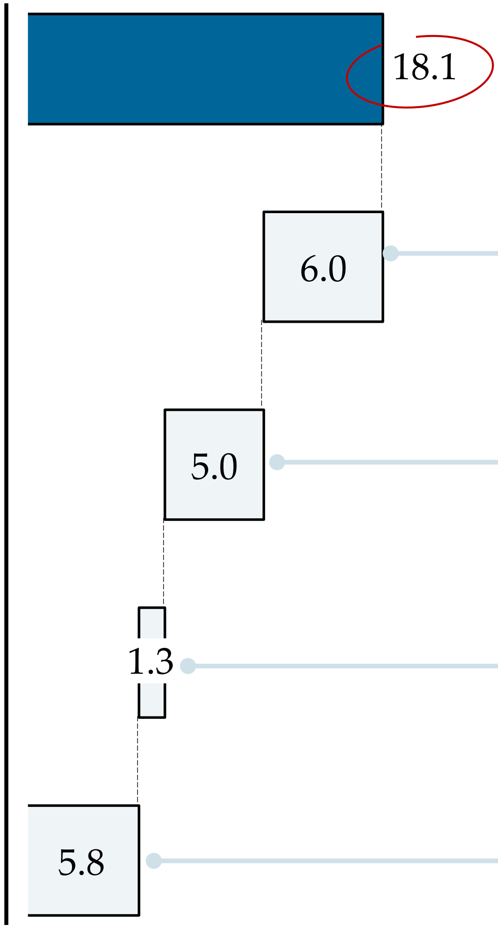


(1) Figures reclassified for including credit servicing fees on loan loss provisions

D

Improve operational efficiency
Key enablers for operating cost reduction

Savings by area over Business Plan period per area (EUR mln)



Key enablers to obtain savings

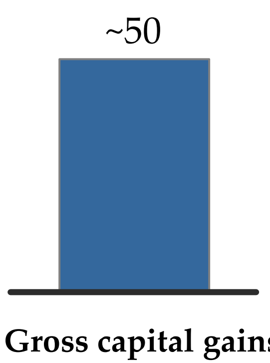
Branch rationalisation / closure plan	• Complete branch network rationalisation plan with **closure of 45 branches** in the Plan period (590 in 2019)
Real estate cost efficiency improvement	• Optimise real estate costs by: renegotiating **lease payments**, revising **utility supply** agreements, reviewing maintenance management policies, adopting a new approach for the **design and construction** of headquarters and branches
Reduction of "IT structure" costs	• Reduction of "ICT structure" costs through a consolidation of **application maintenance** vendors
Cost Excellence programme	• **Operating-cost reduction** programme leveraging a revision of sourcing policies and a gradual **dematerialisation** and **digitalisation** of activities

- **Back office efficiency improvement** — Launch of **outsourcing programme** for non-core activities with the internal unit focusing on **high-value added activities** and adopting innovative tools

Accelerate turnaround with one-offs
Areas with additional value extraction potential to support growth

Targeted real estate disposals

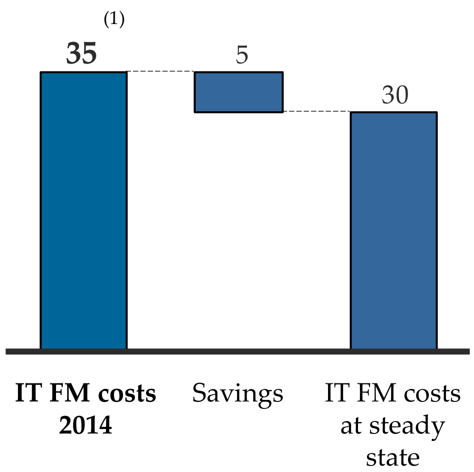
Gross capital gains from real estate disposals (EUR mln)



Start **real estate value-extraction programme** by selling a selected portion of the assets used and not used in the business

Outsourcing of Facility Management

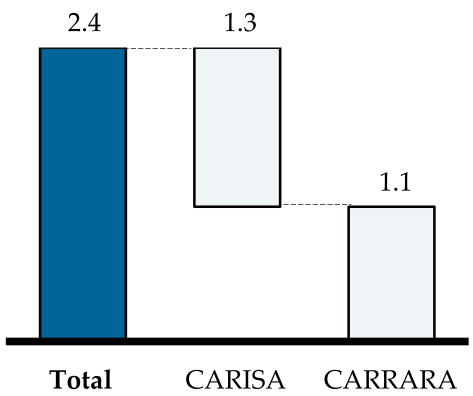
Savings from FM outsourcing (EUR mln)



Increase cost efficiency of the ICT structure via **Facility Management (FM) outsourcing**

Rationalisation of Group retail banks

Savings from rationalisation of Group retail banks (EUR mln)



Merger of Group retail banks (CR Savona, CR Carrara) with consequent efficiency gains in terms of structure and headcount

(1) Inclusive of personnel expenses, running costs and amortisation

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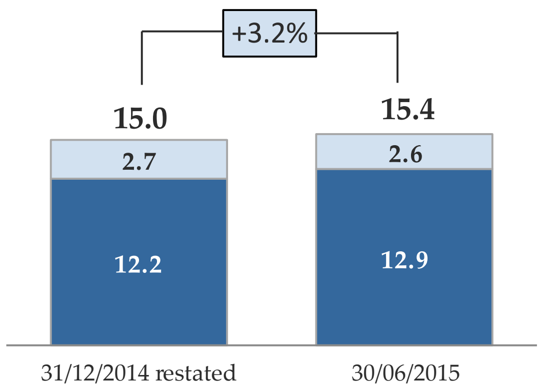
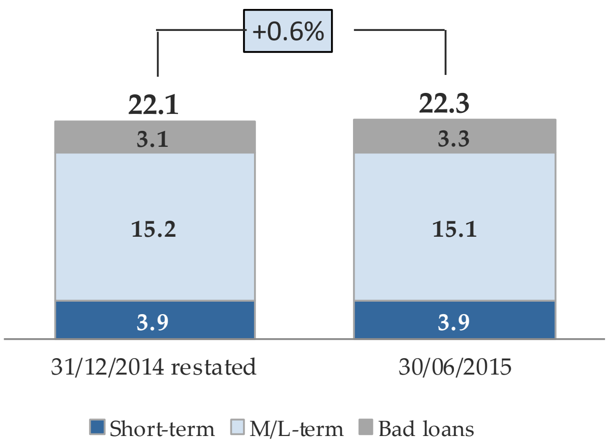
CORE FUNDING

€ bn



LOANS TO CUSTOMERS(1)

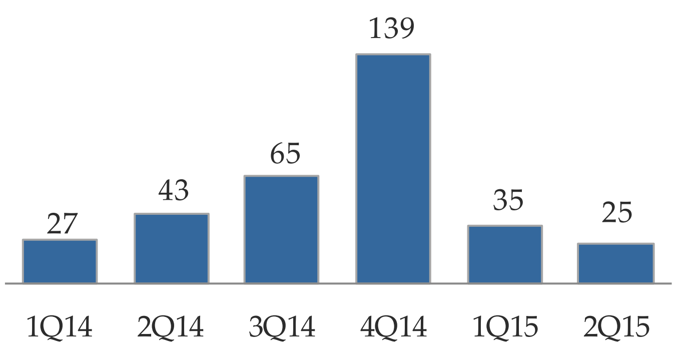
€ bn



(1) Institutional component not included

COST OF CREDIT(1)

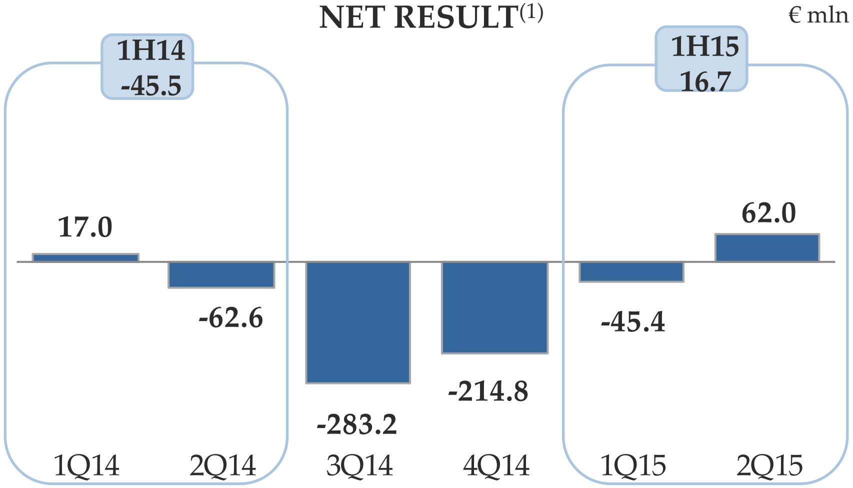
bps



(1) Ratio of LLPs and net loans to customers

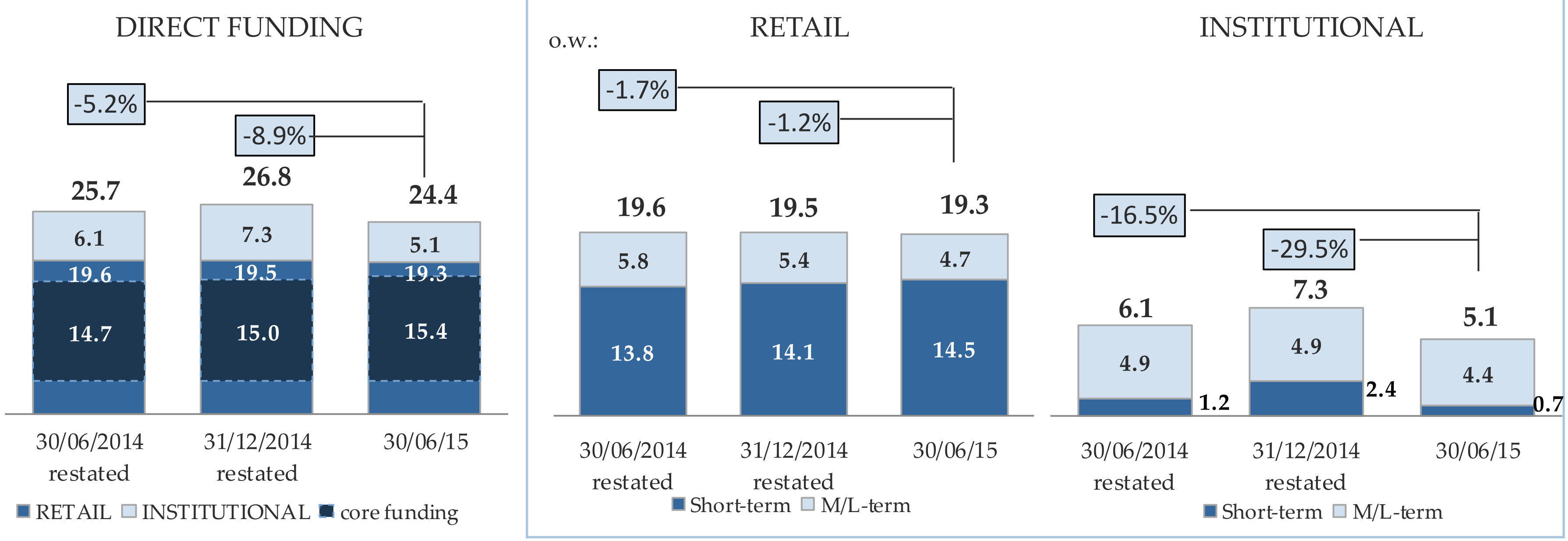
NET RESULT(1)

€ mln



(1) 1H15 result includes the EUR 68 mln positive effect from disposal of the Insurance Group, mainly arising from the reversal to profit or loss of the positive valuation AFS reserves

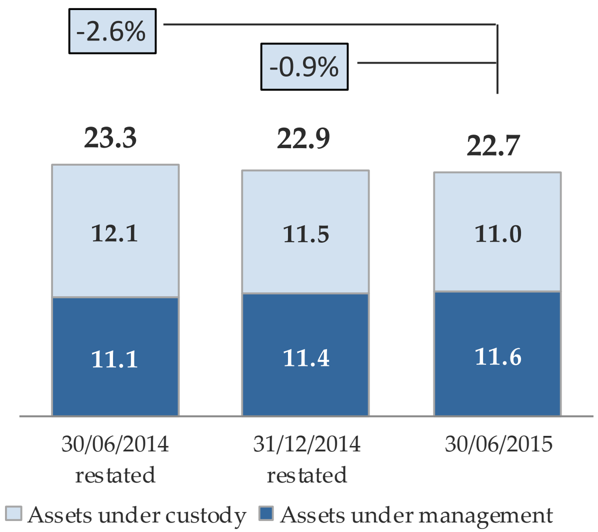
€ bn



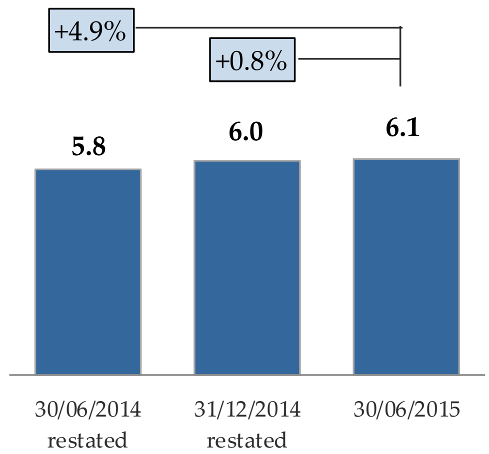
- Direct retail funding (net of institutional funding) was substantially stable in the six-month period (-1.2%) although its “core” component shows a 3.2% growth to EUR 15.4 bn, driven by the upswing in current accounts (+5.2%). Funding from bonds placed with retail customers (EUR 3.5 bn) was down 16.6%, due to large amounts coming to maturity in the first months of the year (EUR 1.3 bn worth of bonds), and partly to the Group's willingness to give priority to other funding sources
- Direct funding was down overall by 8.9% in 1H15, mainly as a result of the downturn in the institutional component (-29.5% to EUR 5.1 bn), reflective of a reduction in sell/buy back REPOs (similar to that in ‘buy/sell back’ REPOs) coupled with a covered bond (EUR 500 mln) issuance repaid in March 2015

€ bn

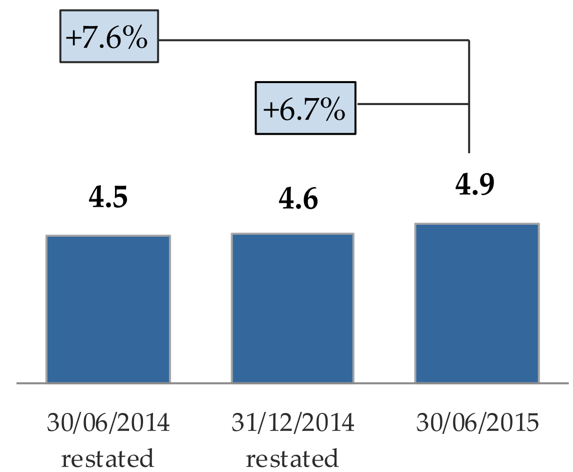
INDIRECT DEPOSITS



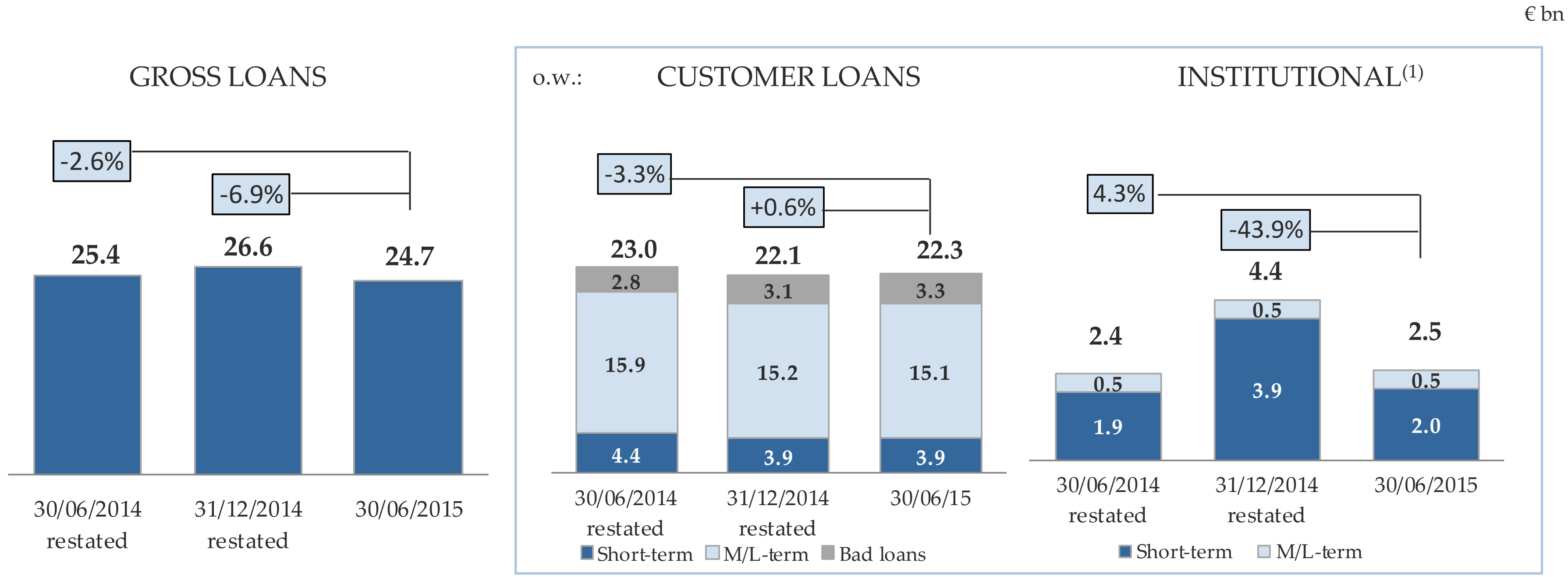
MUTUAL FUNDS



BANCASSURANCE PRODUCTS



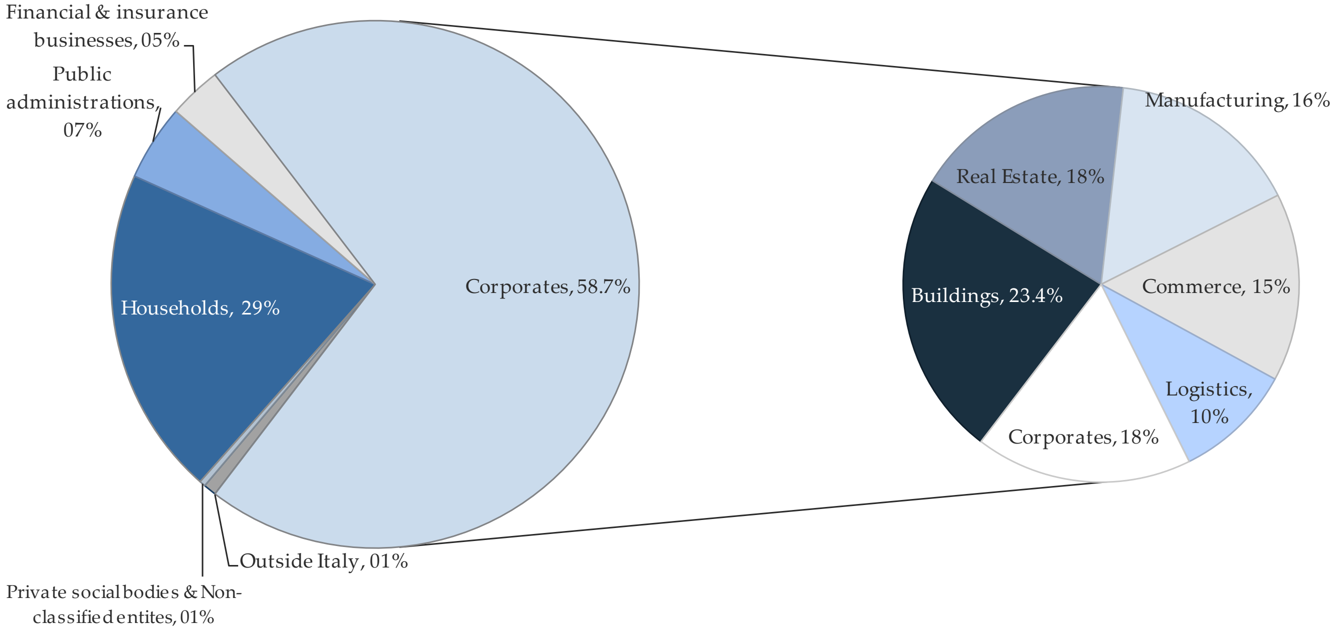
- Indirect deposits amounted to EUR 22.7 bn and decreased by 0.9% in the six-month period despite a good performance in Assets under Management (+2.4% to EUR 11.6 bn), which came to account for more than 50% of total indirect deposits in H1
- As part of Asset Management, mutual funds amounted to EUR 6.1 bn (+0.8% on the year-end balance), growing particularly in the segment of flexible funds (+2.5% to EUR 2.6 bn), which are overperforming compared to the commitments entered into with the asset management company Arca SGR (whose funds amount to EUR 4.1 bn, growing by 4.3% in 1H15)
- Bancassurance products grew by 6.7% to EUR 4.9 bn: the portion covered by the distribution agreement with the new insurance partner amounts to EUR 4.4 bn (+6.9%), with EUR 477.8 mln premiums underwritten in 1H15 (EUR 639.9 mln in 2014), on average in excess of the commitments undertaken with Apollo



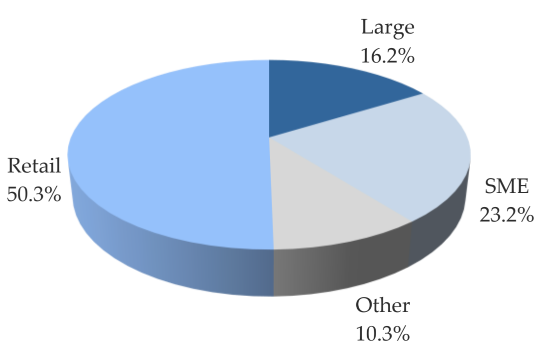
- Customer loans (retail and corporate) have further reversed their downward trend (+0.6% in 1H15 to EUR 22.3 bn); loans to the corporate segment showed an increase (+0.2% to EUR 11.9 bn) against the decrease in loans to retail customers (-2.1% to EUR 6.5 bn)
- The overall decrease in gross loans in 1H15 (-6.9%) was related to the drop in the institutional component (-43.9% to EUR 2.5 bn) which is mainly composed of 'buy/sell back' REPOs (temporarily used for investing treasury liquidity) and by interest-bearing postal bonds
- A growth was observed in loans *eligible* for T-LTRO funding, which enabled access to an additional EUR 160 mln worth of funds in June

(1) Includes interest-bearing postal bonds, REPOs with financial institutions and other loans

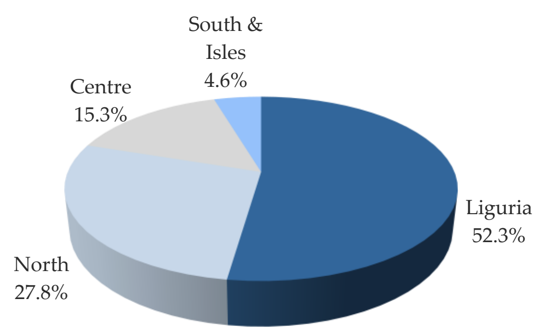
LOAN BOOK (€ 24.7 bn)
BREAKDOWN BY BUSINESS SECTOR



LOAN BOOK BREAKDOWN BY SEGMENT



LOAN BOOK BREAKDOWN BY GEOGRAPHICAL AREA

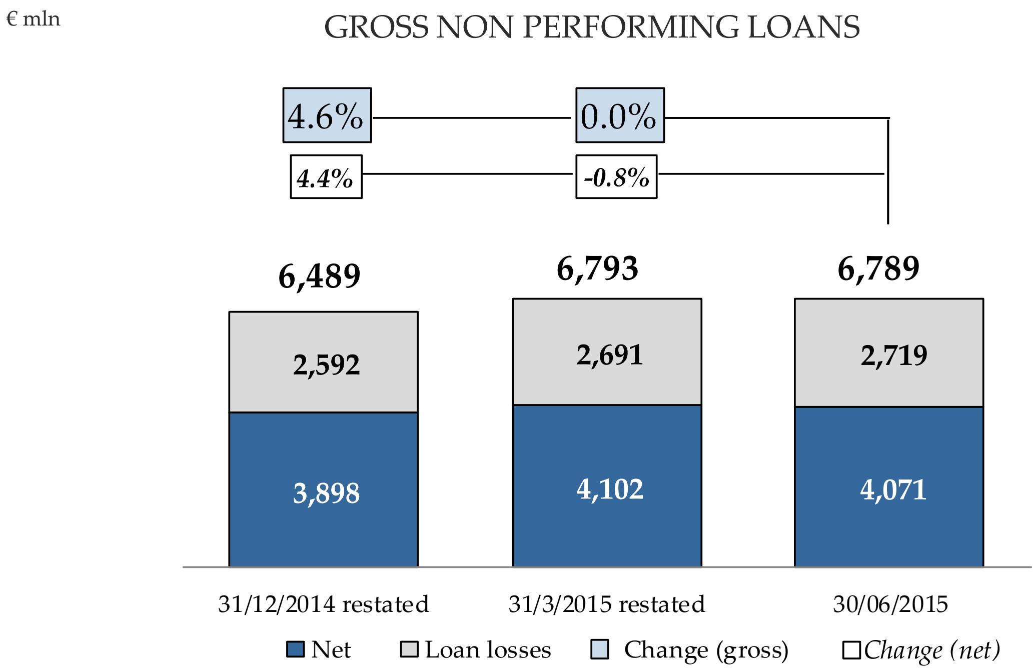


LOAN BOOK CONCENTRATION

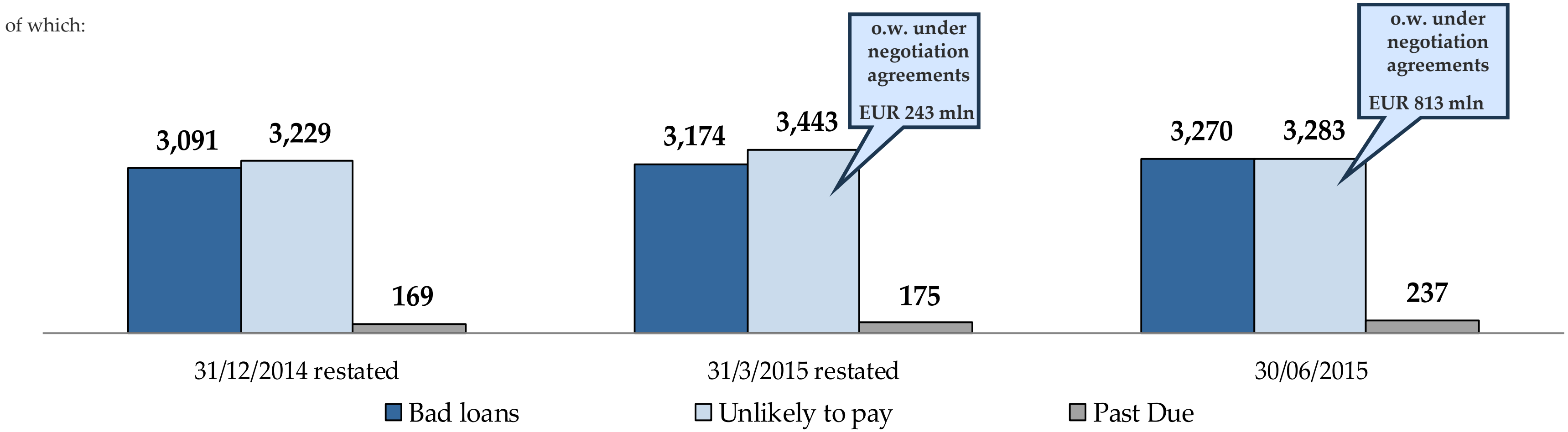
	Top 10	Top 20
30/06/2014	9.7%	12.7%
30/06/2015	**9.0%**	**12.1%**

Retail: households, self-employee and small business (turnover < €2.5 m);
SMEs: turnover between €2.5 m and €50 m; Large Corporate: turnover = > €50 m

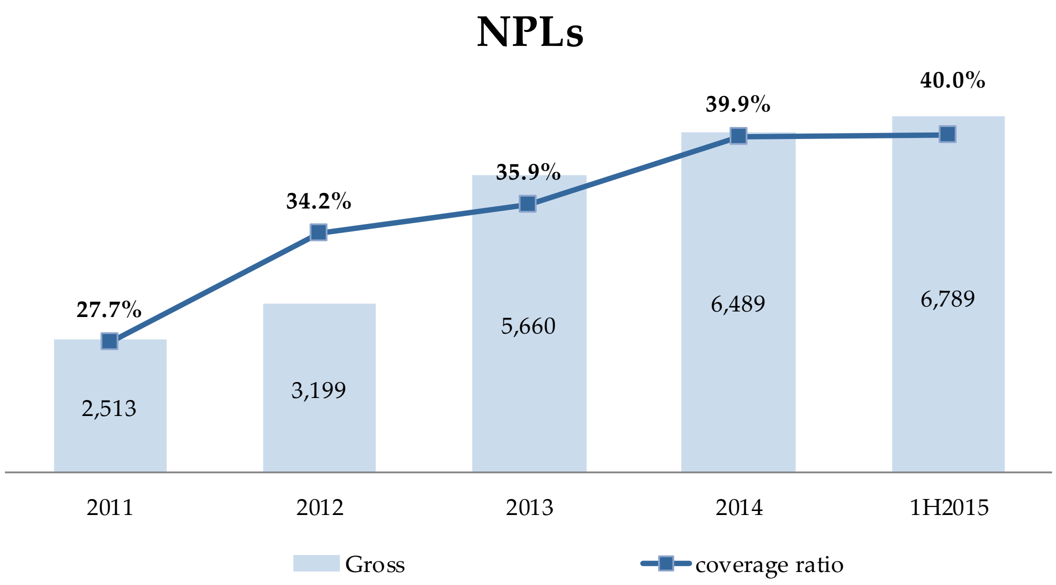
Management data on performing loan portfolio as at 30 June 2015



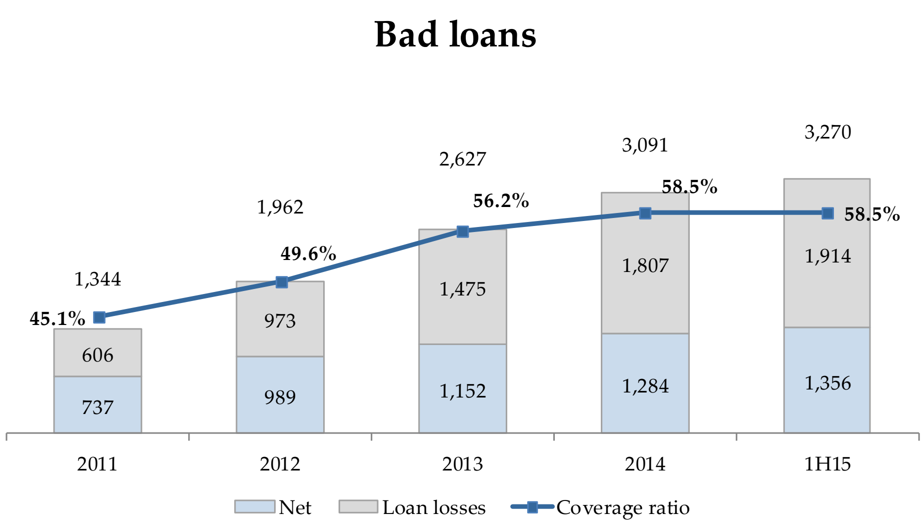
- Stabilisation of NPLs on 1Q15 levels
- Signing of negotiation agreements on company debt restructuring for EUR 813 mln worth of exposures previously classified as 'substandard', and maintained in the 'unlikely to pay' category; additional EUR 159 mln worth of negotiation agreements on company debt restructuring signed after 30 June 2015, and other EUR 648 mln already approved (for an overall amount of EUR 1.6 bn)
- Non-performing loan coverage is essentially stable on end-2014 levels, among the highest for regional banks



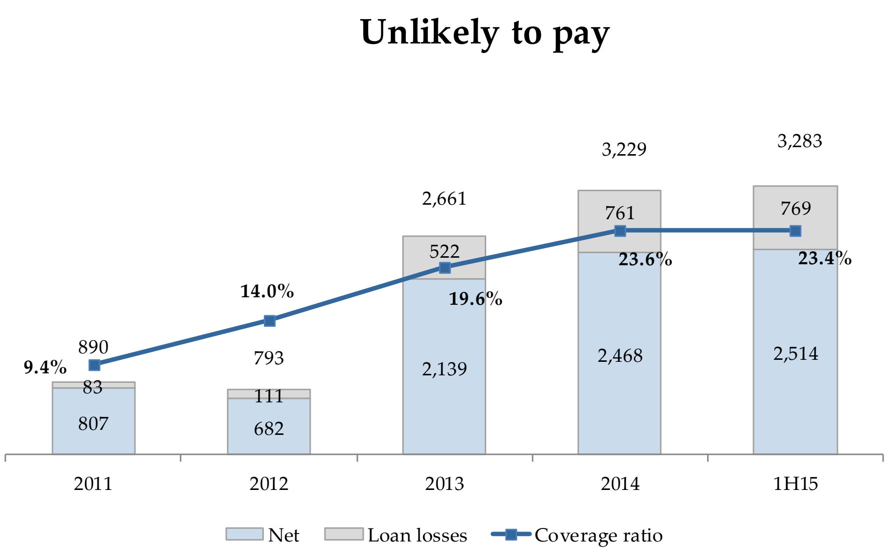
(1) Excluding debt securities classified as L&R



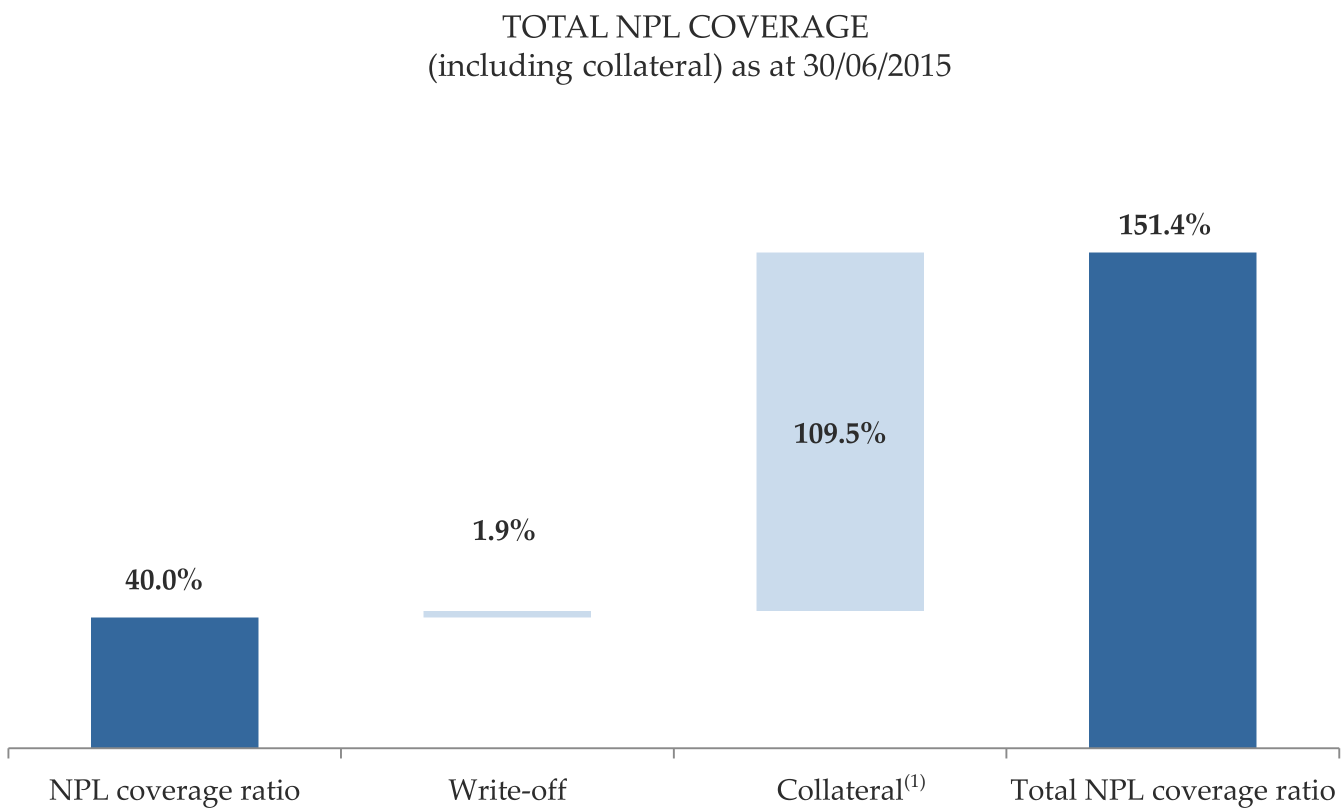
NPLs
27.7%
34.2%
35.9%
39.9%
40.0%
2,513
3,199
5,660
6,489
6,789
2011
2012
2013
2014
1H2015
Gross
coverage ratio



Bad loans
1,344
1,962
2,627
3,091
3,270
45.1%
49.6%
56.2%
58.5%
58.5%
606
973
1,475
1,807
1,914
737
989
1,152
1,284
1,356
2011
2012
2013
2014
1H15
Net
Loan losses
Coverage ratio



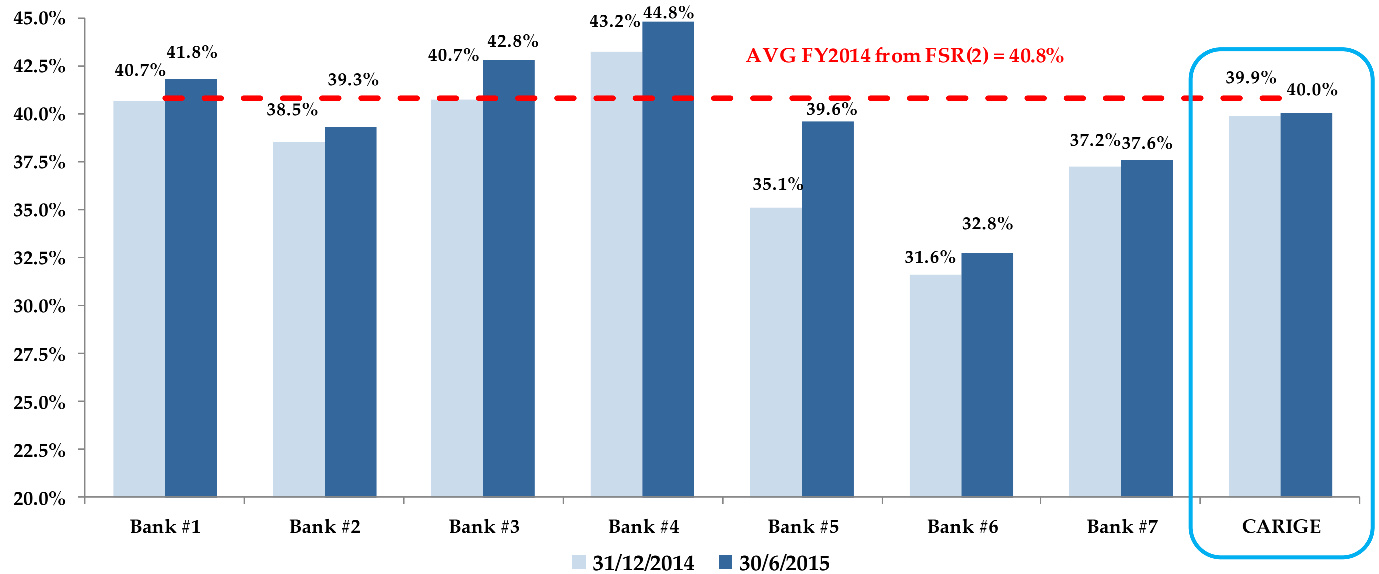
Unlikely to pay
890
793
2,661
3,229
3,283
9.4%
14.0%
19.6%
23.6%
23.4%
83
111
522
761
769
807
682
2,139
2,468
2,514
2011
2012
2013
2014
1H15
Net
Loan losses
Coverage ratio



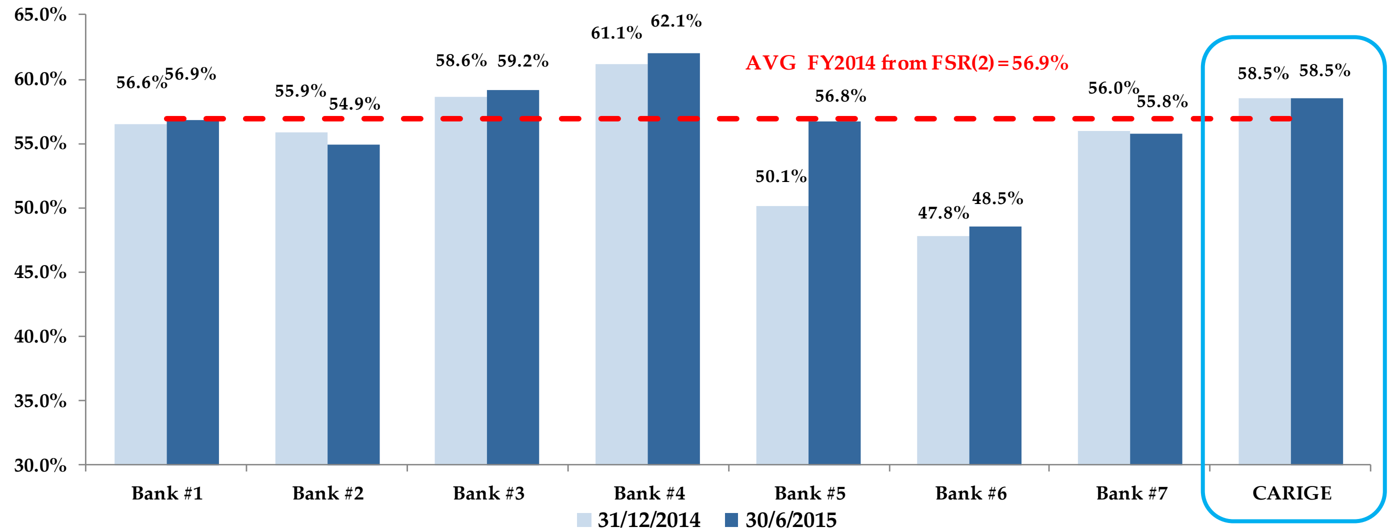
(1) Excluding personal guarantees

Coverage 1H15: Carige vs Peers

NPLs coverage trend: regional banks(1)



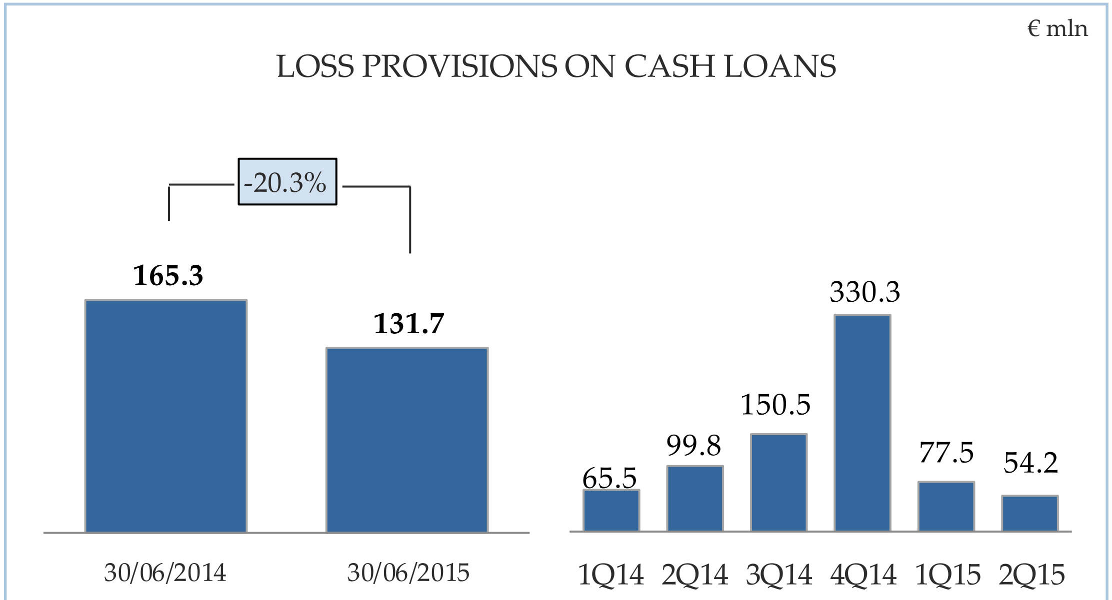
Bad loans coverage trend: regional banks(1)

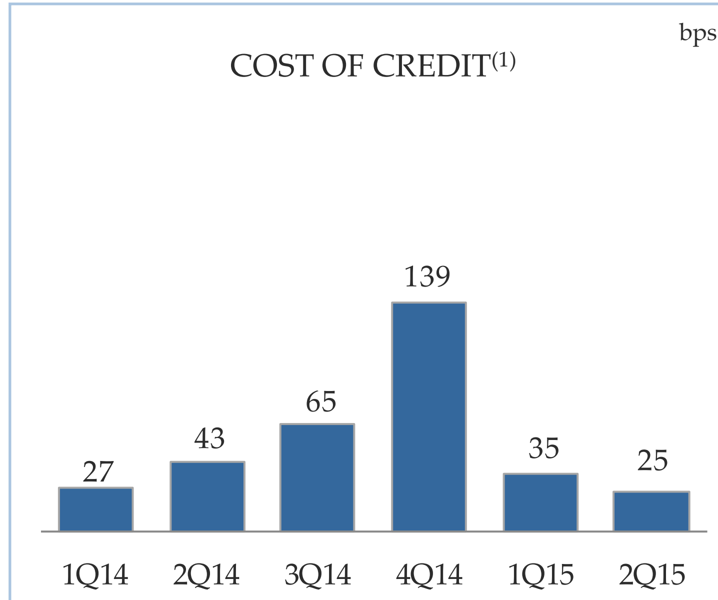


- Banca Carige's coverage ratio is significant considering the higher exposure of 'unlikely to pay' relative to the Italian banking System

(1) Calculated on data disclosed to the public by BPER, BPM, Credem, BP Sondrio, BPVi, Veneto Banca and Creval
(2) Financial Stability Report no. 1 2015, weighted average of «large» banks as per BoI definition

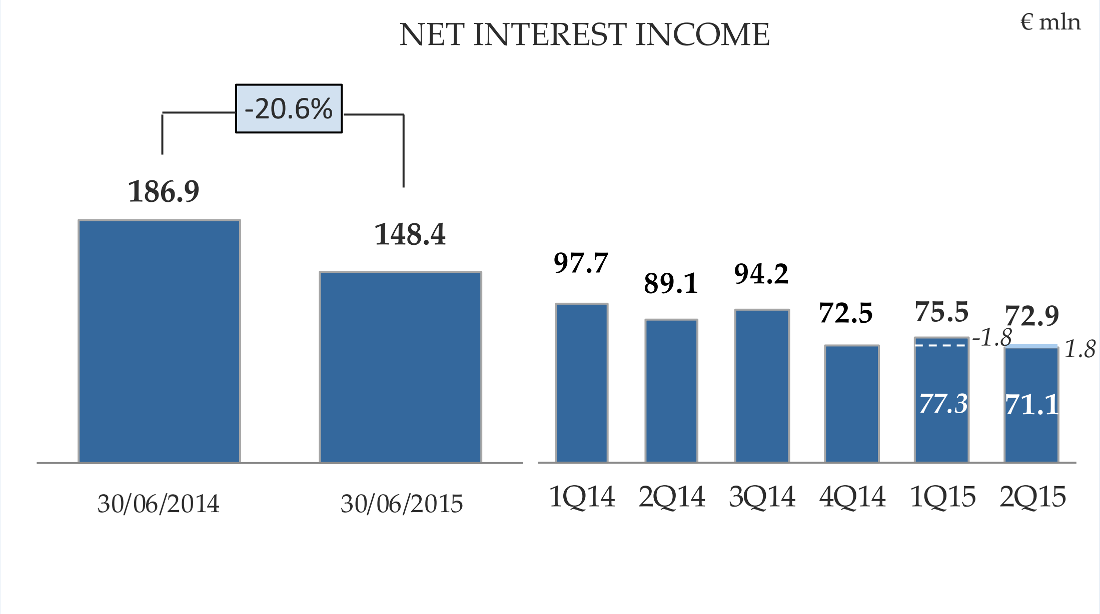
Loan Loss Provisions

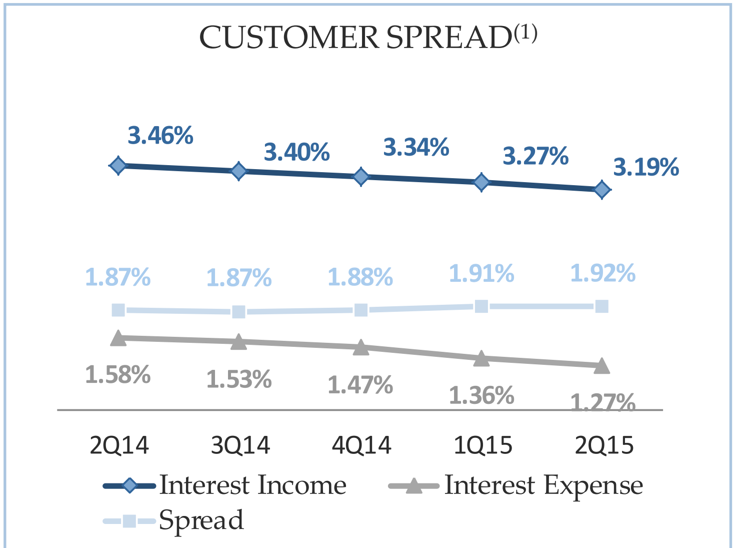




(1) Ratio of loan provisions to net loans to customers

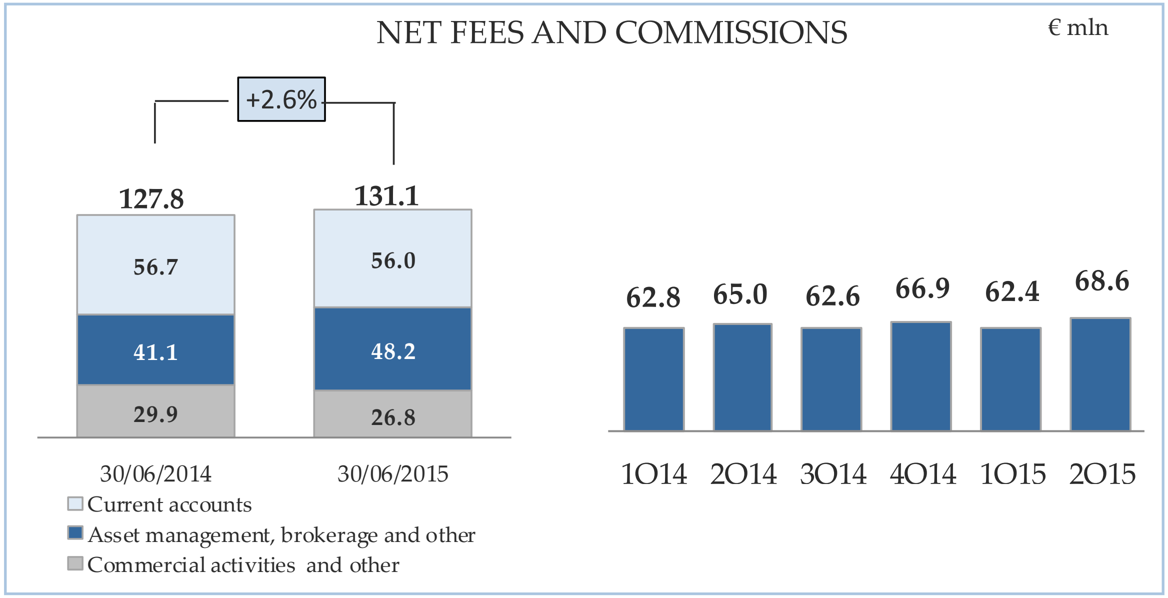
- Loan loss provisions (EUR 131.7 mln) down 20.3% Y/Y, proceeding through the normalisation path outlined in the Business Plan
- In 2Q15, loan loss provisions totalled EUR 54.2 mln vs. EUR 77.5 mln in 1Q15
- Cost of credit is currently at 25 bps, a material reduction with respect to previous quarters

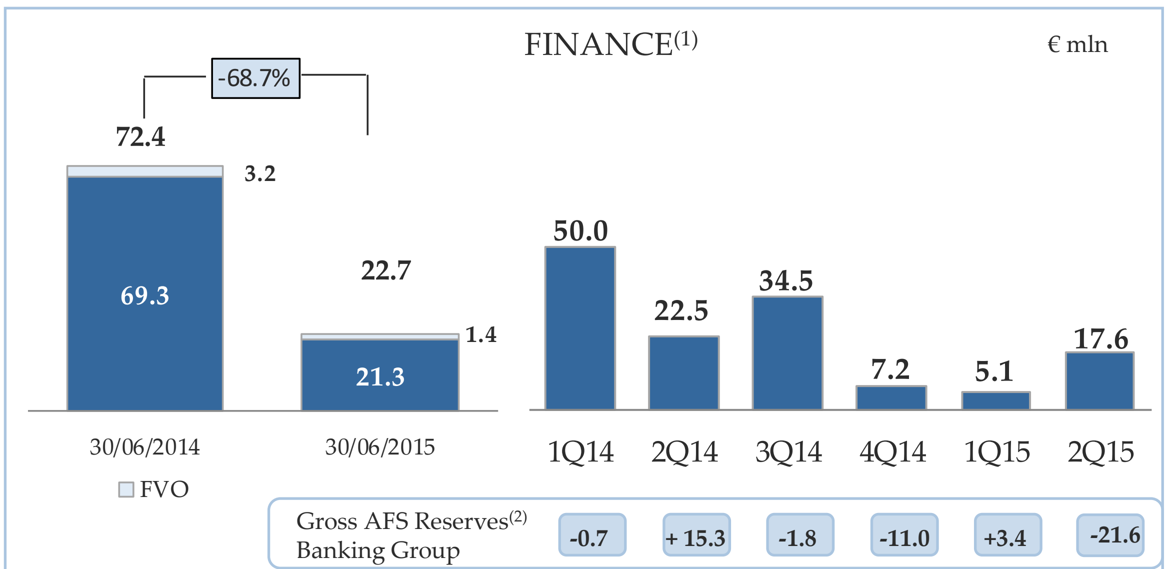




(1) End-of-period customer spread referring only to funding/lending via the distribution network

- Net Interest Income (EUR 148.4 mln) in June was down 20.6% Y/Y, primarily as a result of lower interest-bearing assets, in connection with exposures reclassified to bad-loan status in 2014, and a lower contribution from the Group's securities portfolio
- In addition to the lower input from the Group's securities portfolio (-EUR 1.7 mln), the decrease in net interest income in 2Q15 (-6.2% Q/Q) is largely due to negotiation agreements on company debt restructuring – with debtors representing large-amount non-performing loans classified as 'unlikely-to-pay' exposure, in order to facilitate the recovery of the Bank's credit lines – whose grace period has occasionally had effect on prior interest income accrued. Net of this adjustment (EUR 1.8 mln), net interest income in 2Q15 totals EUR 72.9 mln (-3.6% Q/Q) and customer spread confirms its positive performance

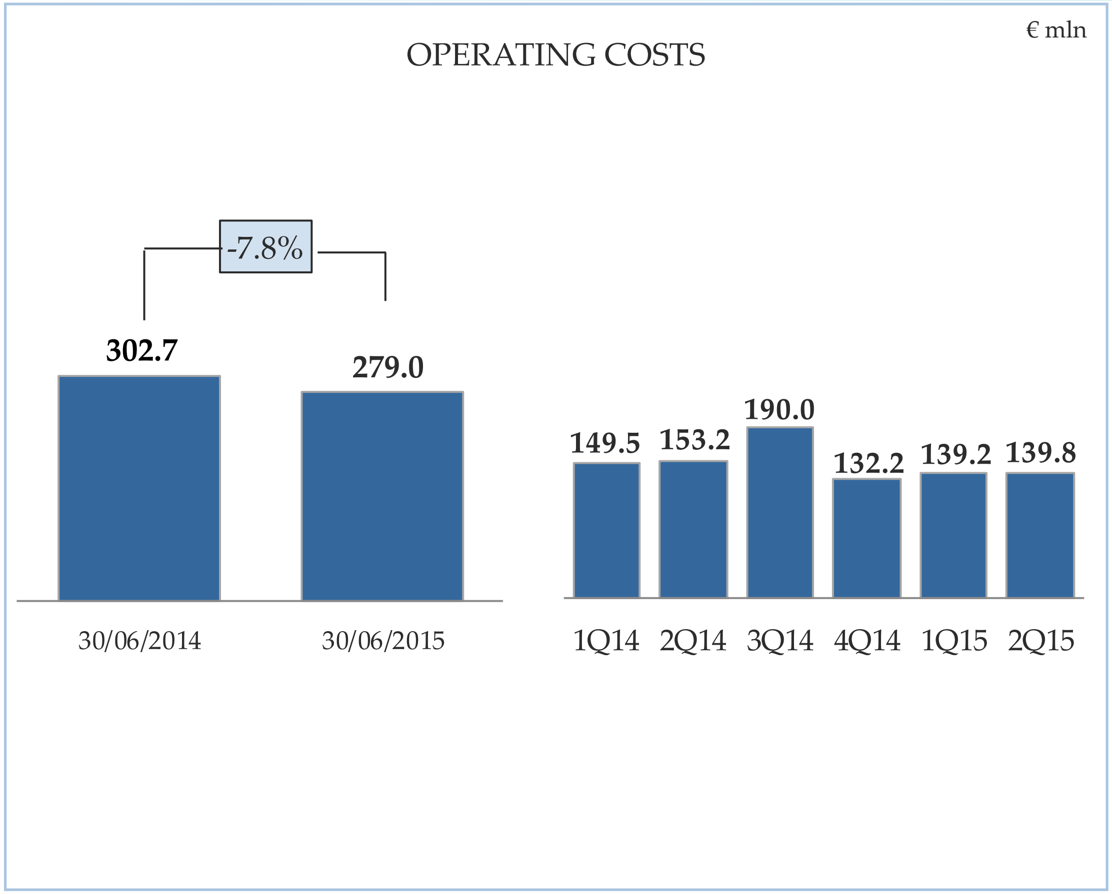


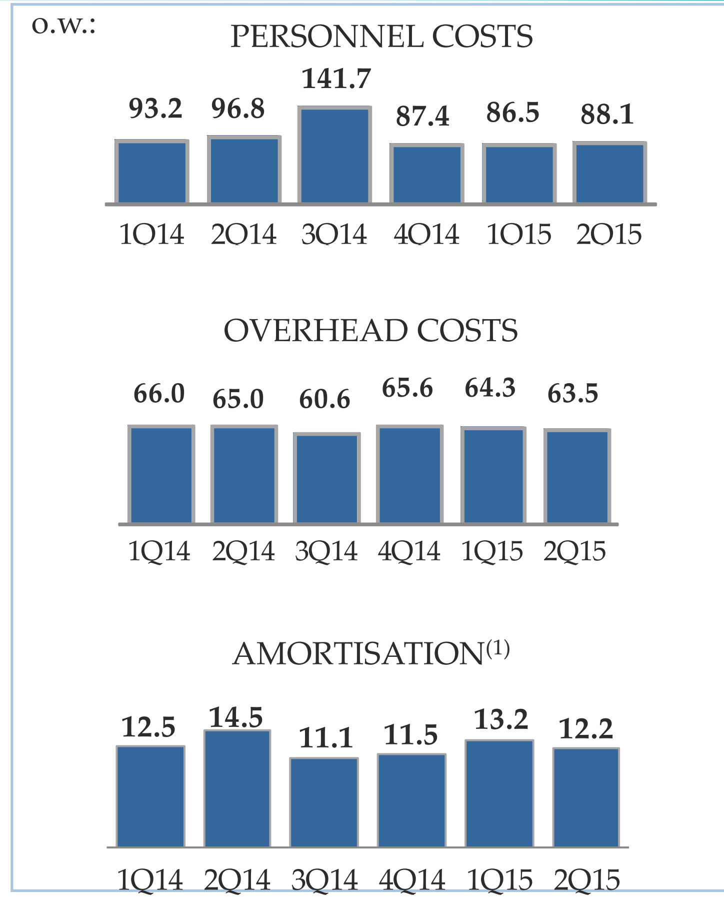


- In 1H15, net fee and commission income (EUR 131.1 mln) was up 2.6% with respect to 1H14
- The increase derives from bancassurance and AuM fees and commissions (+EUR 6.6 mln to EUR 31.7 mln) driven by the positive placement of mutual funds and insurance products, albeit partially offset by a decrease in fees on collection and payment services (-EUR 1.8 mln to EUR 31.3 mln) and on c/a recovery fees (-EUR 6.6 mln to EUR 57.5 mln)
- Income from financial activities is a positive EUR 22.7 mln, compared to a similar result of +EUR 72.4 mln in 1Q14, strongly influenced by the non-recurring divestment of the AFS portfolio
- As at end September the AFS reserves are almost reduced to zero

(1) Dividends, net profit (loss) from trading, gains/losses from valuation
(2) Operational data restated for prior periods

Operating costs



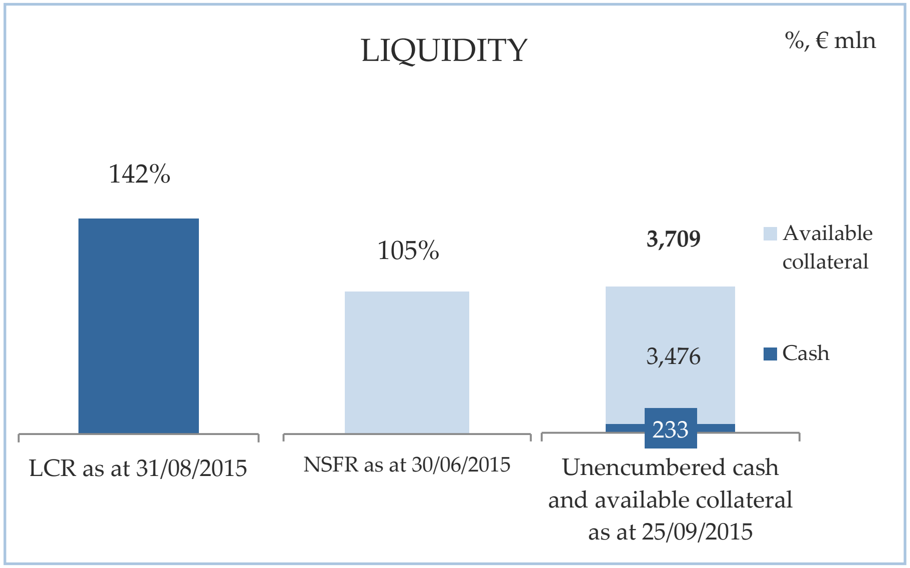


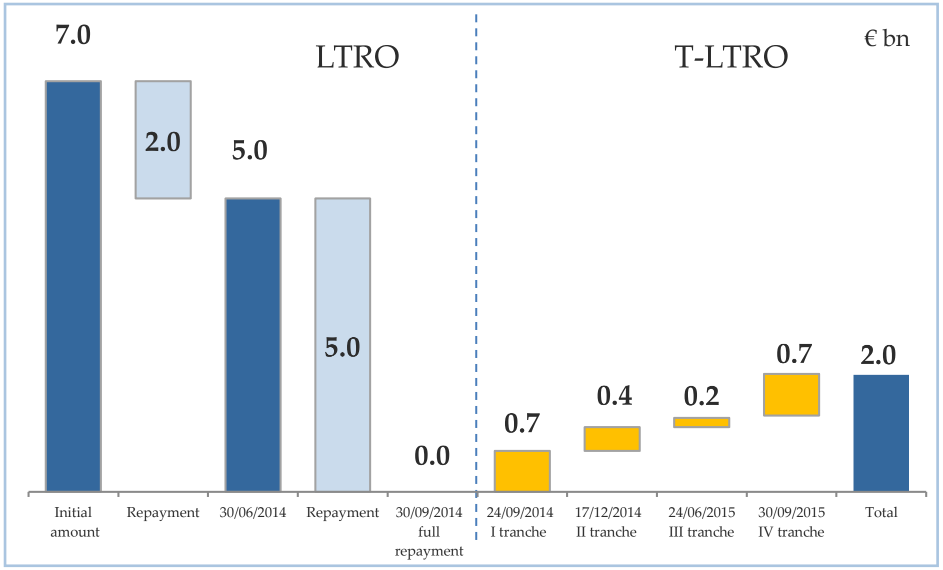
- Operating costs (EUR 279.0 mln) were down 7.8% Y/Y on the back of cost-containment measures implemented
- Personnel costs (EUR 174.6 mln) were down by over EUR 15 mln from 1H14 (-8.1%) driven by the definition of incentive-based retirement schemes and to Union agreements
- Administrative expenses were similarly on a downtrend (-2.5% to EUR 127.8 mln) driven by the cost-curbing actions introduced under the ‘Cost Excellence’ programme

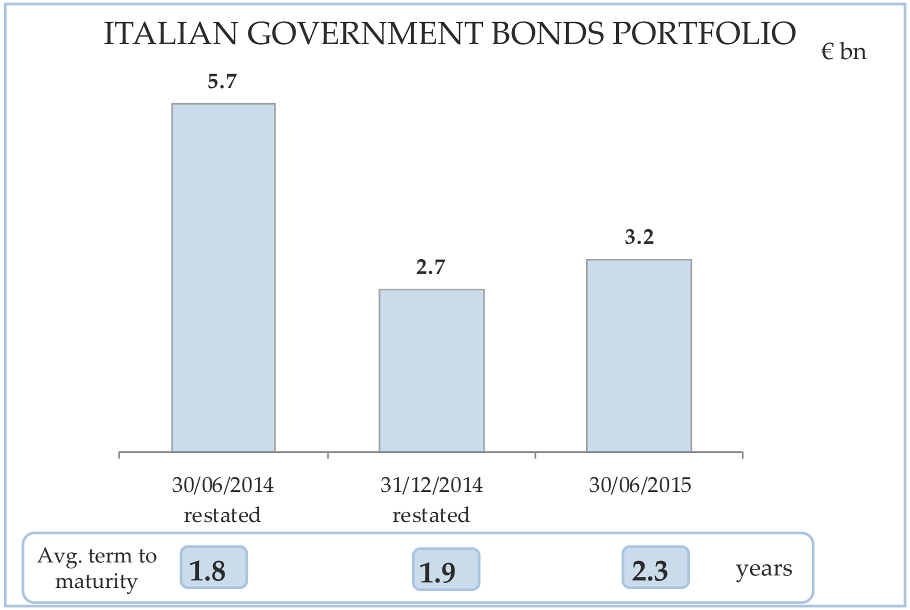
(1) Net provisions for risks and charges, net adjustments to/ recoveries on property, plant, equipment and on intangible assets

- Carige overview
- Business Plan 2015-2019
- 1H15 results
- **Liquidity & Funding**
- Mortgage business
- Residential Covered Bond Programme

Strong liquidity position



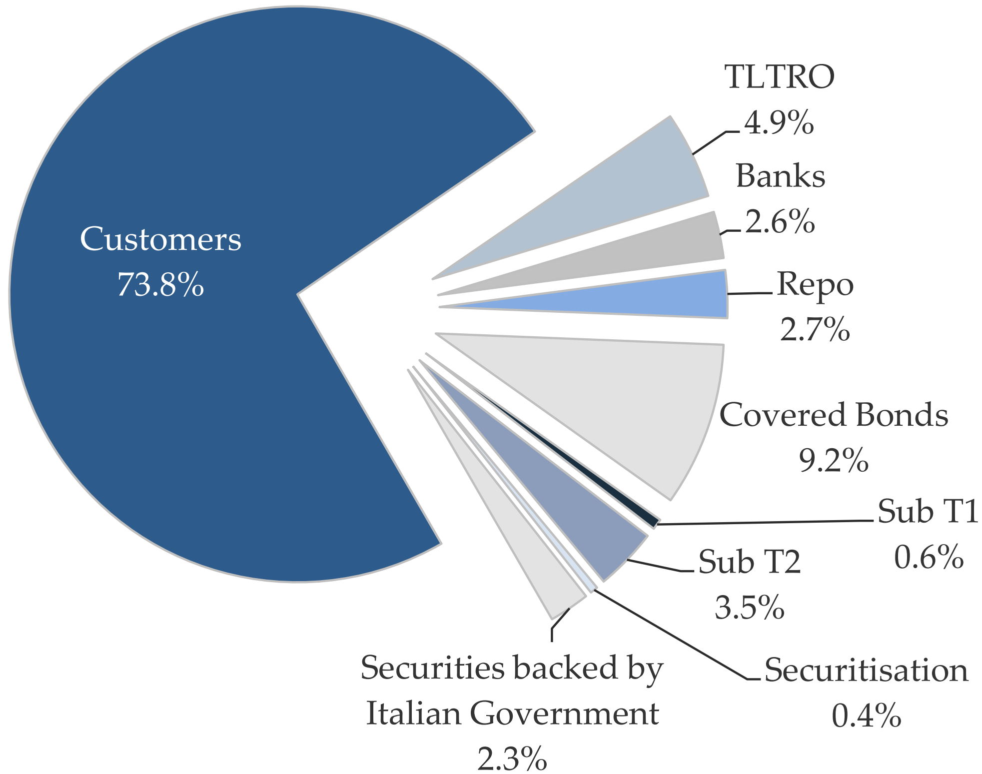




- Structural increase of the short and medium-term liquidity ratios, already above the full compliant regulatory targets
- T-LTRO funding further up to EUR 2.0 bn as at 30/09/2015
- EUR 3.7 bn unencumbered cash and available collateral as at 25/09/2015
- The increase in the securities portfolio is a consequence of additional liquidity generated by the Capital Increase, by Insurance Companies disposal and new T-LTRO funding

Figures do not include the stake in the Bank of Italy and balances relating to assets held for sale

TOTAL FUNDING[1]
as at 30/06/2015: **26.4 bn**

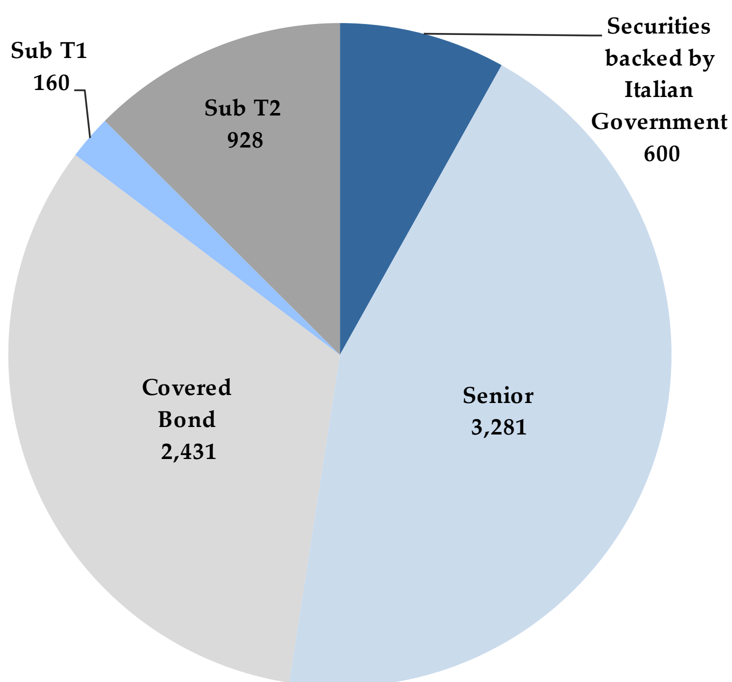


- Covered bonds represent a strategic source of funding for Carige

(1) Resulting from EUR 24.4 bn Direct Funding + EUR 2.0 bn Due to Banks

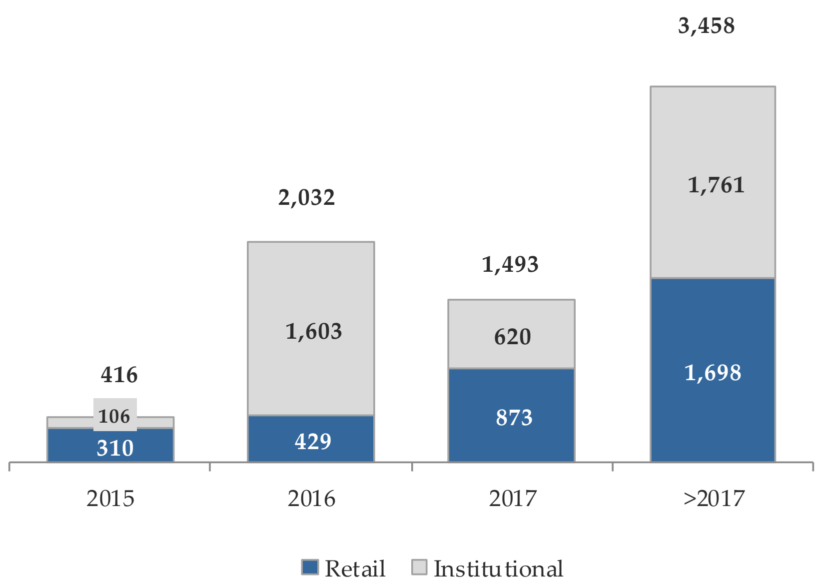
BOND BREAKDOWN(1)
as at 25/09/2015: **7.4 bn**

€ mln



OUTSTANDING BOND BREAKDOWN(1)
as at 25/09/2015: **7.4 bn**

€ mln



(1) Excluding interbank deposits

- Carige overview
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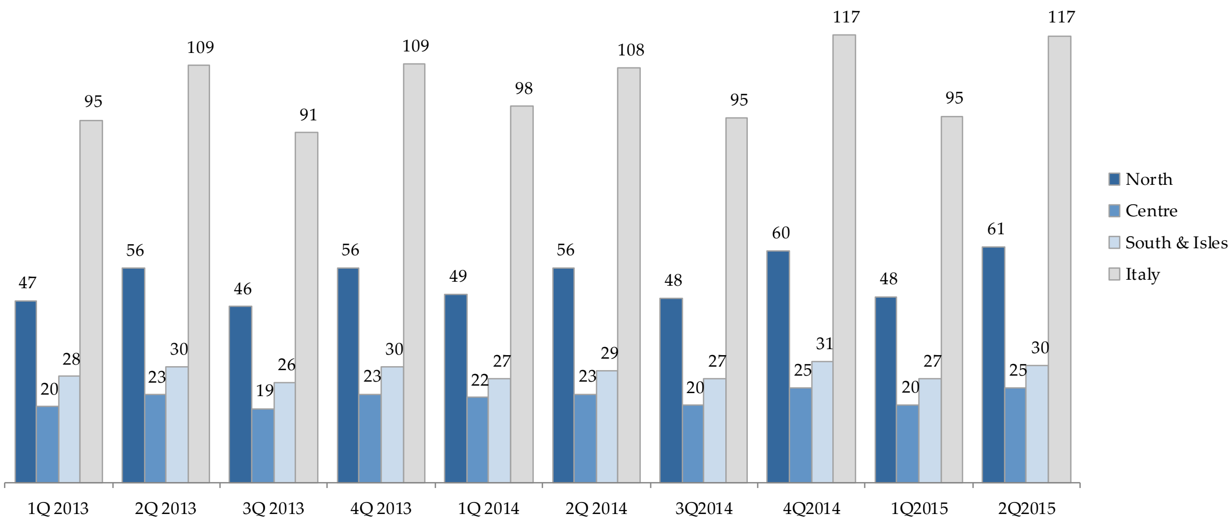
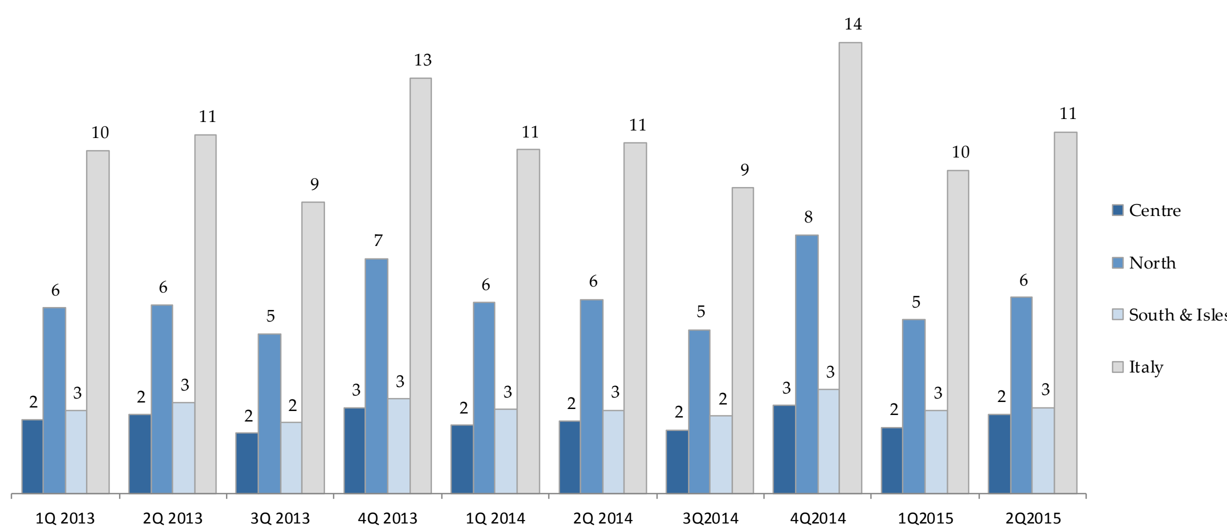
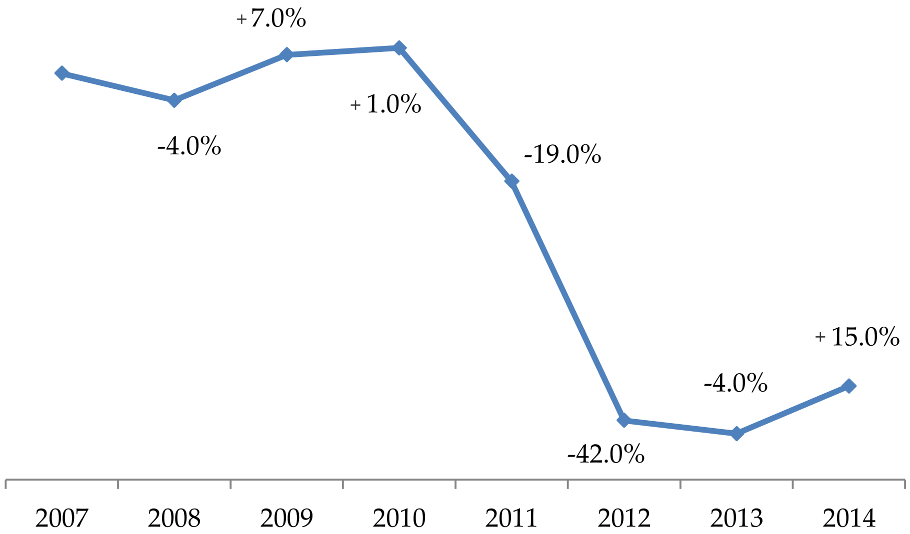


NUMBER OF RESIDENTIAL PROPERTY PURCHASES (thousands)

NUMBER OF NON RESIDENTIAL PROPERTY PURCHASES (thousands)

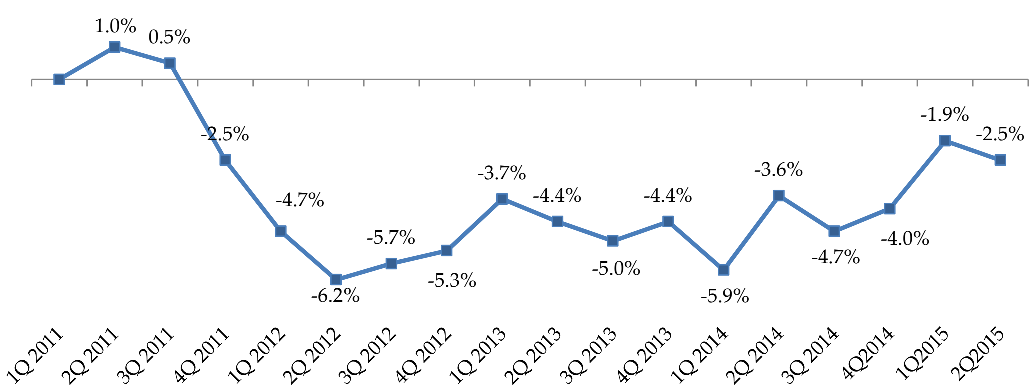


Source: Agenzia delle Entrate - Osservatorio Mercato Immobiliare

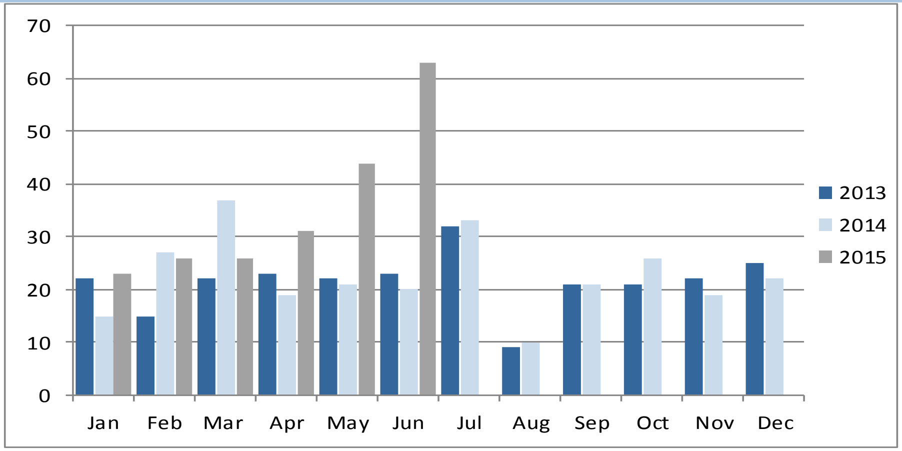


NUMBER OF MORTGAGE APPLICATIONS
Y/Y CHANGE

PRICE PER SQUARE METER
QUARTERLY CHANGES FROM PREVIOUS YEAR



Source: CRIF



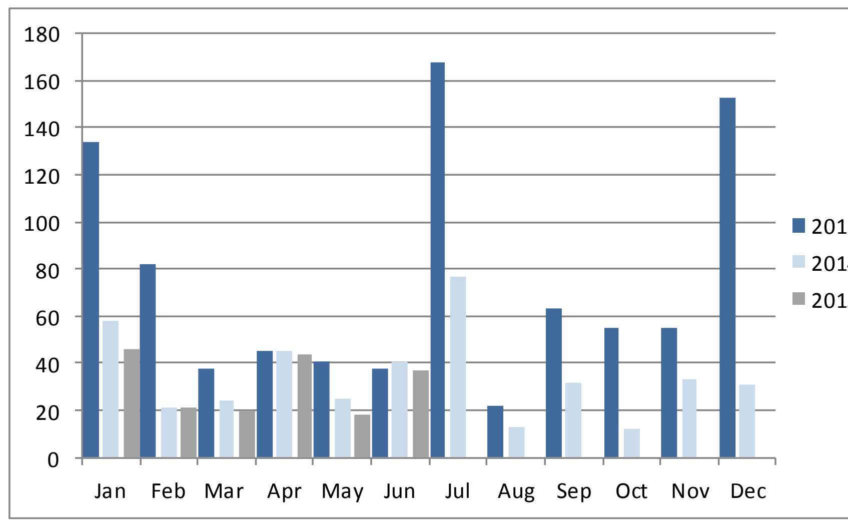
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	22	15	22	23	22	23	32	9	21	21	22	25
2014	15	27	37	19	21	20	33	10	21	26	19	22
2015	23	26	26	31	44	63						

RESIDENTIAL MORTGAGES

€ mln

COMMERCIAL MORTGAGES

€ mln

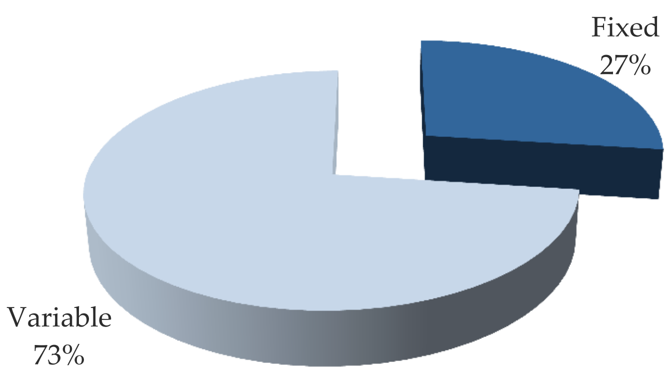


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2013	134	82	38	45	41	38	168	22	63	55	55	153
2014	58	21	24	45	25	41	77	13	32	12	33	31
2015	46	21	20	44	18	37						

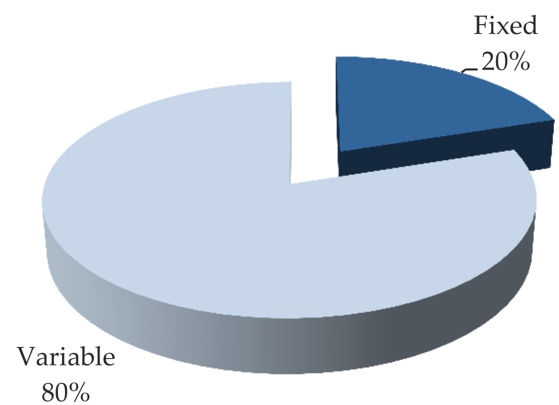
Sources: Operational data as at 30 June 2015

- The customer can choose either fixed or variable rates, with embedded alternative solutions:
  - interest rate risk hedging (capped residential mortgages),
  - the possibility to benefit from variable rate adjusting the maturity in accordance with fluctuation of the benchmark rate (constant repayment mortgage with variable maturity),
  - fixed/variable/mixed mortgage.
- To date, most of our customers have chosen pure fixed or pure variable mortgages with the following breakdown:

RESIDENTIAL LOAN PORTFOLIO



COMMERCIAL LOAN PORTFOLIO



Operational data as at 30 June 2015

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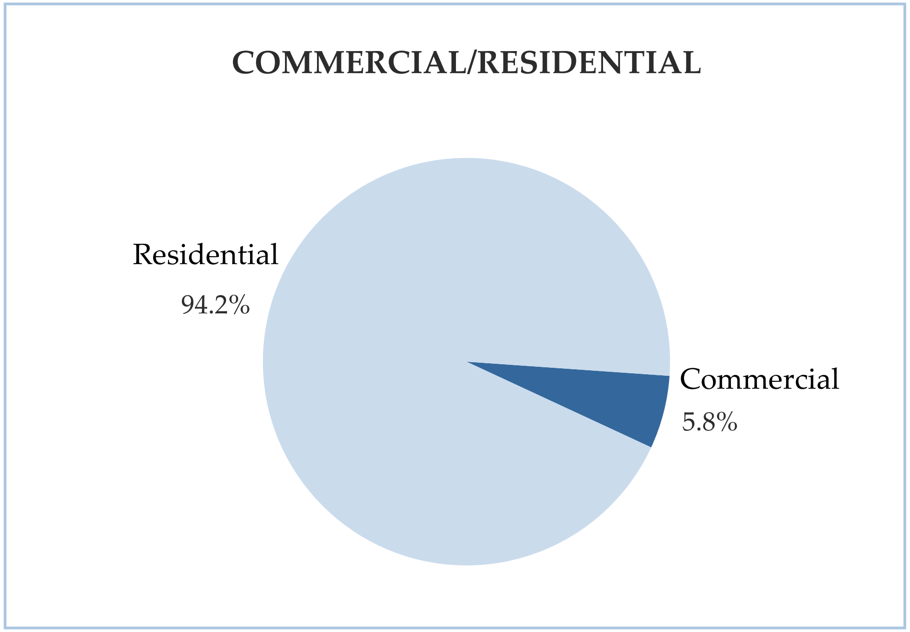
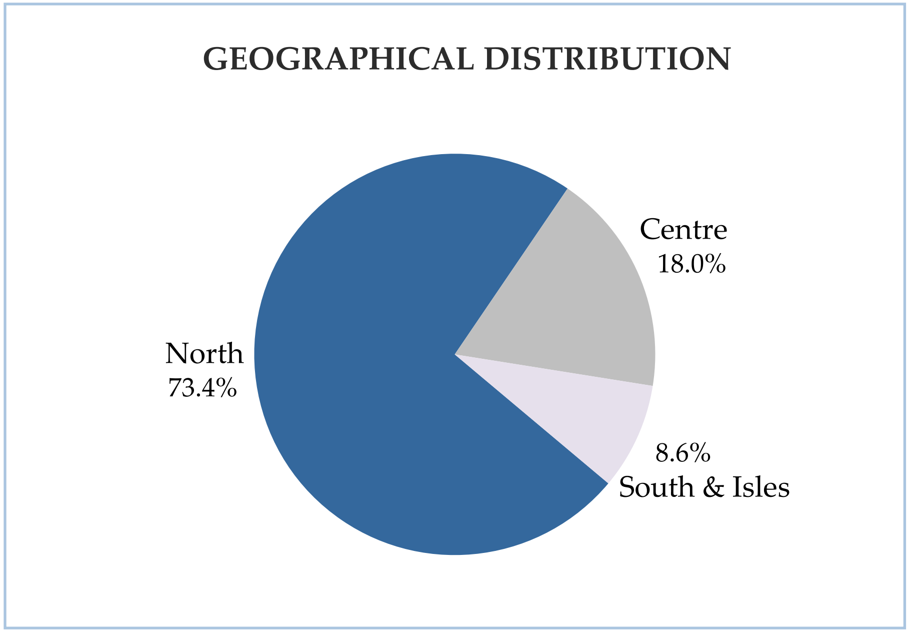
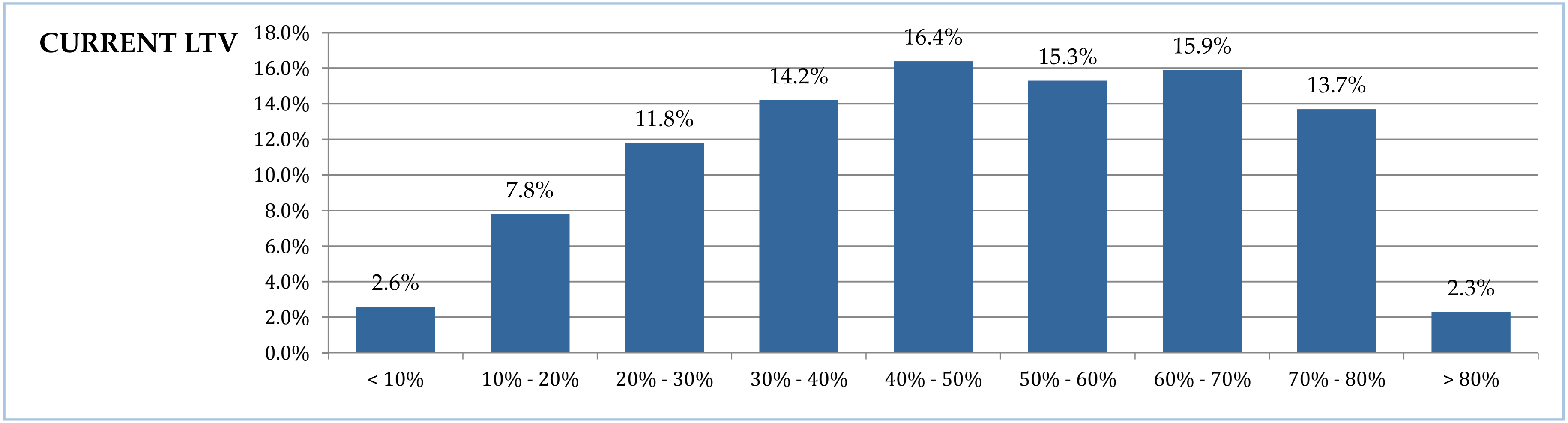
- **Residential Covered Bond Programme**

	Total Portfolio	Residential Portion	Commercial Portion
Balance (€)	4,244,721,268	3,997,740,412	240,980,856
% of Pool	100.0%	94.2%	5.8%
Number of Loans	54,932	53,221	1,711
Average Loan Balance (€)	77,272	75,116	144,349
WA Seasoning (Months)	82.64	82.06	100.44
WA Remaining Term (Months)	144.26	146.52	74.24
Number of Borrowers	52,184	50,752	1,432
WA CLTV	47.70%	48.84%	29.30%
Percentage of Floating Rate Mortgages	78.41%	77.88%	86.67%
WA Spread on Floating Rate Loans (bps)	170	170	165
WA Interest Rate on Fixed Rate Loans (%)	5.52%	5.51%	5.83%
Currency	Euro	Euro	Euro

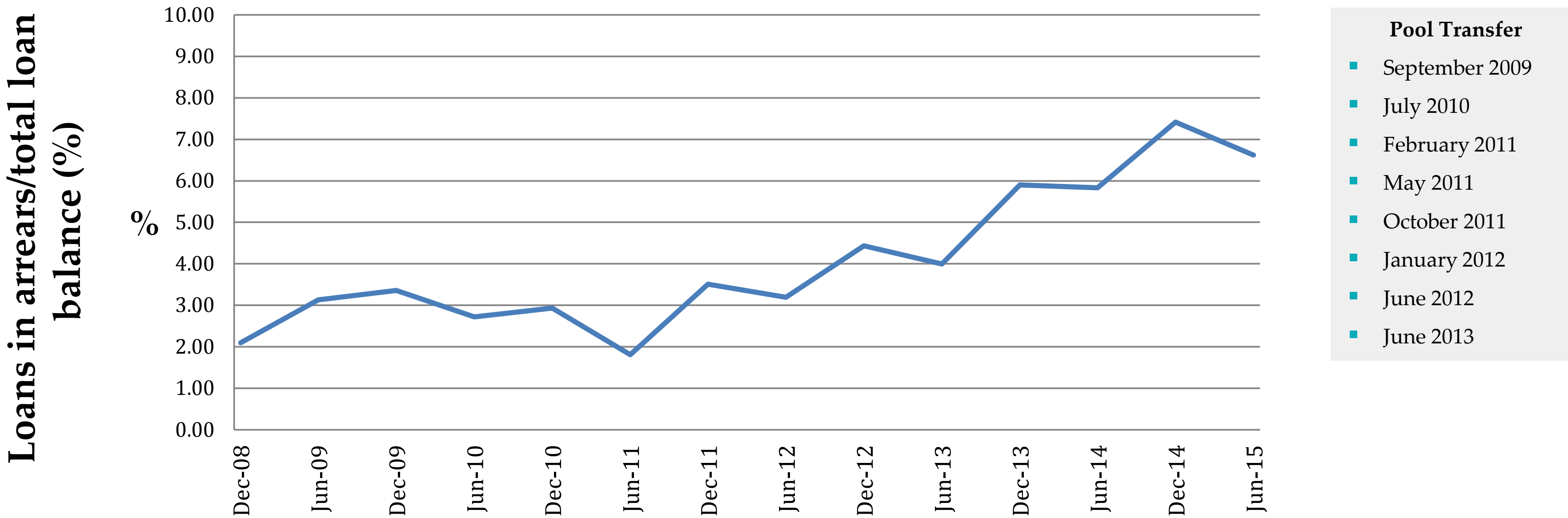
Total portfolio breakdown





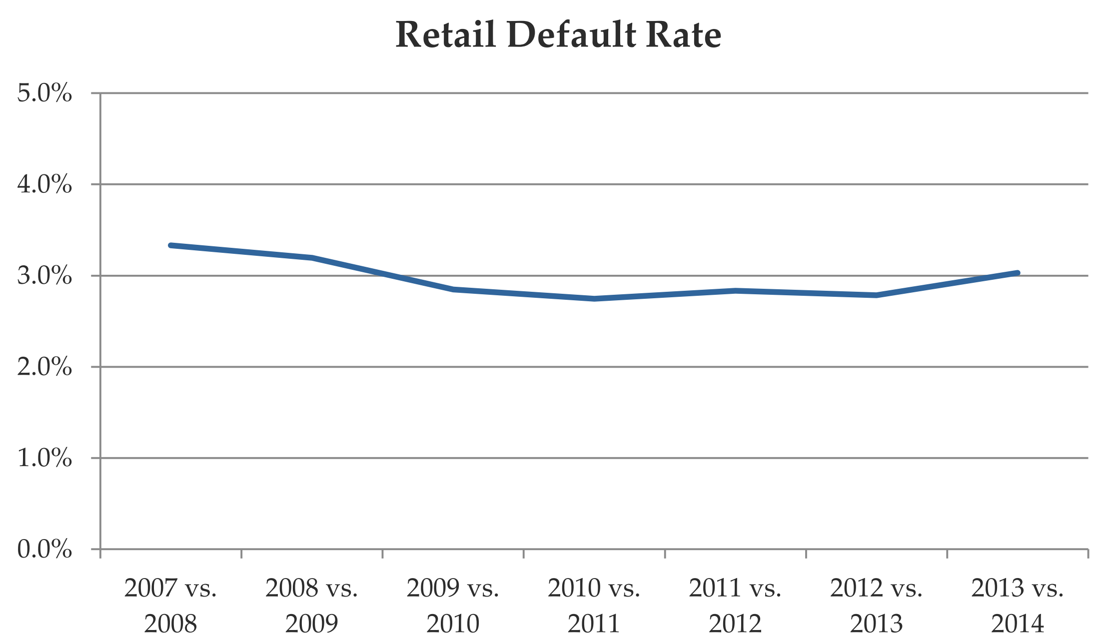


Note: Figures refer to volume of outstanding mortgages – **Data as at 30 June 2015**



Carige's Buybacks

	Non Performing Loans	Other Loans	Total
2009	2,788,696		2,788,696
2010	11,482,694	7,473,725	18,956,419
2011	20,492,596		20,492,596
2012	40,376,228	240,112	40,616,340
2013	58,083,900	13,427,901	71,511,801
2014	95,444,599		95,444,599
2015	45,626,481		45,626,481
TOTAL	274,295,194	21,141,738	295,436,932



- Retail default Rate (Bad loans, Unlikely-to-pay, Past due) stable over time

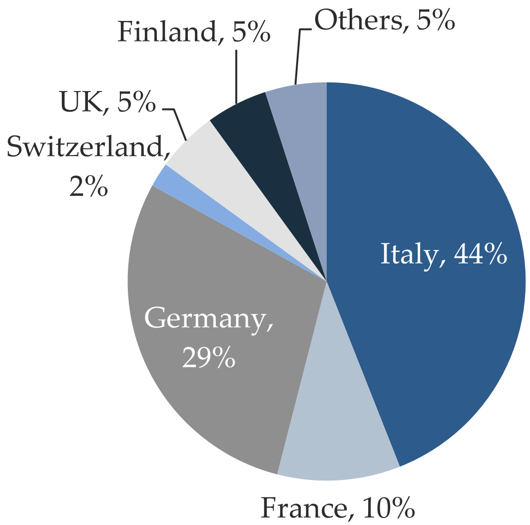
Residential Covered Bond Programme – The issues

Transactions YTD	Issue	Maturity	Amount (€m)	Outstanding (€m)
Covered Bond	Dec 2008	Dec 2010	500.0	-
Covered Bond	Nov 2009	Nov 2016	1,000.0	1,000.0
Covered Bond	Sep 2010	Sep 2013	500.0	-
Registered Covered Bond	Sep 2010	Oct 2022	20.0	20.0
Registered Covered Bond	Sep 2010	Sep 2030	75.0	75.0
Covered Bond	Oct 2010	Nov 2016	180.0	180.0
Registered Covered Bond	Oct 2010	Oct 2022	20.0	20.0
Registered Covered Bond	Oct 2010	Oct 2040	20.0	20.0
Registered Covered Bond (*)	Nov 2010	Nov 2030	38.5	38.5
Registered Covered Bond	Dec 2010	Dec 2030	40.0	40.0
Covered Bond	Mar 2011	Mar 2015	500.0	-
Covered Bond	Jul 2011	Sep 2013	50.0	-
Covered Bond	Sep 2011	Sep 2014	400.0	-
Covered Bond	Nov 2011	Sep 2014	300.0	-
Covered Bond	Feb 2012	Sep 2014	150.0	-
Registered Covered Bond	Apr 2012	Apr 2032	30.0	30.0
Covered Bond	Oct 2012	Oct 2022	150.0	150.0
Registered Covered Bond	Nov 2012	Nov 2032	17.0	17.0
Covered Bond	Nov 2012	Nov 2032	50,0	50,0
Registered Covered Bond	Nov 2012	Oct 2032	10,0	10,0
Registered Covered Bond (**)	Jan 2013	Jan 2023	10,0	10,0
Registered Covered Bond	Aug 2013	Aug 2033	10,0	10,0
Covered Bond	Oct 2013	Oct 2018	750,0	750,0
Registered Covered Bond	Jun 2014	Jun 2029	10.0	10.0
Total			**4,830.5**	**2,430.5**

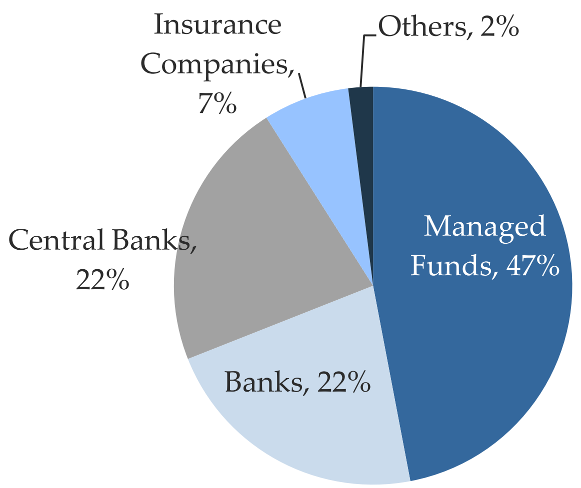
(*) two issues

BANCA CARIGE – EUR 1.0 bn OBG Oct 2009 – Nov 2016
ISIN CODE: IT0004548464

DISTRIBUTION BY REGION

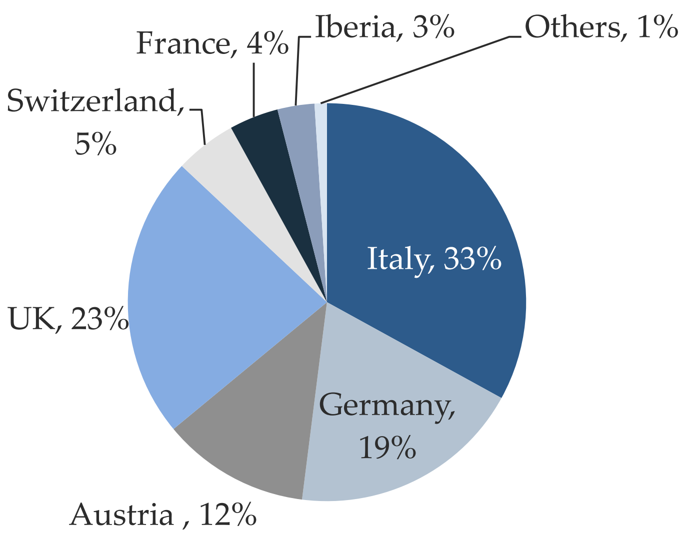


DISTRIBUTION BY INVESTOR TYPE

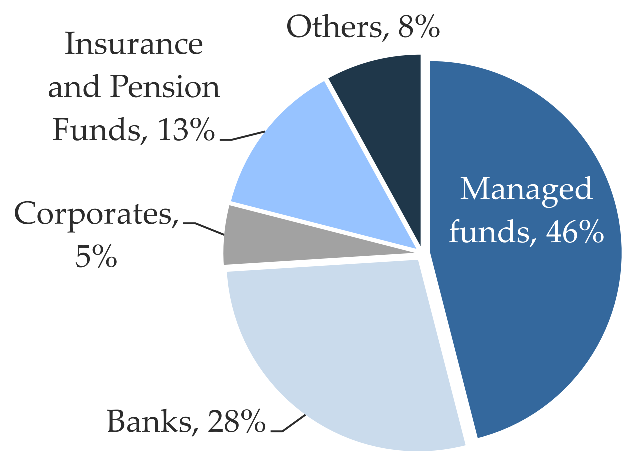


BANCA CARIGE – EUR 750 mln OBG Oct 2013 – Oct 2018
ISIN CODE: IT0004967698

DISTRIBUTION BY REGION



DISTRIBUTION BY INVESTOR TYPE



Residential Mortgage					
Total Loan Balance	€ 3,997,740,412	Arrears (days)	Amount	% of Total	Number
Average Loan Balance	€ 75,116	up to 30	3,748,489,292	93.77%	50,637
Number of Loans	53,221	over 30-60	472,958	0.01%	9
WA Seasoning (in months):	82.06	over 60-90	37,106,698	0.93%	428
WA Remaining Terms (in month	146.52	over 90	211,671,464	5.29%	2,147
WA LTV (in %):	48.84%	**Total**	**3,997,740,412**	**100%**	**53,221**

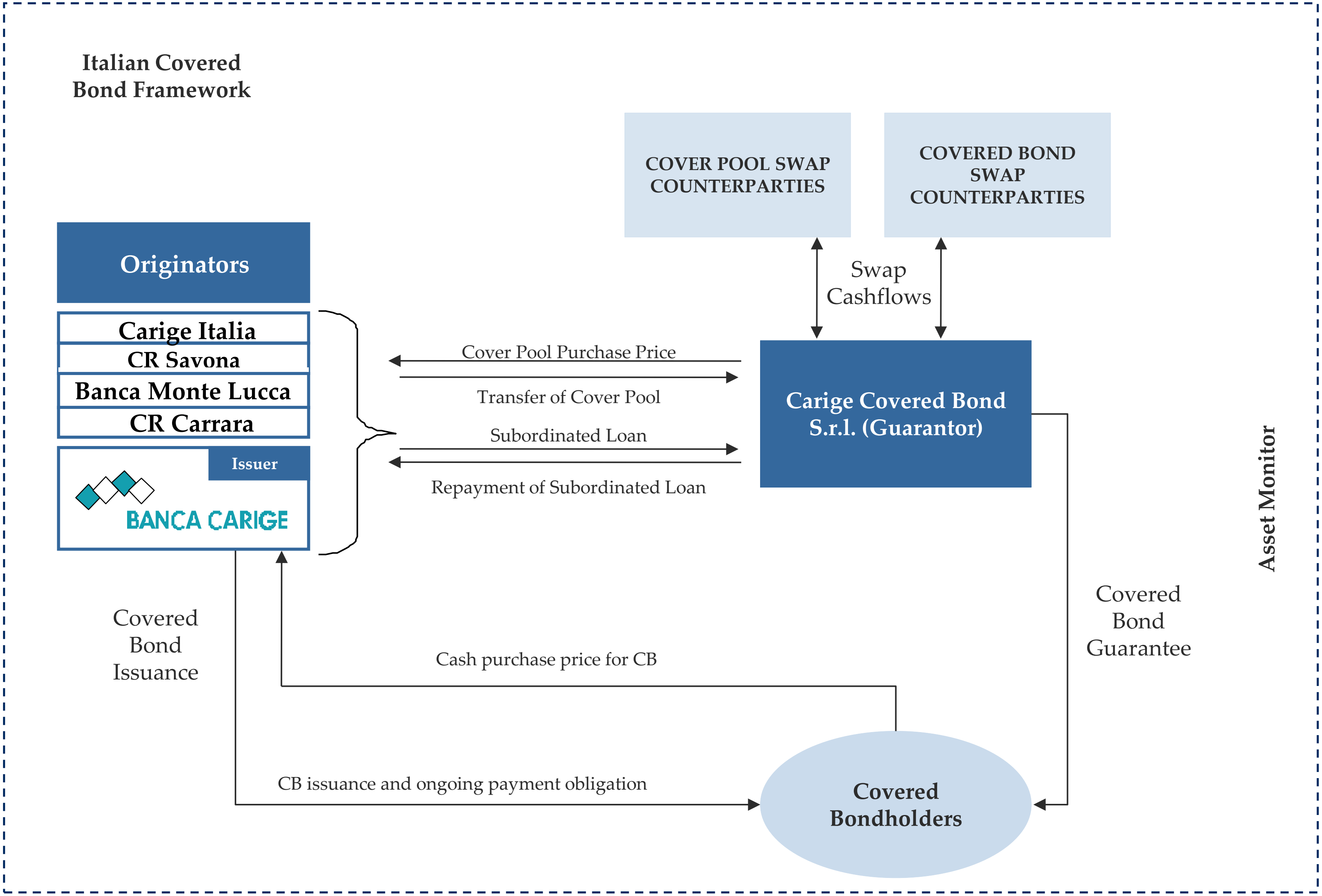
Commercial Mortgage					
Total Loan Balance	€ 246,980,856	Arrears (days)	Amount	% of Total	Number
Average Loan Balance	€ 144,349	up to 30	215,114,934	87.10%	1,524
Number of Loans	1,711	over 30-60	-	0.00%	-
WA Seasoning (in months):	100.44	over 60-90	2,450,416	0.99%	23
WA Remaining Terms (in month	74.24	over 90	29,415,505	11.91%	164
WA LTV (in %):	29.30%	**Total**	**246,980,856**	**100%**	**1,711**

Total					
Total Loan Balance	€ 4,244,721,268	Arrears (days)	Amount	% of Total	Number
Average Loan Balance	€ 77,272	up to 30	3,963,604,227	93.38%	52,161
Number of Loans	54,932	over 30-60	472,958	0.01%	9
WA Seasoning (in months):	82.64	over 60-90	39,557,114	0.93%	451
WA Remaining Terms (in month	144.26	over 90	241,086,969	5.68%	2,311
WA LTV (in %):	47.70%	**Total**	**4,244,721,268**	**100.00%**	**54,932**

- In 2013 a back-up servicing agreement was signed with Zenith Service S.p.A.
- Zenith Service S.p.A. is a company based in Italy and registered as an authorised financial intermediary
- The back-up servicing agreement shall determine the cases in which Zenith Service S.p.A will replace Banca Carige in the role of servicer and will therefore act as a "person in charge" of the collection of receivables and of cash & payment services, responsible for verifying the compliance of the transactions with the law and the prospectus
- Zenith Service S.p.A. will perform its activities making use of information systems adopted by Carige

Residential Covered Bond Programme
Residential mortgages with a maximum LTV of 80%
Commercial mortgages with a maximum LTV of 60% (up to 10% of the portfolio)
Loans/securities issued or granted by Public Entities with specific requirements
ABS with the following requirements: • at least 95% of the underlying assets represented by eligible receivables; • no subordination to any other class of issued notes; • 20% risk weighting under the standardised approach, thus minimum "AA" rating or equivalent.
Issues: up to EUR 10 billions, held by the issuer and eligible for liquidity operations.
Assets originated by the Group's Banks (Banca Carige, Banca Carige Italia, Cassa di Risparmio di Savona, Cassa di Risparmio di Carrara and Banca del Monte di Lucca)

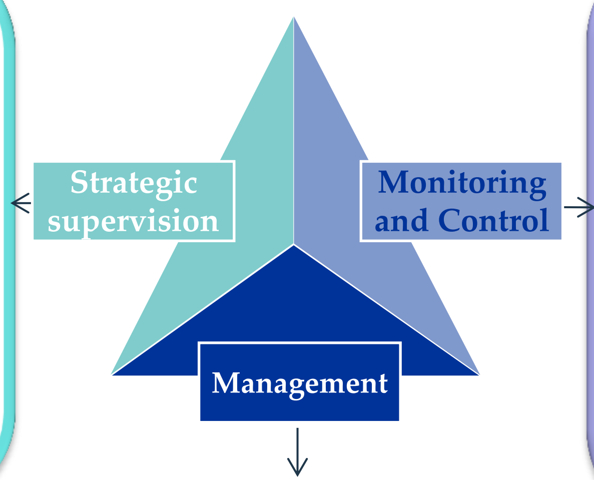
The transfer of assets is based on Law 130/99 – art. 7bis, introduced in May 2005. This governs the true sale segregation of assets.


Italian Covered Bond Framework
COVER POOL SWAP COUNTERPARTIES
COVERED BOND SWAP COUNTERPARTIES
Originators
Carige Italia
CR Savona
Banca Monte Lucca
CR Carrara
Issuer
BANCA CARIGE
Swap Cashflows
Cover Pool Purchase Price
Transfer of Cover Pool
Subordinated Loan
Repayment of Subordinated Loan
Carige Covered Bond S.r.l. (Guarantor)
Asset Monitor
Covered Bond Guarantee
Covered Bond Issuance
Cash purchase price for CB
CB issuance and ongoing payment obligation
Covered Bondholders

Carige’s governance model

Board of Directors

- approves the issuance programme;
- analyses the periodical reporting;
- analyses the accuracy of recovery actions aimed at removing issues;
- ensures that the appointed organisational units analyse, at least once a semester, risk-related aspects of the operation.



Board of Statutory Auditors

- gives the opinion on:
  - the compliance with regulations;
  - The financial statements;
  - the adequacy of controlling procedures;
- analyses the reports elaborated by controlling units
- evaluates the accuracy of actions aimed at removing irregularities.

CEO
(supported by Finance and ALM Committee)

- evaluates goals and risks of the issuance programme;
- defines adequate control processes and related tasks and responsibilities of the Bank’s organisational units;
- analyses the periodic reports on monitoring and controlling activities
- defines the liquidity assets management for SPV, the integration of Covered pool
- evaluates the issuance of each bonds tranche.

Tests defined by law

Nominal Value Test

- Each Calculation Date notional in Cover Pool at least equal to notional of all outstanding Covered Bonds

Net Present Value Test

- Each Calculation Date the NPV of Cover Pool at least equal to NPV of outstanding Covered Bonds (including hedges)

Interest Coverage Test

- Each Calculation Date interest and other revenue from assets in Cover Pool, net of Guarantor costs at least equal to interest and costs due under Covered Bonds (including hedges)

Additional safeguard

Asset Coverage Test

- Cover pool is sufficient to provide minimum overcollateralisation required to support the rating of the notes

Additional Bank of Italy safeguard

Issuance limits

- Only banks over a certain minimal size, expressed as capitalisation may issue covered bonds

Pursuant to Bank of Italy supervisory regulation (circular n. 285 dated 17 December 2013 as last amended 24 June 2014), covered bonds may only be issued by banks with minimum consolidated regulatory capital of €250m and a minimum Total Capital Ratio of 9%.

In addition the transfer of assets to the cover pool is subject to certain limits based on the bank's Common Equity Tier 1 and Tier 1 ratios:

CET1r ≥ 8% T1r ≥ 9%	No limits
7% ≤ CET1r < 8% 8% ≤ T1r < 9%	Up to 60% of the available eligible assets
6% ≤ CET1r < 7% 7% ≤ T1r < 8%	Up to 25% of the available eligible assets

Carige Ratios	FY13[(1)]	FY14	1H15
CET1r	5.1%	8.4%	**12.2%**
T1r	5.8%	8.7%	**12.8%**

(1) BIS 2 calculation

Sources: Bank of Italy, Banca Carige

Criteria

UCITS 52(4)

- 'Special regulatory regime to protect the interests of covered bond holders
  - ✓ Banca Carige is fully compliant to article52(4) of the Directive 2009/65/EC of 13 July 2009 on the coordination of laws regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)

✓

Capital Directive

- Must be backed by eligible assets
  - ✓ Carige's Covered Bonds, as referred to in Article 52(4) of Directive 2009/65/EC, meet the requirement set out in paragraph 7 and are eligible for the preferential treatment set out in paragraphs 4 and 5 of the Regulation No 575/2013 of 26 June 2013

✓

ECB repo treatment

- At discretion of ECB but category liquidity category 3 (non-Jumbo covered bond) expected
  - ✓ Carige's Covered Bonds reach the minimum first-best credit assessment of credit quality step 3 (CQS3; BBB- or equivalent) by at least one rating agency

✓

ECBC covered bond label

- UCITS and national transparency template
  - ✓ Carige's complies with the National transparency template

✓

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